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

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1997

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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
(successor to Reuters Holdings PLC)

(Exact name of Registrant as specified in its charter)

England

(Jurisdiction of incorporation or organization)

85 Fleet Street, London EC4P 4AJ, England

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:
None.

Securities registered or to be registered pursuant to Section 12(g) of the Act:
Ordinary Shares of 25p each.

Securities for which there is a reporting obligation pursuant to Section 15(d)
of the Act: None.

Indicate 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 [X]    No [ ]

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

Item 17 [ ]    Item 18 [X]

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* The registrant has responded to Item 18 in lieu of responding to this Item.
As more fully described below in Item 4 of this Report, on February 18, 1998 Reuters Holdings PLC ("Reuters Holdings") consummated a court approved capital reorganization in which shares of Reuters Holdings PLC were exchanged for a combination of shares of Reuters Group PLC ("Reuters Group") and approximately 1.5 billion in cash. As a result, Reuters Holdings is now a subsidiary of Reuters Group. In all other respects, the business and assets of the Reuters group of companies have not been affected.

As used in this Report, "Reuters" refers collectively to Reuters Group and its consolidated subsidiaries except as the context otherwise requires.

The Consolidated Financial Statements of Reuters Holdings incorporated herein by reference from Reuters 1997 Annual Report to Shareholders (the "1997 Annual Report to Shareholders") are presented in pounds sterling ("pound"). On December 31, 1997, 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 (the "Noon Buying Rate") was $1.64 per (pound); on February 18, 1998 the Noon Buying Rate was also $1.64 per (pound). For additional information on exchange rates between the pound sterling and the US dollar, see "Exchange Rates" in Item 8 of this Report.

Reuters 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"). The principal differences between UK GAAP and US GAAP relevant to Reuters are explained in "Summary of Differences Between UK and US Generally Accepted Accounting Principles" included in the Consolidated Financial Statements referred to above.

PART I
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ITEM 1. DESCRIPTION OF BUSINESS

Reuters supplies the global financial business and news media communities with a wide range of products including real-time financial data, transaction systems, information management systems, access to numeric and textual historic databases, news, graphics, still photos, television news and news video. It provides certain electronic brokerage services through Instinet for equities, and through its Dealing 2000-2 automated matching service for foreign exchange.

Information is obtained from 277 exchanges and over-the-counter markets, from some 4,800 subscribers who contribute data directly to Reuters, and from a network of 2,036 journalists, photographers and camera operators. There are some 435,000 user accesses for Reuters products around the world, including accesses by clients using equipment not owned by Reuters.

Information Sources

Reuters gathers exchange and over-the-counter trading data, contributed data, reference data and general, financial and business news.

Reuters obtains current trading information for securities, commodities, options and futures from organized exchanges and over-the-counter markets. The information is normally transmitted electronically to Reuters databases by a direct feed from the computerized reporting system maintained by an exchange. Dealers and brokers in foreign exchange and other financial markets contribute their latest quotations to Reuters databases using Reuters terminals or their own computer systems. Data contributed by one contributor is available to all other subscribers to the same product except those the contributor directs should be precluded. Reuters also has a number of long-term agreements with certain brokers and specialist data vendors for the supply of key market data.

Other numeric data such as corporate and economic statistics and textual historical information is obtained from a wide range of publications and other third party sources, including annual reports. Data is gathered in either electronic or hard copy form and is edited by specialized Reuters staff.
Reuters staff also report and edit general and specialized news for business and media subscribers in textual, video and audio form. At December 31, 1997, Reuters journalists, photographers and camera operators were based in reporting bureaus located in 174 cities in 107 countries. Reuters reporting staff are supported by part-time staff in almost every country. Many Reuters text journalists are financial or other market specialists.

As it is received, data is automatically processed and stored on a continually updated basis so that subscribers can retrieve it within seconds. Reuters information databases range from real-time to over ten years old.

**Principal Products**

Reuters products may be categorized into: information products contributing 64% of total 1997 revenue, transaction products contributing 29% and media and professional products contributing 7%.

**Information Products**

Reuters information products include real-time information, historic information databases, applications products and information management systems. Real-time information, historic information databases and applications products are delivered to subscribers through personal computer-based Reuters Terminals ("RTs") or, in the case of real-time data, via datafeeds, through Reuters-supplied or third-party information management systems. Reuters databases carry around two million individual instruments. Reuters also supplies a software-only version of its standard RT, which allows Reuters information products to be distributed over a subscriber's own local area network and hardware. In addition, Reuters delivers information via the Reuters Web, which uses Internet technology, to customer intranets.

Reuters packages real-time and historical news and prices into products designed to suit the requirements of subscribers in particular sectors of the financial and business communities. These products cover the world's foreign exchange, money, securities, fixed income, commodities, energy and shipping markets. Reuters foreign exchange and money market products were its greatest source of revenue in each of the last three years.

During 1997 Reuters continued the rollout of its new generation "3000" range of information products. By year end approximately 28,000 accesses had been installed. Reuters 3000 products combine the real-time features of its existing "2000" series (described below) with access to historical data, a range of analytics and graphing capabilities, textual and television news and Reuters Mail, an electronic messaging facility. Subscribers to the 3000 range also receive a continuous flow of news stories, as well as background economic data and analyses, on the relevant instruments. The 3000 range is delivered to subscribers over a high speed proprietary network using industry standard Internet protocols. In 1997 Reuters launched PowerPlus 32, a new advanced financial analytic package that is being marketed in conjunction with the Reuters 3000 range of products.

Reuters 2000 series of real-time international services are carried on its Integrated Data Network ("IDN"). These products are formed from a series of content "building blocks", each containing relevant real-time prices and related data on a particular market. Both the 3000 series and the 2000 series of products are grouped in different combinations to allow subscribers to select the product or products specific to their needs. As with the 3000 range, the 2000 range may be supplemented with news stories and analytics.

Reuters also delivers textual financial news in more than twenty languages and offers a specialized financial television service designed for the professional user.

In addition to the international products described above, Reuters offers many domestic information products, focused on the needs of individual countries. Domestic news services, written in the national language where appropriate, complement the information products. A range of optional products produced by third parties to augment Reuters news and market data is also available to subscribers.
In 1997 Reuters also introduced several new information products for intranet and Internet delivery. These included products developed in collaboration with certain large European banks which enable the banks to circulate information to their branches and customers over their own private intranets. In addition, Reuters and Sun Microsystems Inc. launched ReutersFirst Web, a web browser-based service for the Japanese market that uses "push" architecture to deliver real-time data in an Internet protocol.

Reuters also offers a number of risk management products which encompass deal capture, position keeping, credit management and risk analysis.

Reuters also designs, installs and maintains digital and video information management systems. These systems allow access to Reuters real-time information, information databases and transaction products, products of other data suppliers and the customer’s own in-house computer facilities. Reuters two main products in this sector, Triarch 2000 and The Information Bus ("TIB"), are digital systems offering a choice of operating systems and platforms and using local area networks to distribute the data. TIB is the principal product of TIBCO Finance Technology Inc. ("TIBCO Finance", formerly TIBCO Inc.), a US company acquired by Reuters in 1994. In 1997 the business of TIBCO Inc. was restructured. A new company, TIBCO Software Inc., ("TIBCO Software") was formed to pursue opportunities for applying TIBCO technology to sectors outside finance, including the Internet. TIBCO Finance continues to focus on the financial sector in and beyond the trading room. In connection with this restructuring, option plans were established under which up to 26% of the outstanding shares of TIBCO Software (on a fully diluted basis) could be acquired by employees of TIBCO Software and TIBCO Finance. In addition, TIBCO Software issued new convertible preferred shares to two outside investors, CISCO Systems, Inc. and Mayfield Venture Capital Fund, who at the end of 1997 owned 8% and 5%, respectively, of the fully diluted share capital of TIBCO Software.

In 1997 Reuters acquired a 49% stake and voting control in Bisnews Information Services Limited of Thailand, a supplier of domestic real-time information and news to over 7,600 Thai financial market participants. Reuters also acquired a 67% equity interest in Marvin S.A., a Paris-based real-time calculation software specialist company, and has an option to purchase the remaining 33% by 2001. In addition, Reuters and Jiji Press Limited of Japan agreed to extend areas of cooperation in the production, distribution and sale of services for financial and corporate markets.

Transaction Products

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Reuters transaction products enable dealers to contact counterparties through Reuters communications networks in order to effect trades.

Dealing 2000-1 enables dealers to contact one another directly within seconds to negotiate and conclude trades in foreign exchange and other financial markets. Up to four conversations can be conducted simultaneously. The product also automates the production of "tickets" for foreign exchange deals and certain other money market instruments.

Through its UK subsidiary Reuters Transaction Services Limited ("RTSL"), a regulated wholesale money market institution, Reuters operates Dealing 2000-2 Spot, an electronic brokerage service for the interbank spot foreign exchange market. Dealing 2000-2 Spot enables all traders linked to the product to see the best buy or sell price for a currency pair simultaneously. This automatic, anonymous service matches bid and offer orders using a central computer, verifying that the counterparties have sufficient and mutually acceptable credit.

In 1997 RTSL launched a modified version of the Dealing 2000-2 Spot service, known as Dealing 2000-2 Forwards, to cater to the forward foreign exchange market.

Through its subsidiary Instinet Corporation ("Instinet"), a registered US securities broker, Reuters operates an equity securities market information and trading system for investment professionals (the "Instinet System"). The Instinet System provides anonymous two-way computerized transactional capability and continuously updated market information with respect to equity securities traded on US national and regional stock exchanges and NASDAQ and with respect to certain non-US equity securities.
In addition to enabling customers to negotiate trades directly with each other, the Instinet System automatically executes clients’ matching buy and sell orders. Instinet also offers a number of “crossing” services which operate outside regular trading hours in the markets for the relevant securities, and a research and analytics product which allows traders and portfolio managers to monitor and analyze real-time and historical stock price data via traditional, proprietary and customized technical indicators.

Affiliates of Instinet are members of the American Stock Exchange, the Chicago Board Options Exchange, all major regional securities exchanges in the US, the Toronto Stock Exchange, the London Stock Exchange, the Frankfurt Stock Exchange, the Paris Bourse, the Zurich Stock Exchange, the Hong Kong Stock Exchange, the Stockholm Stock Exchange and the European Options Exchange. An Instinet affiliate has a license from the Ministry of Finance in Japan to operate as a foreign securities firm with a Tokyo branch.

GLOBEX(R), an automated order matching system for trading futures and options contracts, is operated by Reuters under an agreement with the Chicago Mercantile Exchange (“CME”) and the March Term International de France (“MATIF”). The agreement, which was due to expire on May 1, 1998, has been extended to September 30, 1998 and may be further extended to December 31, 1998. GLOBEX will not continue beyond 1998 as MATIF and CME have announced their intention to use a different proprietary system.

Media and Professional Products

Reuters supplies textual news on politics, finance, economics and business, the arts, sports, science, technology and general human interest issues to newspapers, radio and television stations, on-line services, governments and international institutions. Reuters also operates international news pictures and news graphics services for the newspaper, magazine, television and on-line markets. Reuters supplies these services either directly to subscribers or through national news organizations to which Reuters has granted distribution rights.

Reuters also operates a large international television news agency, Reuters Television, and participates in joint ventures that operate three 24 hour radio news stations. It holds minority interests in UK-based Independent Television News (ITN) and India’s ANI news agency.

In addition, Reuters provides a range of professional products for customers outside the financial industry, including business information, medical and advertising products, and provides multi-media news packages to Internet-based publishers and redistributors. It is a leading provider of news on the Internet and operates a specialized sports website with Digital Equipment Corporation at "http://www.sportsweb.com/”. Reuters is also using the Internet to provide information about Reuters itself, and its products, to existing and potential customers at "http://www.reuters.com/”.

Data and Communications Networks

Reuters operates a number of communications networks, employing various technologies, for distribution of its products. Reuters is making increasing use of Internet technology which is being incorporated into the Reuters Web communications network.

Reuters has two global technical centers, two main technical centers and a number of smaller local data centers. Reuters data centers are linked by dedicated international communications circuits which rely on satellite links, optical fiber cables and coaxial cables. These circuits are leased from various governmental and private telecommunications operators.

Communications between data centers and Reuters subscribers are usually by 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 as an alternative to terrestrial lines.
Principal Geographic Markets

Reuters products are distributed to 163 countries. Operations are divided for financial reporting purposes into three principal geographical areas; Europe, Middle East and Africa; Asia/Pacific; and the Americas, with the world-wide operations of Instinet and TIBCO reported separately because it is impractical to report these operations by geographic area.

An analysis of revenue, costs, contribution and assets by market is provided under the heading "Operating and Financial Review" and in Notes 2 and 15 of Notes on the Consolidated Financial Statements, both incorporated herein by reference from the 1997 Annual Report to Shareholders.

Subscribers and Marketing

In an open systems environment customers can choose their own terminal hardware. Therefore, Reuters information products are billed by number of user accesses. User accesses include terminals, accesses to datafeeds, slave screens, portable data screens and pagers. The number of user accesses at the end of each of the last three years is set forth below.

At December 31,

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Products</td>
<td>386,000</td>
<td>321,000</td>
<td>292,900</td>
</tr>
<tr>
<td>Transaction Products</td>
<td>38,000</td>
<td>33,500</td>
<td>30,100</td>
</tr>
<tr>
<td>Professional Products</td>
<td>11,000</td>
<td>7,500</td>
<td>4,100</td>
</tr>
<tr>
<td>Total</td>
<td>435,000</td>
<td>362,000</td>
<td>327,100</td>
</tr>
</tbody>
</table>

(1) Accesses to certain Professional Products, principally in healthcare and advertising, are not included

Information relating to user accesses and an analysis of subscribers by type are provided under the heading "Operating and Financial Review" and in Note 14 of Notes on the Consolidated Cash Flow Statement, both incorporated herein by reference from the 1997 Annual Report to Shareholders.

Subscribers are supported by "Front Line Business Units", which are responsible for the sale, delivery, support and administration of Reuters products within their territory. Reuters products are generally marketed by Reuters own sales force.

The majority of Reuters revenue is recurring and generally covered by contracts of indefinite term, subject to a two year initial commitment for new clients. Most services are cancellable on 12 months' notice although certain services may be cancelled on six or three months' notice. Currently the majority of contracts with larger, multi-location subscribers generally have terms of four years and allow the subscriber to cancel a portion of its Reuters services without incurring liquidated damages. Since the beginning of 1997, upon renewal of their contracts, such subscribers are asked to sign an indefinite global contract which is terminable by either party on two years' notice and which also includes a cancellation allowance. Charges are based upon the particular products purchased by a subscriber and the number of user accesses. Payment terms are generally in advance. Charges for certain other Reuters products vary according to volume of use. These include the Instinet System, Dealing 2000-2 and certain information database products.

Under its agreements with Dealing 2000-2 subscribers, RTSL accepts liability for direct net loss incurred by subscribers solely as a result of a transmission or processing fault that is shown to be caused by the negligence or willful misconduct of Reuters. RTSL only accepts this liability in full for trades with a value of up to $15 million; for trades above $15 million, RTSL agreements with Dealing 2000-2 subscribers limit RTSL's liability on a pro rata basis.
Expenditures for development, which exclude costs associated with the Millennium program, aggregated (pound)235 million in 1997, (pound)202 million in 1996 and (pound)191 million in 1995. Of the total amount (pound)162 million (1996 -- (pound)137 million) was spent on information products and (pound)60 million (1996 -- (pound)50 million) on transaction products. Activities during 1997 included continuing the development of the 3000 series products, improvements to data collection systems, further development by Instinet and of other transaction products and development relating to Tibco and Internet products.

The requirements of the forthcoming Millennium and European Monetary Union deadlines necessitated diversion of development effort to upgrade certain products and phase out others. For information relating to Reuters Millennium and European Monetary Union Programs see the discussion included in the "Operating and Financial Review" incorporated herein by reference from the 1997 Annual Report to Shareholders.

Equipment Supply and Servicing
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Reuters central computers are presently supplied by Digital Equipment Corporation, with a limited number of computers from International Business Machines Corporation, NCR Corporation and other manufacturers. Reuters central computers are installed and normally maintained by the supplier. Operation is carried out by Reuters personnel. Reuters installs and provides first level maintenance for client site equipment either directly or in some countries via sub-contractors. Some clients specify and supply such equipment themselves and may be responsible for its maintenance. All Reuters application software on central computers and client site systems is maintained by Reuters.

Competition
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Reuters faces competition in all market sectors and geographical areas. Some rival information vendors compete across a range of markets and in most major financial centers. Other vendors are more specialized, either in markets or location. Reuters transaction products compete with similar products from other vendors, other electronic brokers, and with other trading methods, such as the use of non-electronic brokers and the telephone.

Information Products
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Competitors in the provision of information for the financial markets include Bloomberg L.P. ("Bloomberg"); Bridge Information Systems ("Bridge"); Dow Jones Markets (formerly Dow Jones Telerate), a subsidiary of Dow Jones Company, Inc. ("Dow Jones"); ICV Datastream International Ltd. ("Datastream"), a subsidiary of Primark Corporation; Quick Corporation of Japan; Automatic Data Processing Inc.; and Telekurs A.G. of Switzerland. In the provision of information management systems, Reuters competes with Misys plc; British Telecommunications plc; CSK Software, a subsidiary of CSK Corporation; Dow Jones Markets, SunGard Data Systems Inc. and a large number of other vendors.

Transaction Products
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The Electronic Broking Service ("EBS"), which includes FX Trader, and Dow Jones Markets compete with Dealing 2000-1. EBS also competes with the foreign exchange spot matching service provided by Reuters Dealing 2000-2. The EBS partnership comprises a number of leading European, US and Japanese banks.

In the provision of equity transaction products, Instinet competes with, among others, the SelectNet System of the National Association of Securities Dealers, Inc. (the "NASD"), which enables NASD members to trade electronically in OTC stocks, and other so-called "electronic communications networks" ("ECNs"), including Bloomberg Tradebook L.L.C., a subsidiary of Bloomberg, and the Island System. In December 1997, the NASD filed proposed rule changes designed to implement a new integrated order-delivery and execution system, called "Next Nasdaq". Next Nasdaq would, among other things, create a central limit
order book functionality within the Nasdaq Stock market, Inc. ("Nasdaq"). In January 1998 Nasdaq and Optimark Technologies, Inc. ("Optimark") announced an agreement in principle to integrate Optimark’s order matching technology directly into Next Nasdaq. In its capacity as a broker-dealer, Instinet competes with other broker-dealers (including many of its own customers) for institutional order flow. In addition, the securities exchanges (including the Tradepoint Investment Exchange in the UK) and other broker-dealers offer competing crossing services.

Media Products, Television and Professional Products

Competition for the supply of news to the media comes from Associated Press, Bloomberg, Agence France Presse and a number of other news agencies and national newspapers which syndicate their news. Competition for the supply of news pictures comes mainly from Associated Press, Agence France Presse and the European Press Agency. The main competitors to Reuters Television are Worldwide Television News, an agency controlled by the American Broadcasting Company, and Associated Press Television.

The principal competitors for the supply of professional products are LEXIS-NEXIS, Financial Times Electronic Publishing, The Dialog Corporation and Dow Jones News Retrieval.

Government Regulations

Information Products

Reuters Limited is regulated as a service company by the UK Financial Services Authority (the successor regulatory body to the UK Securities and Investments Board) under the Financial Services Act 1986.

The use of communications links is subject to government regulation and/or licensing in every country.

Transaction Products

As registered broker-dealers and members of the NASD and various other self-regulatory organizations in the US and other countries in which they operate, Instinet and Instinet affiliates using the Instinet System are subject to substantial regulation under the US securities laws and their equivalents in other countries, including net capital requirements.


RTSL is subject to regulation by the Bank of England equivalent to that applied to broking participants in the London foreign exchange market, including capital adequacy requirements. The operations of its Singapore branch are regulated by the Monetary Authority of Singapore.
ITEM 2. DESCRIPTION OF PROPERTY

Reuters principal properties are its corporate headquarters in London, its two global technical centers in London and Geneva and its two other main technical centers in New York and Singapore. The London and New York properties 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.

On February 13, 1998 Reuters entered into a joint venture with Rudin Times Square Associates, LLC to develop an 855,000 square foot building in the Times Square section of New York City, to be known as "The Reuters Building". Each party will invest approximately US$45 million of equity, with other costs to be funded through a loan. The total cost of the project is estimated to be approximately US$360 million. In connection with the transaction Reuters expects to obtain approximately US$25 million in tax incentives from the City and State of New York to remain in the city, half of which is linked to retention of jobs and half to growth above 1997 headcount levels.

ITEM 3. LEGAL PROCEEDINGS

On August 14, 1997, the United States Court of Appeals for the Second Circuit unanimously upheld an order of the United States District Court for the Southern District of New York granting summary judgment in favor of Reuters America Inc. in a previously disclosed lawsuit brought by a former employee, Timothy F. Scala. No further appeal was timely made.


In addition, Reuters and its subsidiaries are parties to legal proceedings that are considered to be either ordinary routine litigation incidental to their business or not material to Reuters consolidated financial position.

ITEM 4. CONTROL OF REGISTRANT

Capital Reorganization

On February 18, 1998 Reuters Holdings consummated a court-sanctioned capital reorganization under which holders of Reuters Holdings' ordinary shares of 2.5p each ("Reuters Holdings Shares") on the register on February 17, 1998 received, in exchange for such shares, cash and ordinary shares of 25p each of Reuters Group ("Ordinary Shares"), on the following basis:

For every 15 Reuters Holdings Shares held - (pound)13.60 in cash and 13 Ordinary Shares.

Similarly, holders of American Depositary Shares, each representing six Reuters Holdings Shares ("Reuters Holdings ADSs") on the register on February 17, 1998 received:

For every 15 Reuters Holdings ADSs held - $133.17 in cash (the US dollar equivalent of (pound)81.60 on February 23, 1998) and 13 American Depositary Shares, each representing six Ordinary Shares ("ADSs")

In addition, the existing Founders Share of (pound)1 in Reuters Holdings was cancelled and a new Founders Share of (pound)1 in Reuters Group with identical rights (the "Founders Share") was issued to Reuters Founders Share Company Limited (the "Founders Share company").
The Memorandum and Articles of Association of Reuters Group (the "Articles") contain two sets of restrictions relating to the ownership of Reuters Group shares that are intended to ensure continued compliance with the following principles (the "Reuter Trust Principles") in a manner appropriate for a public company:

I. that Reuters shall at no time pass into the hands of any one interest, group or faction;

II. that the integrity, independence and freedom from bias of Reuters shall at all times be fully preserved;

III. that Reuters shall supply unbiased and reliable news services to newspapers, broadcasters and other media subscribers and to businesses, governments, institutions, individuals, and others with whom Reuters has or may have contracts;

IV. that Reuters shall pay due regard to the many interests which it serves in addition to those of the media; and

V. 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 purposes of the Reuter Trust Principles, the term "Reuters" means Reuters Group and every subsidiary of Reuters Group from time to time supplying news services. Reuters believes that the observance of the Reuter Trust Principles is compatible with its ability to achieve its financial objectives and to operate its business in the interest of its shareholders generally.

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 1985 of Great Britain, as amended (the "Companies Act"), which require persons to disclose to public companies interests in voting shares in excess of a prescribed percentage. (At present, material interests of 3% of the class and other interests of 10% of the class must be disclosed.) Subject to certain exceptions, all shares held by a person who reaches the 15% limit will be disenfranchised. Moreover, Reuters Group is empowered to effect an involuntary disposition of the number of shares by which a person exceeds the 15% limit if that person fails to do so on demand (which involuntary disposition may be made, if appropriate, by means of an instruction to effect an electronic transfer of uncertificated shares).

Second, Reuters Group share capital includes the Founders Share which is held by the Founders Share Company, a company limited by guarantee consisting of individuals (the "Reuter 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. The Founders Share also empowers the Founders Share Company to cast such number of votes as will defeat any resolution opposed by it that would alter any provision of the Articles relating to the Reuter Trust Principles or to the rights of the Founders Share. See "Principal Shareholders -- The Founders Share" below.

The restrictions on "interests" in Ordinary Shares and the extraordinary voting rights of the Founders Share may be characterized 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.
Ordinary Shares

As of February 18, 1998, after giving effect to the capital reorganization, there were 1,487,146,996 Ordinary Shares outstanding, excluding 10,184,697 Ordinary Shares owned by certain Employee Share Ownership Trusts. See Note 18 of Notes on the Consolidated Balance Sheet, incorporated herein by reference from the 1997 Annual Report to Shareholders. As of that date, no person or group had disclosed an interest (as defined in the Companies Act) in the Ordinary Shares of Reuters Group. On that date, to Reuters knowledge, all directors and officers of Reuters as a group (23 persons) had an interest in an aggregate of 1,378,948 Ordinary Shares, representing approximately 0.1% of the total outstanding, excluding an aggregate of 2,396,883 Ordinary Shares that may be acquired by directors and officers pursuant to the share option and restricted share and share rights schemes referred to in Item 12 of this Report.

The Founders Share

Ownership of the Founders Share is restricted to the Founders Share Company. Seven of the current Trustees were appointed by four news associations: The Press Association Limited, NPA Nominees Limited, AAP Information Services Pty Limited, and New Zealand Press Association Limited, (collectively, the “Associations”). In accordance with certain 1995 amendments to the Articles of Association of the Founders Share Company, future Reuter Trustees are to be nominated by a Nomination Committee consisting of (i) the five longest serving Reuter Trustees, (ii) the Chairman of the Reuter Trustees (unless included under clause (i) above), (iii) one person nominated by each of the Associations, (iv) two persons appointed by the Chairman of Reuters, and (v) two persons appointed by the Chairman of the Nomination Committee after consultation with (and who are acceptable to) the European Commission on Human Rights. Notwithstanding clause (iii) above, none of the Associations may nominate a member of the Nomination Committee pursuant to that clause while any of its appointments are included in the Nomination Committee by virtue of clause (i) or clause (ii) above. Reuter Trustees may not be directors or employees of Reuters.

The Articles of Association of the Founders Share Company require that the Reuter Trustees generally act in accordance with the Reuter Trust Principles and endeavor to ensure compliance with the Reuter Trust Principles insofar as the Reuter Trustees are able to do so by the proper exercise of their powers, including the exercise of the voting rights of the Founders Share. Reuters is required to reimburse the reasonable expenses of the Reuter Trustees and to indemnify the Founders Share Company in respect of all expenses incurred by it, including those incurred in enforcing the Reuter Trust Principles.

The Reuter Trustees currently in office are as follows:

<table>
<thead>
<tr>
<th>Trustee</th>
<th>Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Right Hon. the Lord Browne-Wilkinson</td>
<td>1989</td>
</tr>
<tr>
<td>Sir Michael Checkland</td>
<td>1994</td>
</tr>
<tr>
<td>Claude Neville David Cole CBE</td>
<td>1983</td>
</tr>
<tr>
<td>John Elliott Christopher Dicks</td>
<td>1985</td>
</tr>
<tr>
<td>Pehr Gustaf Gyllenhammar</td>
<td>1997</td>
</tr>
<tr>
<td>Sir John Gordon Seymour Linacre CBE, AFC, DFM</td>
<td>1986</td>
</tr>
<tr>
<td>Kenneth Morgan OBE</td>
<td>1984</td>
</tr>
<tr>
<td>Sir Frank Jarvis Rogers.(Chairman)</td>
<td>1989</td>
</tr>
<tr>
<td>Sir John Gordon Seymour Linacre CBE, AFC, DFM</td>
<td>1986</td>
</tr>
<tr>
<td>Kenneth Morgan OBE</td>
<td>1984</td>
</tr>
<tr>
<td>Sir Frank Jarvis Rogers.(Chairman)</td>
<td>1989</td>
</tr>
<tr>
<td>The Right Hon. The Viscount Rothermere</td>
<td>1979</td>
</tr>
<tr>
<td>Arthur Ochs Sulzberger</td>
<td>1994</td>
</tr>
<tr>
<td>Ernest James Lyle Turnbull AO</td>
<td>1993</td>
</tr>
<tr>
<td>Richard John Winfrey</td>
<td>1987</td>
</tr>
</tbody>
</table>

All of the current Reuter Trustees were nominated pursuant to the procedures in force prior to 1995, except for Mr. Gyllenhammar who was nominated by the Nomination Committee referred to above.
Each Reuter Trustee is normally required to retire at the Annual General Meeting ("AGM") of the Founders Share Company following the fifth anniversary of his nomination or last renomination and will be eligible for renomination (unless he has reached the age of 75).

ITEM 5. NATURE OF TRADING MARKET
--------------------------------------------

The Ordinary Shares are traded on the London Stock Exchange and the ADSs are included for trading in the NASDAQ National Market System. The ADSs are evidenced by American Depositary Receipts ("ADRs") issued by Morgan Guaranty Trust Company of New York, as Depositary under a Deposit Agreement, dated as of February 18, 1998 (the "Deposit Agreement"), among Reuters, the Depositary and the holders from time to time of ADRs.

The table below sets forth, for the periods indicated, (i) the reported high and low sales prices for Reuters Holdings Shares based on the Daily Official List of the London Stock Exchange and (ii) the reported high and low sales prices of the Reuters Holdings ADSs on NASDAQ, except that the price information included for February 18, 1998 (6.25/6.96 pounds per share; $65-5/8/$60 per ADS) gives effect to the capital reorganization and is for the Reuters Group Ordinary Shares and ADSs. The number of Ordinary Shares and ADSs delivered in the capital reorganization was set to, among other things, facilitate comparability of share price with the Reuters Holdings Shares and Reuters Holdings ADSs, respectively. Accordingly, the prices for prior periods have not been restated. However, see Note (1) to the table of Consolidated Income Statement Data, Amounts in Accordance with US GAAP in Item 8 of this Report, with respect to the US GAAP treatment of the capital reorganization and its retroactive effect on the number of shares outstanding and per share amounts.

<table>
<thead>
<tr>
<th>The London Stock Exchange</th>
<th>NASDAQ</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pounds Per Share</td>
</tr>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>1996</td>
<td></td>
</tr>
<tr>
<td>First Quarter</td>
<td>7.28</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>8.18</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>7.92</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>8.09</td>
</tr>
<tr>
<td>1997</td>
<td></td>
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<tr>
<td>First Quarter</td>
<td>7.57</td>
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<tr>
<td>Second Quarter</td>
<td>7.07</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>7.40</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>7.82</td>
</tr>
<tr>
<td>1998</td>
<td></td>
</tr>
<tr>
<td>First Quarter (to February 18)</td>
<td>6.94</td>
</tr>
</tbody>
</table>

As of February 18, 1998, 510,754 Ordinary Shares and ADRs evidencing 50,314,430 ADSs (representing 391,886,580 Ordinary Shares) were held of record in the US. These Ordinary Shares and ADRs were held by 105 record holders and 3,155 record holders, respectively, and represented 0.04% or evidenced ADSs representing 21.3%, 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.
ITEM 6. EXCHANGE CONTROLS AND OTHER LIMITATIONS AFFECTING SECURITY HOLDERS

There are currently no UK foreign exchange control restrictions on remittances of dividends on Ordinary Shares or on the conduct of Reuters operations.

Under English Law and Reuters 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.

ITEM 7. TAXATION

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 the Ordinary Shares or ADRs. The statements of UK and US tax laws set forth below are based on the laws and the UK Inland Revenue practice in force as of the date of this Report and take account of the changes to the tax treatment of dividends resulting from provisions in the Finance (No. 2) Act 1997, which will become effective in relation to dividends paid on or after 6 April 1999. The statements herein are also subject to any other changes in UK or US law, and in any double taxation convention between the US and the UK, occurring after the date of this Report.

UK Taxation of Dividends -- Refund of Tax Credits

Position before 6 April 1999

General: When paying a dividend on Ordinary Shares, Reuters will be liable to pay to the UK Inland Revenue advance corporation tax ("ACT") currently at a rate equal to 25% of the cash dividend paid. UK resident individual shareholders are entitled to a tax credit equal to the ACT paid against such individual shareholder's total income tax liability or, in appropriate cases, a cash refund of the ACT paid.

Under the terms of the UK/US Double Taxation Convention 1975, a US resident individual or corporate portfolio holder of an Ordinary Share or ADR who is not also resident in the UK for UK tax purposes (a "US holder") generally will be entitled to receive from the UK Inland Revenue payment of a refund ("Refund") of the tax credit available to UK resident shareholders currently at a rate equal to 25% of the cash dividend. A 15% withholding tax will be imposed on the sum of the dividend plus the Refund (the "Gross Dividend"). For example, at current rates, a £80 dividend results in a £20 Refund. The Gross Dividend of £100 (£80 plus £20) is subject to a UK withholding tax of £15. Thus, the US holder receives £85.

These provisions do not apply to (i) shareholders whose holding of Ordinary Shares or ADRs is effectively connected with a permanent establishment or fixed place of business in the UK, (ii) under certain circumstances, an investment or holding company, 25% or more of the capital of which is owned, directly or indirectly, by persons that are neither individual residents nor citizens of the US and (iii) under certain circumstances, a corporation which, alone or together with one or more associated corporations controls, directly or indirectly, 10% or more of the voting stock of Reuters.

Arrangements for Payment of Refund: Reuters Group is currently confirming the application to the reorganized share capital of certain arrangements which Reuters Holdings had with the UK Inland Revenue. Confirmation is expected before payment of the final dividend in respect of 1997. On this basis, subject to certain exceptions, the Refund will be paid by Reuters to a US holder together with, and at the same time as, the associated dividend. To establish its entitlement to the Refund, the US holder must complete the declaration on the reverse of the dividend check and present the check for payment within three months from the date of its issue. In the case of ADRs or Ordinary Shares held through The Depository Trust Company ("DTC"), a declaration as to the conditions entitling the beneficial US holder to the Refund should be completed by the broker-dealer or bank member of DTC which holds the Ordinary Shares or ADRs on behalf of such US holder. These arrangements can be terminated without notice by the UK Inland Revenue.

A US holder who does not come within these arrangements may obtain the Refund by filing a claim for refund directly with the UK Inland Revenue, in the manner and at the time described in US Revenue Procedure 80-18, 1980-1 C.B. 623 and US Revenue Procedure 81-58, 1981-2 C.B. 678, summarized below.
Claims for payment must be made within six years of the UK year of assessment (generally, the 12-month period ending April 5 in each year) in which the related dividend was paid. The first claim by a US holder for a refund must be made by sending the appropriate UK form in duplicate to the Director of the US Internal Revenue Service Center with which the shareholder's last federal income tax return was filed. Forms may be obtained by writing to the US Internal Revenue Service, Assistant Commissioner International, 990 L'Enfant Plaza South, S.W., Washington, D.C. 20224, Attention: Taxpayers Service Division. Because a refund claim is not considered made until the UK tax authorities receive the appropriate form from the US Internal Revenue Service, forms should be sent to the US Internal Revenue Service well before the end of the applicable limitation period. Any subsequent claims by a US holder for payment of a refund should be filed directly with the UK Financial Intermediaries and Claims Office, Fitzroy House, PO Box 46, Nottingham NG2 1BD, England.

Certain provisions of the UK Income and Corporation Taxes Act 1988 empower the UK Government to deny the payment of tax credits in circumstances where (i) a corporate shareholder which, either alone or together with one or more associated corporations, controls, directly or indirectly, 10% or more of the voting stock of the UK company and (ii) such shareholder or an associated company has a qualifying presence in a jurisdiction which operates a unitary system of corporate taxation. These provisions are only triggered if the UK Treasury so determines by Statutory Instrument and no such Instrument has yet been made. However, the UK Chancellor announced in 1994 that the UK will be retaining its retaliatory powers against the possibility of harm to the interests of UK-owned companies in the future.

Position on and after 6 April 1999

The UK Government has invited comments on a proposal to abolish ACT with effect from April 6, 1999, so that if the proposal is implemented no ACT would be payable by Reuters on payment of a cash dividend on or after that date. The proposal, however, envisages a system of “shadow ACT” to govern the rate at which companies can utilise surplus ACT.

On and after April 6, 1999, the tax credit on cash dividends paid by Reuters on Ordinary Shares would be reduced to one-ninth of the cash dividend (or 10% of the Gross Dividend). The tax credit may be set off against a UK resident individual shareholder’s total income tax liability, but no cash refund would be available.

Accordingly, a US holder would effectively cease to be entitled to any refund in respect of dividends, as the 15% withholding tax under the Treaty will exceed (but will be limited to) the tax credit to which the Treaty otherwise entitles him. Using the example set out above, a (pound)80 cash dividend would result in a US holder receiving (pound)80 after deduction of withholding tax of (pound)8.89.

US Taxation Consequences.

US holders should consult their tax advisors as to the methods of compliance with such disclosure obligations. Under recently enacted legislation, a US holder will be denied a foreign tax credit (and instead allowed a deduction) for foreign taxes imposed on a dividend if the US holder has not held the Ordinary Shares or ADRs for at least 16 days in the 30-day holding period beginning 15 days before the ex-dividend date. Any days during which a US holder has substantially diminished its risk of loss on the Ordinary Shares or ADRs are not counted toward meeting the 16 day holding period required by the statute. A US holder that is under an obligation to make related payments with respect to the Ordinary Shares or ADRs (or substantially similar or related property) also is not entitled to claim a foreign tax credit with respect to a foreign tax imposed on a dividend.
The following categories of persons may be liable for both UK and US tax in respect of a gain on the sale of Ordinary Shares or ADRs: (i) US citizens 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 which constitutes a permanent establishment or fixed base and which have used, held or acquired the Ordinary Shares or ADRs for the purposes of such trade, profession or vocation or such branch or agency. However, subject to applicable limitations, 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. US holders who hold Ordinary Shares or ADRs as capital assets will generally recognize long-term capital gain or loss if such holder has held the shares for more than one-year on the date of disposition. Under recently enacted legislation, the tax rate applicable to long-term capital gains will vary depending upon whether the Ordinary Shares or ADRs have been held for more than 18 months.

Information Reporting and Backup Withholding

Payment of dividends and other proceeds with respect to the Ordinary Shares or ADRs by a US paying agent or other US intermediary will be reported to the US Internal Revenue Service and to the US holder as required under applicable regulations. A US holder will not be subject to US backup withholding tax at the rate of 31% with respect to dividends received or the proceeds of a sale, exchange or redemption of such Ordinary Shares or ADRs if such holder (i) is a corporation or other exempt recipient or (ii) the holder provides a US taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with any applicable backup withholding requirements.

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 this 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 gift 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 the tax paid in the UK to be credited against tax liable to be paid in the US.

UK Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty will be payable on the transfer of an ADR provided that the instrument of transfer 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. Ad valorem stamp duty will be charged on conveyances or transfers of Ordinary Shares at the rate of 50p per £100 (or part thereof) of the consideration, if any, for the transfer. SDRT will be imposed, at the rate of 0.5% of the consideration for the transfer, if an agreement is made for the sale of Ordinary Shares, unless an instrument of transfer of the Ordinary Shares in favor of the purchaser or its nominee is executed and duly stamped on the day that the agreement is made (or, in a case where the agreement is conditional, on the day that the condition is satisfied). 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.
Ad valorem stamp duty or SDRT will be imposed on any instrument transferring Ordinary Shares to a nominee or agent for a depositary which issues depositary receipts (such as the ADRs). In these circumstances, stamp duty or SDRT will be charged at the higher rate of 1.5% of the consideration for a sale or, otherwise, 1.5% of the market value of the security transferred. This rate of duty can be reduced to 1% in the case of certain transfers effected by a qualified dealer in securities (as defined in the UK Finance Act 1986). Clearance services may elect, under certain conditions, for the normal rates of stamp duty or SDRT to apply to transfers into or transactions within the service instead of the higher rate applying to an issue or transfer into the clearance service. The UK Finance Act 1997 contains provisions which will remove this reduced rate of duty from the "appointed day" (yet to be determined).

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 duty as a "conveyance on sale" because it completes a sale of such Ordinary Shares, will be liable to ad valorem stamp duty, payable by the transferee, at the rate of 50p per 100 (or part thereof) 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 on sale", but will be liable to a fixed stamp duty of 50p.

ITEM 8. SELECTED FINANCIAL DATA

The selected financial information set forth below is derived, in part, from the Consolidated Financial Statements incorporated by reference from the 1997 Annual Report to Shareholders, which is filed as an exhibit to this Report. The selected data should be read in conjunction with the financial statements and related notes, as well as the Operating and Financial Review incorporated herein by reference from the 1997 Annual Report to Shareholders.

The Consolidated Financial Statements are prepared in accordance with UK GAAP, which differ in certain respects from US GAAP. A summary of the principal differences between UK and US GAAP, a reconciliation to US GAAP and a condensed US GAAP balance sheet are set forth in the Consolidated Financial Statements, appearing on pages 80 to 82 of the 1997 Annual Report to Shareholders, and are incorporated herein by reference.
Consolidated Income Statement Data:

Year Ended December 31,

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,882</td>
<td>2,914</td>
<td>2,703</td>
<td>2,309</td>
<td>1,874</td>
</tr>
<tr>
<td>Operating profit before goodwill amortization and interest</td>
<td>592</td>
<td>641</td>
<td>551</td>
<td>461</td>
<td>380</td>
</tr>
<tr>
<td>Profit on ordinary activities before taxation (1)</td>
<td>626</td>
<td>652</td>
<td>558</td>
<td>481</td>
<td>422</td>
</tr>
<tr>
<td>Profit on ordinary activities after taxation(1)</td>
<td>390</td>
<td>442</td>
<td>373</td>
<td>319</td>
<td>282</td>
</tr>
<tr>
<td>Profit attributable to ordinary shareholders (1)</td>
<td>390</td>
<td>442</td>
<td>373</td>
<td>318</td>
<td>281</td>
</tr>
<tr>
<td>Earnings per ordinary share (1)</td>
<td>24.0p</td>
<td>27.3p</td>
<td>23.2p</td>
<td>19.9p</td>
<td>16.9p</td>
</tr>
<tr>
<td>Earnings per ADS (1)</td>
<td>144.2p</td>
<td>164.0p</td>
<td>139.3p</td>
<td>119.4p</td>
<td>101.4p</td>
</tr>
<tr>
<td>Dividends declared per ordinary share (including UK tax credit)</td>
<td>16.3p</td>
<td>14.7p</td>
<td>12.3p</td>
<td>10.0p</td>
<td>8.1p</td>
</tr>
<tr>
<td>Dividends declared per ADS (including UK tax credit)</td>
<td>97.5p</td>
<td>88.1p</td>
<td>73.5p</td>
<td>60.0p</td>
<td>48.8p</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares (in millions)</td>
<td>1,622</td>
<td>1,616</td>
<td>1,605</td>
<td>1,602</td>
<td>1,665</td>
</tr>
</tbody>
</table>

(1) In 1997 Reuters adopted the UK Financial Reporting Standard No 10 'Goodwill and Intangible Assets'. This Standard requires purchased goodwill and intangible assets to be capitalised and amortised through the profit and loss account over their useful economic lives. Accordingly, all goodwill previously written off against reserves has been capitalised and amortised, and prior years have been restated in line with the standard’s transitional provisions. Amortisation periods are consistent with those used under US GAAP, thus goodwill ceases to be a US GAAP adjustment except where affected by timing differences in the recognition of deferred consideration. (See Note 1 of Notes on the Consolidated Profit and Loss Account, incorporated herein by reference from the 1997 Annual Report to Shareholders.)
### Consolidated Income Statement Data (continued):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amounts in accordance with US GAAP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>2,882</td>
<td>2,914</td>
<td>2,703</td>
<td>2,309</td>
</tr>
<tr>
<td>Income before taxes on income</td>
<td>618</td>
<td>645</td>
<td>544</td>
<td>463</td>
</tr>
<tr>
<td>Net income</td>
<td>386</td>
<td>440</td>
<td>366</td>
<td>303</td>
</tr>
<tr>
<td>Basic earnings per ordinary share (1)</td>
<td>23.8p</td>
<td>27.2p</td>
<td>22.8p</td>
<td>18.9p</td>
</tr>
<tr>
<td>Diluted earnings per ordinary share (1)</td>
<td>23.6p</td>
<td>26.8p</td>
<td>22.5p</td>
<td>18.6p</td>
</tr>
<tr>
<td>Basic earnings per ADS (1)</td>
<td>142.6p</td>
<td>163.2p</td>
<td>136.9p</td>
<td>113.4p</td>
</tr>
<tr>
<td>Diluted earnings per ADS (1)</td>
<td>141.6p</td>
<td>161.0p</td>
<td>134.9p</td>
<td>111.6p</td>
</tr>
<tr>
<td>Dividends paid per ordinary share (including UK tax credit) (1)</td>
<td>15.1p</td>
<td>12.8p</td>
<td>10.5p</td>
<td>8.6p</td>
</tr>
<tr>
<td>Dividends paid per ADS (including UK tax credit) (1)</td>
<td>90.8p</td>
<td>76.9p</td>
<td>63.0p</td>
<td>51.4p</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares (in millions) (1)</td>
<td>1,623</td>
<td>1,616</td>
<td>1,605</td>
<td>1,602</td>
</tr>
</tbody>
</table>

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(1) On February 18, 1998 Reuters Holdings consummated a capital reorganization (see Item 4 of this Report). Under US GAAP this transaction is deemed a share consolidation combined with a special dividend and requires retroactive restatement of earnings per share and per ADS and dividends per share and per ADS amounts. However, the consummation of the transaction was subsequent to completion of the financial statements incorporated by reference from the 1997 Annual Report to Shareholders in response to Item 18 of this Report, and therefore no such restatements appear in those financial statements. Moreover, under UK GAAP no restatement would be deemed appropriate as the cash payment is considered a repurchase of shares and the number of new shares in Reuters Group has been set to facilitate comparability of per share amounts with those of Reuters Holdings. If the transaction had been effected prior to completion of the financial statements, and the retroactive treatment under US GAAP had been reflected above, earnings and dividends per share and per ADS presented for each period would have been approximately 15% higher. For additional information relating to the capital reorganization see Note 30 of Notes on the Consolidated Balance Sheet incorporated herein by reference from the 1997 Annual Report to Shareholders.
Consolidated Balance Sheet Data:

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amounts in accordance with UK GAAP:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets(1)</td>
<td>2,836</td>
<td>2,536</td>
<td>2,369</td>
<td>1,882</td>
<td>1,537</td>
</tr>
<tr>
<td>Long-term debt and provisions for charges</td>
<td>65</td>
<td>71</td>
<td>162</td>
<td>109</td>
<td>51</td>
</tr>
<tr>
<td>Capital employed before minority interest(1)</td>
<td>1,651</td>
<td>1,450</td>
<td>1,211</td>
<td>973</td>
<td>785</td>
</tr>
<tr>
<td><strong>Amounts in accordance with US GAAP:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>2,830</td>
<td>2,523</td>
<td>2,288</td>
<td>1,828</td>
<td>1,549</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>86</td>
<td>84</td>
<td>105</td>
<td>68</td>
<td>40</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>1,754</td>
<td>1,561</td>
<td>1,299</td>
<td>1,048</td>
<td>865</td>
</tr>
</tbody>
</table>

(1) For UK GAAP purposes, total assets and capital employed before minority interest for the years prior to 1997 have been restated for the change in accounting for goodwill. See Note 1 of Notes on the Consolidated Profit and Loss Account, incorporated herein by reference from the 1997 Annual Report to Shareholders.

Dividends

The table below sets forth the amounts of interim, final and total dividends (excluding any associated UK tax credit discussed in Item 7 of this Report) 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 Noon Buying Rate on each of the respective payment dates for such interim and final dividends. The amounts have not been restated for the capital reorganization consummated on February 18, 1998. See Note (1) to the table of Consolidated Income Statement Data, Amounts in Accordance with US GAAP, above.

<table>
<thead>
<tr>
<th>Fiscal year ended December 31,</th>
<th>Pence per Share</th>
<th>Cents per ADS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Interim</td>
<td>Final</td>
</tr>
<tr>
<td>1993</td>
<td>1.55</td>
<td>4.95</td>
</tr>
<tr>
<td>1994</td>
<td>1.90</td>
<td>6.10</td>
</tr>
<tr>
<td>1995</td>
<td>2.30</td>
<td>7.50</td>
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<tr>
<td>1996</td>
<td>2.75</td>
<td>9.00</td>
</tr>
<tr>
<td>1997(1)</td>
<td>3.10</td>
<td>9.90</td>
</tr>
</tbody>
</table>

(1) The final dividend in respect of 1997 will be paid on April 27, 1998 to holders of Ordinary Shares on the register at March 20, 1998 and on May 1, 1998 to holders of ADSs on the register at March 20, 1998, and will be translated into US dollars from sterling at the rate prevailing on April 27, 1998.

Any future dividends will be declared consistent with Reuters policy of retaining a substantial portion of its earnings for use in its business, and will be dependent upon Reuters earnings, financial condition and other factors.
### Exchange Rates

The following table sets forth, for the periods and dates indicated, the average, high, low and end of period Noon Buying Rates for pounds sterling in US dollars per (pound).1.

<table>
<thead>
<tr>
<th>Fiscal year ended</th>
<th>Average*</th>
<th>High</th>
<th>Low</th>
<th>Period End</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 1993</td>
<td>1.50</td>
<td>1.59</td>
<td>1.42</td>
<td>1.48</td>
</tr>
<tr>
<td>1994</td>
<td>1.54</td>
<td>1.64</td>
<td>1.46</td>
<td>1.57</td>
</tr>
<tr>
<td>1995</td>
<td>1.58</td>
<td>1.64</td>
<td>1.53</td>
<td>1.55</td>
</tr>
<tr>
<td>1996</td>
<td>1.57</td>
<td>1.71</td>
<td>1.49</td>
<td>1.71</td>
</tr>
<tr>
<td>1997</td>
<td>1.65</td>
<td>1.70</td>
<td>1.58</td>
<td>1.64</td>
</tr>
<tr>
<td>1998 (through February 18)</td>
<td>1.64</td>
<td>1.67</td>
<td>1.61</td>
<td>1.64</td>
</tr>
</tbody>
</table>

* The average of the exchange rates on the last trading day of each calendar month during the period.

On February 18, 1998 the Noon Buying Rate was $1.64 per (pound).

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 represented by the ADSs and may affect the relative market prices of the ADSs in the US and the Ordinary Shares in the UK.

For the effect on Reuters 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" incorporated herein by reference from the 1997 Annual Report to Shareholders, which is filed as an exhibit to this Annual Report on Form 20-F.

### ITEM 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS


The discussion is designed to comply with both the requirements of this Item 9 and the recommendations of the July 1993 Statement, "Operating and Financial Review", issued by the UK Accounting Standards Board.

The focus of Reuters discussion is on the financial statements included in the 1997 Annual Report to Shareholders, which are prepared in accordance with UK GAAP. A summary of differences between UK GAAP and US GAAP, a reconciliation to US GAAP and a condensed US GAAP balance sheet are set forth in the Consolidated Financial Statements, appearing on pages 80 to 82 of the 1997 Annual Report to Shareholders, and are incorporated herein by reference. As reported in Item 2 above, Reuters has made certain commitments with respect to the development of a new building in the Times Square section of New York City.
All statements other than statements of historical fact included in this Report and the 1997 Annual Report to Shareholders incorporated by reference herein 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 "Cautionary Statements" in the "Operating and Financial Review" incorporated herein by reference from the 1997 Annual Report to Shareholders, and in the paragraph below. All written and oral forward-looking statements made on or after the date hereof and attributable to Reuters are expressly qualified in their entirety by such Cautionary Statements.

All-Media-Typlan AG, the supplier of key components for certain of Reuters editorial systems, purported in late February 1998 to terminate its software license agreements with Reuters for material breach of contract. Reuters does not accept that Typlan has justifiable grounds for such termination. The breakdown of this relationship exposes Reuters to various risks associated with those of its editorial systems which currently depend on Typlan. In particular, the risks include possible lack of ongoing support and maintenance of the relevant software by Typlan and potential difficulties that may be encountered in the implementation of alternative systems.

ITEM 9A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures about market risk are provided under the sub-heading Treasury Management on pages 44 to 46 of the "Operating and Financial Review", and in Note 13 of Notes on the Consolidated Cash Flow Statement, both incorporated herein by reference from the 1997 Annual Report to Shareholders.
ITEM 10. DIRECTORS AND OFFICERS OF REGISTRANT

Reuters Articles provide for a Board of Directors consisting of not fewer than five nor more than 15 directors. There are presently 14 directors in office, including six executive directors.

The directors and executive officers of Reuters are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Position Held Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir Christopher Anthony Hogg</td>
<td>Chairman; Director (1)</td>
<td>1985; 1984</td>
</tr>
<tr>
<td>Peter James Denton Job</td>
<td>Chief Executive; Director</td>
<td>1991; 1989</td>
</tr>
<tr>
<td>Robert Oscar Rowley</td>
<td>Finance Director</td>
<td>1990</td>
</tr>
<tr>
<td>Robert Patten Bauman</td>
<td>Director (1)</td>
<td>1994</td>
</tr>
<tr>
<td>Sir John Anthony Craven</td>
<td>Director (1)</td>
<td>1997</td>
</tr>
<tr>
<td>Michael Philip Green</td>
<td>Director (1)</td>
<td>1992</td>
</tr>
<tr>
<td>Jean-Claude Marchand</td>
<td>Managing Director of Reuters Europe, Middle East and Africa; Director</td>
<td>1996</td>
</tr>
<tr>
<td>Roberto G Mendoza</td>
<td>Director (1)</td>
<td>1998</td>
</tr>
<tr>
<td>Richard Lake Olver</td>
<td>Director (1)</td>
<td>1997</td>
</tr>
<tr>
<td>John Michael Coldwell Parcell</td>
<td>Director responsible for the Financial Information Product Line; Director</td>
<td>1996</td>
</tr>
<tr>
<td>Charles James Francis Sinclair</td>
<td>Director (1)</td>
<td>1994</td>
</tr>
<tr>
<td>David Granger Ure</td>
<td>Director responsible for Marketing and Technical Policy; Director</td>
<td>1992; 1989</td>
</tr>
<tr>
<td>Andre-Francois Helier Villeneuve</td>
<td>Director responsible for Geographical Areas; Director</td>
<td>1992; 1999</td>
</tr>
<tr>
<td>Sir David Alan Walker</td>
<td>Director (1)</td>
<td>1994</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Position Held Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patrick Alexander Vellan Mannix</td>
<td>Director of Personnel and Quality Programmes</td>
<td>1992</td>
</tr>
<tr>
<td>Gregory Charles Meekings</td>
<td>Managing Director of the Corporate Technology Group</td>
<td>1996</td>
</tr>
<tr>
<td>Jeremy John Harley Penn</td>
<td>Managing Director of Reuters Asia/Pacific</td>
<td>1997</td>
</tr>
<tr>
<td>Michael Otto Sanderson</td>
<td>Chairman of Reuters America Holdings Inc; Chief Executive Officer of Instinet</td>
<td>1995; 1990</td>
</tr>
<tr>
<td>Geoffrey Arthur Weetman</td>
<td>Managing Director of Media and New Business Ventures</td>
<td>1997</td>
</tr>
<tr>
<td>Rosalyn Susan Wilton</td>
<td>Managing Director, Transaction Products</td>
<td>1992</td>
</tr>
<tr>
<td>Mark William Wood</td>
<td>Editor-in-Chief</td>
<td>1989</td>
</tr>
<tr>
<td>Philip Kenneth Wood</td>
<td>Deputy Finance Director</td>
<td>1994</td>
</tr>
<tr>
<td>Simon Anthony Yencken</td>
<td>Company Secretary and General Counsel</td>
<td>1994; 1993</td>
</tr>
</tbody>
</table>

(1) Non-executive director.

The business address of the directors is 85 Fleet Street, London EC4P 4AJ, England.

The Chairman and all non-executive directors, except Michael Green and Roberto Mendoza, served on the Remuneration and Audit Committees of the Board in 1997 and all non-executive directors except Roberto Mendoza served on the Nomination Committee in 1997. Summaries of the functions of the Remuneration Committee and the Audit Committee appear on pages 25 and 33, respectively, of the 1997 Annual Report to Shareholders which is incorporated herein by reference. During 1997, Reuters maintained insurance for the directors and certain employees against liabilities in relation to Reuters.
The Articles require that, in performing their duties, the directors have
due regard for the Reuter 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. For additional information with respect to the Reuter Trust
Principles and the Reuter Trustees, who are charged with ensuring compliance
with them, see Item 4 of this Report.

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.

At each AGM of Reuters 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. A retiring director shall be eligible for
re-election. For additional information see the Report on Remuneration and
Related Matters which appears on pages 25 to 32 of the 1997 Annual Report to
Shareholders referred to above.

No director is required to hold any shares of Reuters in order to qualify
as a director. A director not holding any shares may nevertheless attend and
speak at general meetings of Reuters.

ITEM 11. COMPENSATION OF DIRECTORS AND OFFICERS

For the year ended December 31, 1997, the aggregate compensation paid or
accrued by Reuters and its subsidiaries to all directors and officers as a group
(21 persons) for services in all capacities was (£)7.0 million.

The aggregate compensation paid to all directors and officers as a group
included (£)1.1 million relating to an officer's interest in a rolling
four-year profit sharing plan operated by a subsidiary. The remaining executive
directors and officers participated in a bonus plan which, in 1997, provided for
bonuses based one-half on a growth target in earnings per share and one-half on
the number of installations of Reuters new 3000 Series of products. Neither
target was achieved therefore no bonuses were paid under this plan.

For further information relating to Reuters senior executive remuneration
policy and compensation paid to the Chairman and the executive directors, see
the Report on Remuneration and Related Matters which appears on pages 25 to 32
of the 1997 Annual Report to Shareholders and is incorporated herein by
reference.

ITEM 12. OPTIONS TO PURCHASE SECURITIES FROM REGISTRANT OR SUBSIDIARIES

Reuters has established a number of employee share schemes. These include
(i) a long term incentive plan, a performance related share plan and an
international Save As You Earn ("SAYE") plan introduced by Reuters Group in
1997, which have substantially the same terms as Reuters Holdings’ 1997 Long
Term Incentive Plan, 1997 Performance Related Share Scheme and 1994 SAYE Scheme,
respectively, referred to below, and (ii) two executive share plans of Reuters
Group (one for use in the US and the other for the rest of the world) which will
be used to provide replacement options to those persons who surrender options
granted under Reuters Holdings' 1984 Executive Schemes referred to below.

Reuters employee share schemes also include the following plans of Reuters
Holdings in respect of which no further grants of options or rights will be
made, but under which options remain outstanding: (i) a long-term incentive
scheme introduced in 1993 under which non-transferable awards of
performance-based restricted shares or rights exercisable for shares on a one
for one basis (share rights) were made annually to key senior executives (the
"1993 Long-Term Incentive Scheme"), (ii) a long-term incentive plan introduced
in 1997 under which non-transferable awards of performance-based share options
were made annually to key senior executives (the "1997 Long Term Incentive
Plan"), (iii) a long-term incentive scheme introduced in 1995 under which
non-transferable awards of performance-based share rights were made annually to
executives (the "1995 Performance Related Share Scheme"), (iv) a long-term
incentive scheme introduced in 1997 under which non-transferable
performance-based share options were granted annually to executives (the "1997
Performance Related Share Scheme"), (v) a SAYE share option scheme adopted in
1994 (the "1994 SAYE Scheme"), (vi) three SAYE share option schemes adopted in
1984 (the "1984 SAYE Schemes") and (vii) two executive share option schemes
adopted in 1984 (the "1984 Executive Schemes"). For additional information
relating to these plans, see the Report on Remuneration and Related Matters which appears on pages 25 to 32 of the 1997 Annual Report to Shareholders which is incorporated herein by reference.

In January 1998, in connection with the capital reorganization, mechanisms were introduced so that, upon exercise of options and rights outstanding under the Reuters Holdings plans referred to above, the person exercising his option or right will receive Ordinary Shares of Reuters Group. In addition, the Long-Term Incentive Scheme referred to in clause (i) above was amended to give participants the option of taking 40% of their award in cash to enable them to pay the taxes due on exercise.

At an Extraordinary General Meeting to be held April 21, 1998, shareholders will be asked to approve a new share option plan under which eligible employees (other than executive directors and part-time staff, whose participation will be discretionary) will be invited to apply for an option to acquire up to 2,000 Ordinary Shares at a price equal to the average of the mid-market value of the shares on the three dealing days immediately preceding the invitation date. These invitations will be made within six weeks of the Reuters interim results announcement in July 1998 (and on later announcement dates for employees who join Reuters after the initial qualification date). No options under the plan will be granted after July 31, 1999 and no person will receive an option over more than 2,000 shares. Options will generally become exercisable on the third anniversary of the date of grant, by holders who have been employed throughout that three-year period, and will then remain exercisable for a further four years.

Reuters also offers an Employee Stock Purchase Plan for most US-based employees, which Reuters Holdings introduced in 1995 in lieu of implementing a US version of the 1994 SAYE Scheme. Under this plan, participating employees authorize after-tax payroll deductions (subject to certain maximum amounts) which, together with contributions from Reuters equal to 20% of the payroll deductions, are transferred to a designated broker who, at the end of each pay period, purchases ADSs at available market prices for the accounts of the employees.

Outstanding Options and Restricted Shares
- ---------------------------------------------------

All options, restricted shares and share rights outstanding as of the date of this Report were granted or awarded under the Reuters Holdings schemes described above. On exercise of these options or rights, an employee will receive Ordinary Shares in Reuters Group equal in number to the number of Reuters Holdings Shares he would have received under the relevant scheme.
Information concerning options, restricted shares and share rights outstanding under Reuters share option and restricted share schemes at February 18, 1998 is set forth below:

<table>
<thead>
<tr>
<th>Schemes/Plans</th>
<th>Options (1)</th>
<th>Ranges of Exercise (pound)</th>
<th>Expiration Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numbers of Ordinary Shares Issuable Upon Exercise of Options or Subject to Restricted Share or Share Right</td>
<td>Ordinary Share Awards (1)</td>
<td>or ADS ($)</td>
<td>Range of Expiration Dates</td>
</tr>
<tr>
<td>1984 SAYE (2)</td>
<td>7,084,152</td>
<td>L2.21 -- L3.94</td>
<td>5/98 -- 11/99</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$23.50 -- $34.98</td>
<td>10/98 -- 11/99</td>
</tr>
<tr>
<td>1994 SAYE (2)</td>
<td>9,694,114</td>
<td>L3.51 -- L6.01</td>
<td>4/00 -- 10/02</td>
</tr>
<tr>
<td>1984 Executive (3)</td>
<td>2,910,306</td>
<td>L1.17 -- L4.93</td>
<td>2/98 -- 2/04</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$15.94 -- $43.72</td>
<td>3/98 -- 2/04</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>19,688,572</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shares subject to restrictions or rights:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares subject to restrictions or rights:</td>
</tr>
<tr>
<td><strong>1993 Long-Term Incentive (4)</strong></td>
</tr>
<tr>
<td><strong>1997 Long-Term Incentive (5)</strong></td>
</tr>
<tr>
<td><strong>1995 Performance Related (6)</strong></td>
</tr>
<tr>
<td><strong>1997 Performance Related (5)</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

---

(1) Includes Ordinary Shares represented by ADSs.
(2) The exercise price of options granted under the 1984 and 1994 SAYE Schemes is effectively fixed at 20% below the market price at the start of either a three-year or a five-year savings period. In general, these options become exercisable at the end of that period and remain exercisable for six months thereafter.
(3) The exercise price of options granted under the 1984 Executive Schemes is the market price either at or shortly before the date of grant. Under their original terms, these options become exercisable during the period commencing on the third anniversary of the date of grant (the second anniversary in the case of options issued to US-based employees) and ending on either the seventh or the tenth anniversary of the date of grant. As a result of the capital reorganization all options expire on August 16, 1998, but holders may elect to replace their original options with unapproved Reuters Group options that have the same exercise price but generally lapse one year later.
(4) Includes 1,201,296 restricted shares relating to 1993 and 1994 awards which are vested. The capital reorganization technically triggered immediate release of all vested restricted shares, but as part of the terms of the reorganization, all currently employed participants have agreed to defer the release of their 1994 awards (510,184 shares) until February 1999.
(5) The 1997 long-term incentive and performance related awards granted in the UK (a total of 417,688 shares and 692,064 shares, respectively) have an exercise price equivalent to the market value of the underlying shares on the date of the grant, and are linked with a cash bonus equal to such exercise price. The share rights and linked cash bonus vest and are exercisable only in tandem.
(6) Includes 211,663 options which have vested and are exercisable through December 2001.

Of the total number of Ordinary Shares subject to outstanding options at February 18, 1998, 191,890 Ordinary Shares were subject to options held by directors and officers of Reuters, 27,622 of which were granted pursuant to 1994 SAYE Schemes, 13,980 of which were granted pursuant to 1984 SAYE Schemes and 150,288 of which were granted pursuant to the 1984 Executive Schemes. In addition, Ordinary Shares subject to restrictions or rights held by directors and officers at February 18, 1998 included 2,109,778 shares awarded.
under the 1993 and 1997 long-term incentive plan (929,786 vested) and 95,215 shares awarded under the 1995 and 1997 performance related share plan (20,831 vested).

At February 18, 1998 options, restricted shares and/or share rights were held by the Chairman and the executive directors as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Savings Related Schemes</th>
<th>Executive Scheme</th>
<th>Long-Term Incentive Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir Christopher Hogg</td>
<td>2,065</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>P.J.D. Job</td>
<td>2,065</td>
<td>---</td>
<td>159,976 196,122</td>
</tr>
<tr>
<td>J-C. Marchand</td>
<td>3,098</td>
<td>---</td>
<td>75,680 115,480</td>
</tr>
<tr>
<td>J. M. C. Parcell</td>
<td>2,065 100,000</td>
<td>---</td>
<td>66,240 83,286</td>
</tr>
<tr>
<td>R.O. Rowley</td>
<td>2,925</td>
<td>---</td>
<td>98,936 122,045</td>
</tr>
<tr>
<td>D.G. Ure</td>
<td>---</td>
<td>---</td>
<td>109,480 130,550</td>
</tr>
<tr>
<td>A-F.H. Villeneuve</td>
<td>2,065</td>
<td>---</td>
<td>109,480 130,550</td>
</tr>
</tbody>
</table>

For additional information concerning options, restricted shares and share rights held by the executive directors, see the Report on Remuneration and Related Matters, incorporated herein from the 1997 Annual Report to Shareholders.

ITEM 13. INTEREST OF MANAGEMENT IN CERTAIN TRANSACTIONS

Not applicable.

PART II

ITEM 14. DESCRIPTION OF SECURITIES TO BE REGISTERED

Not applicable. However, information responding to this Item has been filed with the SEC concurrently with this Annual Report on Form 20-F, under cover of a Form 6-K for the month of March 1998.

PART III

ITEM 15. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 16. CHANGES IN SECURITIES AND CHANGES IN SECURITY FOR REGISTERED SECURITIES

Not applicable.

PART IV

ITEM 18. FINANCIAL STATEMENTS

Reference is made to Item 19 for a list of all financial statements filed as part of this Report.

27
ITEM 19. FINANCIAL STATEMENTS AND EXHIBITS
- ------------------------------------------

(a) Financial Statements:

<table>
<thead>
<tr>
<th>Financial Statement</th>
<th>Annual Report to Shareholders</th>
<th>Related Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pages</td>
<td>Pages</td>
</tr>
</tbody>
</table>

Incorporated by reference from the 1997 Annual Report to Shareholders:

- Report of the auditors: 35
- Consolidated profit and loss account for each of the three years in the period ended December 31, 1997: 48 49 to 54
- Consolidated cash flow statement for each of the three years in the period ended December 31, 1997: 55 56 to 61
- Accounting policies: 78 to 79
- Summary of differences between UK and US GAAP: 80 81 to 82
- Report on Remuneration and Related Matters: 25 to 32

The consolidated financial statements listed in the above index which are included in the 1997 Annual Report to Shareholders of Reuters Holdings PLC are hereby incorporated by reference. With the exception of the pages listed in the above index and the items incorporated by reference in Items 1, 4, 8, 9, 9A, 10, 11 and 12 of this report, the 1997 Annual Report to Shareholders is not to be deemed filed as part of this Report.

(b) Exhibits

- Memorandum and Articles of Association of Reuters Group
- Deposit Agreement, dated February 18, 1998 among Reuters Group, Morgan Guaranty Trust Company of New York, as depositary, and all holders from time to time of American Depositary Receipts issued thereunder
- Syndicated Credit Facility Agreement dated December 4, 1997 among Reuters Group, Reuters Investments, Chase Manhattan plc, the banks listed therein and Chase Manhattan International Limited
- Consent of Price Waterhouse for incorporation by reference in Forms S-8 of their report dated February 13, 1998
- Consent of Price Waterhouse for incorporation by reference in Forms F-3 of their report dated February 13, 1998
- The 1997 Annual Report to Shareholders of Reuters Holdings PLC
- Financial Data Schedule
Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

REUTERS GROUP PLC
(Registrant)

Dated: March 5, 1998

By /s/ Robert O. Rowley
--------------------------
Robert O. Rowley
Finance Director
<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Memorandum and Articles of Association of Reuters Group</td>
</tr>
<tr>
<td>2.2</td>
<td>Deposit Agreement, dated February 18, 1998 among Reuters Group, Morgan Guaranty Trust Company of New York, as depositary, and all holders from time to time of American Depositary Receipts issued thereunder</td>
</tr>
<tr>
<td>2.3</td>
<td>Syndicated Credit Facility Agreement dated December 4, 1997 among Reuters Group, Reuters Investments, Chase Manhattan plc, the banks listed therein and Chase Manhattan International Limited</td>
</tr>
<tr>
<td>2.4</td>
<td>Consent of Price Waterhouse for incorporation by reference in Forms S-8 of their report dated February 13, 1998</td>
</tr>
<tr>
<td>2.5</td>
<td>Consent of Price Waterhouse for incorporation by reference in Forms F-3 of their report dated February 13, 1998</td>
</tr>
<tr>
<td>4</td>
<td>The 1997 Annual Report to Shareholders of Reuters Holdings PLC</td>
</tr>
<tr>
<td>27</td>
<td>Financial Data Schedule</td>
</tr>
</tbody>
</table>
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.
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.

(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, 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

(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

(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 of, 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
(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

(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 (pound)100 divided into 100 shares of (pound)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 (pound)1 each were subdivided into 8 ordinary shares of 25p each, the 98 unissued but authorised shares of (pound)1 each were converted into redeemable preference shares of (pound)1 each and the authorised share capital of the Company was increased to (pound)50,000 by the creation of 49,900 redeemable preference shares of (pound)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 (pound)525,000,001 by the creation of 2,099,800,000 ordinary shares of 25 pence each and one Founders Share of (pound)1.

The 49,998 redeemable preference shares of (pound)1 each were redeemed on [ ] 1998 and by operation of the articles of association of the Company were converted into 199,992 ordinary shares of 25 pence.
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.

<table>
<thead>
<tr>
<th>Names, Addresses and Descriptions of the Subscribers</th>
<th>Number of Shares taken by each Subscriber</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chettleburgh's Limited</td>
<td>One Ordinary Share</td>
</tr>
<tr>
<td>By Robert Stephen Kelford a duly authorised Officer</td>
<td></td>
</tr>
<tr>
<td>Temple House</td>
<td></td>
</tr>
<tr>
<td>20 Holywell Row</td>
<td></td>
</tr>
<tr>
<td>London EC2A 4JB</td>
<td></td>
</tr>
<tr>
<td>Company Registration Agents</td>
<td></td>
</tr>
<tr>
<td>Chettleburgh International Limited</td>
<td>One Ordinary Share</td>
</tr>
<tr>
<td>By Robert Stephen Kelford a duly authorised Officer</td>
<td></td>
</tr>
<tr>
<td>Temple House</td>
<td></td>
</tr>
<tr>
<td>20 Holywell Row</td>
<td></td>
</tr>
<tr>
<td>London EC2A 4JB</td>
<td></td>
</tr>
<tr>
<td>Anglo-Japanese Consultants</td>
<td></td>
</tr>
</tbody>
</table>

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 8LU

Company Registration Agent
THE COMPANIES ACTS 1985 AND 1989
---------------------
A PUBLIC COMPANY LIMITED BY SHARES
---------------------

ARTICLES OF ASSOCIATION
OF
REUTERS GROUP PLC
---------------------
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)
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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:

<table>
<thead>
<tr>
<th>Word</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADR</td>
<td>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).</td>
</tr>
<tr>
<td>Certificated</td>
<td>Share a share which is recorded in the Register as being held in certificated form.</td>
</tr>
<tr>
<td>the Company</td>
<td>Reuters Group PLC</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
</tr>
<tr>
<td>the Deed of Mutual Covenant</td>
<td>the Deed of Mutual Covenant referred to in Clause 4(16) of the Memorandum of Association as amended from time to time.</td>
</tr>
<tr>
<td>Director</td>
<td>a Director for the time being of the Company.</td>
</tr>
<tr>
<td>F Regulation</td>
<td>any of these Regulations to the number of which the letter &quot;F&quot; is prefixed.</td>
</tr>
<tr>
<td>the Founders Share</td>
<td>the Founders Share of (pound)1 of the Company.</td>
</tr>
<tr>
<td>the Founders Share Company</td>
<td>Reuters Founders Share Company Limited in its capacity as the holder of the Founders Share.</td>
</tr>
<tr>
<td>in writing</td>
<td>written or produced by any reasonably durable substitute for writing or partly one and partly another.</td>
</tr>
<tr>
<td>month</td>
<td>calendar month.</td>
</tr>
<tr>
<td>the Office</td>
<td>the registered office of the Company from time to time.</td>
</tr>
<tr>
<td>Operator</td>
<td>has the meaning given to that expression in the Uncertificated Securities Regulations.</td>
</tr>
<tr>
<td>Ordinary Shares</td>
<td>the ordinary shares of 25p each of the Company.</td>
</tr>
<tr>
<td>Paid</td>
<td>paid or credited as paid.</td>
</tr>
<tr>
<td>Participating Issuer</td>
<td>participating issuer, as defined in the Uncertificated Securities Regulations.</td>
</tr>
<tr>
<td>Participating Security</td>
<td>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.</td>
</tr>
<tr>
<td>Register</td>
<td>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.</td>
</tr>
<tr>
<td>Relevant System</td>
<td>relevant system, as defined in the Uncertificated Securities Regulations.</td>
</tr>
<tr>
<td>Reuters News Services</td>
<td>any news services which may from time to time be supplied by Reuters.</td>
</tr>
</tbody>
</table>
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.
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) 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;

(G) 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

(H) 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.

(I) 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.

(j) The headings in these Regulations do not affect the interpretation of these Regulations.

(III) Subject as aforesaid or as otherwise expressly provided by these Regulations any words or expressions defined in the Act or in the Uncertificated Securities Regulations shall (if not inconsistent with the subject or context) bear the same meanings in these Regulations.

(IV) The written consent of the Founders Share Company shall be deemed to have been given for any of the purposes of these Regulations if, and only if, a certificate signed on behalf of the Founders Share Company by not less than two of the Reuter Trustees shall have been received at the Office confirming that a resolution giving the consent in question has been duly passed at a meeting of the Reuter Trustees (in their capacity as directors of the Founders Share Company).

(V) A Special or Extraordinary Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Regulations.

SHARE CAPITAL

3. .

(A) AMOUNT OF CAPITAL

The share capital of the Company is (£)525,000,001 divided into 2,100,000,000 Ordinary Shares of 25p each and one Founders Share of (£)1.

(B) RIGHTS ATTACHING TO SHARES

The rights, as regards participation in the profits and assets of the Company, respectively attaching to the above-mentioned shares, shall be as follows:-

(1) Subject to any special rights which may be attached to any other class of shares and to the provisions of the Statutes, the profits of the Company available for distribution and resolved to be distributed shall be distributed by way of dividend among the holders of the Ordinary Shares rateably according to the number of shares held by them respectively;
(2) On a return of assets on a winding-up, the assets of the Company available for distribution among the members shall be applied, subject to any provision made under section 719 of the Act and any special rights which may be attached to any other class of shares, in repaying to the holders of the Founders Share and the Ordinary Shares rateably according to the number of shares held by them respectively (save that the Founders Share shall for this purpose count as four shares) the amounts paid up on such shares, and subject thereto shall belong to and be distributed among the holders of the Ordinary Shares rateably according to the number of such shares held by them respectively; and

(3) The Founders Share shall carry no right to receive any of the profits of the Company available for distribution by way of dividend or otherwise.

VARIATION OF RIGHTS

F.4

(A) CONSENTS REQUIRED FOR VARIATION

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Statutes, be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class 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.
(B) WHEN SHARES NOT A SEPARATE CLASS

Shares of a class shall not be treated as forming a separate class from other shares of that class merely because any of the following apply to them:-

1. the restrictions set out in section 454 of the Act;
2. suspension of voting rights or rights to receive dividends or other distributions pursuant to these Regulations;
3. any requirement pursuant to these Regulations that a person dispose of such shares or any interest in them;
4. any provisions of these Regulations enabling the Directors to dispose of such shares or requiring the Directors not to register transfers of such shares;
5. they are enabled or permitted in accordance with the Uncertificated Securities Regulations to become a Participating Security, or cease to be a Participating Security; or
6. any shares of that class are from time to time held in uncertificated form.

F.5 RIGHTS NOT VARIED BY ISSUE OF FURTHER SHARES OR PERMISSION OF TRANSFER OF UNCERTIFICATED SHARES; EXCEPTION FOR FOUNDERS SHARE

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto, or by the Company permitting, in accordance with the Uncertificated Securities Regulations, the holding and transfer of shares of any class in uncertificated form by means of a Relevant System. The special rights attached to the Founders Share shall be deemed to be varied by the creation or issue of any further Founders Share.

ALTERATION OF SHARE CAPITAL

F.6 COMPANY MAY INCREASE CAPITAL; FOUNDERS SHARE COMPANY CONSENT REQUIRED FOR CREATION OF SHARES WITH VOTING RIGHTS NOT IDENTICAL TO THOSE OF ORDINARY SHARES

The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares created on any such increase of capital shall be subject to the provisions of the Statutes and of these Regulations with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise. No such new share shall, without the prior written consent of the Founders Share Company, have attached
thereto (either at the time of the creation thereof or at any subsequent
time) any rights in respect of voting which are not identical in all
respects with those attached to the Ordinary Shares.

F.7

(A) COMPANY MAY CONSOLIDATE, CANCEL (OTHER THAN THE FOUNDERS SHARE) AND
SUBDIVIDE SHARES

The Company may by Extraordinary Resolution:-

(1) Consolidate and divide all or any of its capital (other than
the Founders Share) into shares of larger amounts than its
existing shares;

(2) Cancel any shares (other than the Founders Share) which, at
the date of the passing of the resolution, have not been
taken, or agreed to be taken, by any person and diminish the
amount of its capital by the amount of the shares so
cancelled;

(3) Sub-divide its shares, or any of them (other than the Founders
Share), into shares of smaller amount than is fixed by the
Memorandum of Association (subject nevertheless to the
provisions of the Statutes), and so that the resolution
whereby any share is sub-divided may determine that, as
between the holders of the shares resulting from such
sub-division, one or more of the shares may, as compared with
the others, have any such preferred, deferred or other special
rights, or be subject to any such restrictions, as the Company
has power to attach to unissued or new shares.

(B) FRACTIONAL ENTITLEMENTS TO SHARES

If, as the result of consolidation and division or sub-division of
shares, members become entitled to fractions of a share, the
Directors may on behalf of the members deal with the fractions as
they think fit. In particular, the Directors (treating holdings of
the same member or members of Certificated Shares and Uncertificated
Shares of the same class as if they were separate holdings, unless
the Directors otherwise determine) may:

(i) sell fractions of a share to a person (including, subject to
the Statutes, to the Company) for the best price reasonably
obtainable and distribute the net proceeds of sale in due
proportion amongst the persons entitled (except that if the
amount due to a person is less than £3, or such other sum
as the board may decide, the sum may be retained for the
benefit of the Company). To give effect to a sale the
Directors may authorise a person to execute an instrument of
transfer of Certificated Shares or, in respect of
Uncertificated Shares, the Directors may exercise any of the
powers conferred on the Company by Regulation F.17 to effect transfer of the shares to the purchaser or his nominee, and may cause the name of the purchaser or his nominee to be entered in the Register as the holder of the shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee to the shares is not affected by an irregularity or invalidity in the proceedings connected with the sale; or

(ii) subject to the Statutes, issue to a member credited as fully paid by way of capitalisation the minimum number of shares required to round up his holding of shares to a number which, following consolidation and division or sub-division, leaves a whole number of shares (such issue being deemed to have been effected immediately before consolidation or sub-division, as the case may be). The amount required to pay up those shares may be capitalised as the Directors think fit out of amounts standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, and applied in paying up in full the appropriate number of shares. A resolution of the Directors capitalising part of the reserves has the same effect as if the capitalisation had been declared by ordinary resolution of the Company pursuant to Regulation 140. In relation to the capitalisation the board may exercise all the powers conferred on it by Regulation 140 without an ordinary resolution of the Company.

F.8 COMPANY MAY PURCHASE ITS OWN SHARES (OTHER THAN THE FOUNDERS SHARE)

Subject to the provisions of the Statutes the Company may purchase, or enter into a contract under which it may become entitled or obliged to purchase, any of its own shares (including any redeemable shares) other than the Founders Share. Every contract for the purchase by the Company of, or under which it may become entitled or obliged to purchase, its own shares shall, in addition to such authorisation as may be required by the Statutes, be sanctioned by an Extraordinary Resolution passed at a separate General Meeting of the holders of each class of shares in issue convertible into equity share capital of the Company.

F.9 COMPANY MAY REDUCE ITS CAPITAL - EXCEPTION REGARDING THE FOUNDERS SHARE

The Company may reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law but this Regulation shall not apply in any way whatsoever to the Founders Share.
(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.

(B) DISAPPLICATION OF SECTION 89(1) (PRE-EMPTION) TO ALLOTMENTS UNDER SECTION 80 AUTHORITY

10
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;

(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."

(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;
(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 fail to be disregarded by virtue of section 209(18)(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

(2) subject to paragraphs (T) and (U) below, call for a Required Disposal to be made and for reasonable evidence of it to be supplied to the Company within twenty one days or such longer period as the Directors consider reasonable.

The Directors may in their absolute discretion extend such twenty one days or longer period.

(D) DISENFRANCHISEMENT OF SHARES UNDER RESTRICTION NOTICE

Subject to paragraph (T) below, from the serving of a Restriction Notice in respect of Relevant Shares until any such time as the restrictions specified in this paragraph (D) (hereinafter called "the Voting Restrictions") cease to apply in accordance with the later provisions of this Regulation, a registered holder of such Relevant Shares shall not be entitled in respect of such shares to receive notice of or to attend or vote (in person or by proxy) at any General Meeting of the Company or any meeting of the holders of any class of shares of the Company.

(E) DIRECTORS' POWER TO MAKE REQUIRED DISPOSAL

If a notice calling for a Required Disposal is not complied with to the satisfaction of the Directors within the time appointed the Directors shall, so far as they are able, make a Required Disposal (hereinafter called a "Directors' Disposal") and shall give notice in writing of it to the registered holders of the shares sold.

(F) MANNER OF MAKING DIRECTORS' DISPOSAL

The manner, timing and terms of any Directors' Disposal (including, but not limited to, the price or prices at which the same is made and the extent to which assurance is obtained that no transferee thereunder is or would thereby become a Relevant Person) shall be such as the Directors determine. The Directors may take advice from bankers, brokers or other persons considered by them to be appropriate as to such manner, timing and terms and shall not be liable to any person for the consequences of reliance on such advice. The Directors shall be entitled to make such disposal without delay.

(G) RELEVANT SHARES OF MULTIPLE HOLDERS OR OF CERTIFICATED AND UNCERTIFICATED SHARES TO BE SOLD PRO RATA IN DIRECTORS' DISPOSAL

If on a Directors' Disposal Relevant Shares are held:

(1) by more than one registered holder (treating joint holders of any Relevant Shares as a single holder) the Directors shall,
so far as is practicable, cause the same proportion of each holding as is known to them to be sold; or

(2) as Certificated Shares and Uncertificated Shares, the Directors may in their absolute discretion vis a 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.

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(J) DIRECTORS' RESOLUTION AS TO A PERSON BEING RELEVANT PERSON
CONCLUSIVE

If the Directors resolve that they have reasonable cause to believe
that a person is or may be a Relevant Person and that they have made
reasonable enquiries (whether by way of notices under section 212 of
the Act or otherwise) to establish whether he is or not but that
such enquiries have not been answered or fail to establish whether
he is or not, he shall for all the purposes of this Regulation be
deemed to be a Relevant Person from the date of such resolution
until any such time as the Directors resolve that they are satisfied
that he is not a Relevant Person.

(K) DIRECTORS' RESOLUTION AS TO SHARES BEING SHARES OF A RELEVANT PERSON
CONCLUSIVE

If the Directors resolve that they have reasonable cause to believe
that any shares of the Company are or may be shares in which a
Relevant Person (whether he is such by virtue of paragraph (J) above
or otherwise) is interested and that they have made reasonable
enquiries (whether by way of notices under section 212 of the Act or
otherwise) to establish whether they are or not but that such
enquiries have not been answered or fail to establish whether they
are or not, such shares shall for all the purposes of this
Regulation be deemed to be shares in which such Relevant Person is
interested from the date of such resolution until any such time as
the Directors resolve that they are satisfied that such shares are
not shares in which such Relevant Person is interested.

(L) NOTICES UNDER REGULATION F.15 TO BE IN WRITING

All notices provided for by this Regulation shall be in writing.

(M) NO OBLIGATION TO SERVE NOTICE IF ADDRESS UNKNOWN

Neither the Company nor the Directors shall be obliged to serve any
notice provided for by this Regulation on any person if they do not
know either his identity or his address. Subject as aforesaid, the
Directors shall give notice of any resolutions referred to in
paragraphs (I), (J) and (K) above to the Relevant Person concerned.

(N) REGULATIONS ON NOTICES TO APPLY

Regulations F.146, 148 and 149 shall apply to the service of any
notice required by this Regulation to be served by the Company on
any member of the Company.

(O) SERVICE OF NOTICES ON NON-MEMBERS
Any notice required by this Regulation to be served by the Company on any person who is not a member of the Company may be served on or delivered to him either personally or by placing it in the post in the United Kingdom in a pre-paid cover addressed to him at such address as the Directors believe to be his address or by delivering it to such address. Where such notice is served or sent by post as aforesaid, service or delivery shall be deemed to be effected at the time when the same would be received in the ordinary course of post and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.

(P) DIRECTORS' DECISIONS CONCLUSIVE

Any belief, resolution or decision of the Directors which is held or made in pursuance or purported pursuance of any of the provisions of this Regulation shall be conclusive, final and binding on all persons concerned, and the validity of any act or thing which is done or caused to be done by the Directors in pursuance or purported pursuance of any of such provisions shall not be capable of being impeached by anyone on the ground that there was not any basis or reasonable basis on which the Directors could have arrived at any such belief or made any such resolution or decision, or on the ground that any conclusion of fact on which the Directors relied or might have relied for the purposes of arriving at any such belief or making any such resolution or decision was incorrect, or on any other ground whatsoever.

(Q) COMPANY REGISTER OF SHARE INTERESTS

Without prejudice to the provisions of the Statutes, the Directors may assume without enquiry that a person is not a Relevant Person unless the information contained in the Registers kept by the Company under section 211 of the Act and under paragraph (B) (8) above indicates to the contrary or they have reason to believe otherwise. In the latter case the Directors shall make reasonable enquiries to discover whether anyone is a Relevant Person.

(R) DIRECTORS TO INFORM OTHER DIRECTORS REGARDING RELEVANT PERSONS

If a Director has reason to believe that anyone is a Relevant Person he shall without delay inform the other Directors of that fact.

(S) ADR CUSTODIANS AND ADS HOLDERS

An ADR Custodian in its capacity as such shall not be a Relevant Person. A person who has an interest in American Depositary Shares evidenced by an American Depositary Receipt representing shares held by an ADR Custodian shall be treated for all the purposes of this Regulation as having an interest in the number and class of shares in the Company represented by such American Depositary Shares and
evidenced by such American Depositary Receipt and not (in the absence of any other reason why he should be so treated) in the remainder of the shares in the Company held by the ADR Custodian.

(T) RIGHTS ISSUES AND LIMITATION OF SHAREHOLDINGS

In this paragraph (T):-

1) "RIGHTS ISSUE" means an offer by or on behalf of the Company of shares in the Company to persons who already hold shares in the Company (other than the Founders Share) under which (subject to any exclusion from the offer of persons which the Directors may deem necessary to deal with fractional entitlements or problems with such offer arising in any overseas territory) the number of shares offered to each offeree is as nearly as practicable proportionate to the number of shares already held by him; and

2) "BASIC ENTITLEMENT" means the number of shares so offered to an offeree and does not include any shares for which he makes an excess application, that is, an application for shares so offered to other shareholders but not taken up by them.

If a person (hereinafter in this paragraph (T) called "THE SAID PERSON") becomes interested in 15 per cent. or more of the issued shares of any class of the Company 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.

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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

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of, forfeit, enforce a lien over or sell or procure the sale of any shares of such class which are held in uncertificated form, the Directors shall have the power (to the extent permitted by and subject to the provisions of the Uncertificated Securities Regulations and the rules and procedures of the Relevant System) to take such steps as may be required, by instruction given by means of a Relevant System or otherwise, to effect such disposal, forfeiture, enforcement or sale and such powers shall (subject as aforesaid) include, but shall not be limited to, the power to:

(1) request or require the deletion of any computer-based entries in the Relevant System relating to such shares;

(2) alter such computer-based entries so as to divest the registered holder of such shares of the power to transfer them to any person other than a transferee identified by the Company;

(3) require by notice in writing any holder of such shares:

   (a) to change his holding of such shares into certificated form within such period as may be specified in the notice; or
   
   (b) direct the holder to take such steps as may be necessary to sell or transfer such shares;

(4) appoint any person to take such steps in the name of the holder of such shares as may be required to effect transfer of such shares and such steps shall be as effective as if they had been taken by the registered holder of the shares concerned.

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

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For all of the purposes of these Regulations the passing by the requisite majority of any of the following kinds of resolution by the Company in General Meeting shall be deemed to be a variation or abrogation of the rights attached to the Founders Share:

(1) any Special Resolution the effect of which, if duly passed, would be to alter, or to delete, or in any way to derogate from the effect of, any F Regulation or to remove the prefix "F" from any F Regulation;

(2) any resolution to wind up the Company voluntarily or pursuant to paragraph (a) of section 122 of the Insolvency Act 1986;

(3) any resolution for, or approving or sanctioning, any reconstruction of the Company;

(4) any resolution the effect of which, if duly passed, would be to attach or to authorise the attachment to any share (whether issued or unissued) of any voting rights which are not identical in all respects with those attached to the Ordinary Shares;

(5) any resolution to amend any such resolution as is described in any of the preceding sub-paragraphs of this paragraph (B).

(C) ACTION WITHOUT CONSENT OF FOUNDERS SHARE COMPANY A DEEMED VARIATION OR ABROGATION

For all of the purposes of these Regulations the doing of any act or thing which, in accordance with any provision of these Regulations requires the prior written consent of the Founders Share Company shall be deemed to be a variation or abrogation of the rights attached to the Founders Share.

F.19  .

(A) DEFINITION AND INTERPRETATION AS REGARDS "CONTROL" OF COMPANY

For the purposes of this Regulation:-

(1) where a person would in accordance with Part VI of the Act (as in force at 11 April 1995 notwithstanding any later repeal, amendment or re-enactment thereof) and/or Regulation F.15 be taken to be interested in shares in which another person is interested or would in accordance therewith be taken to be interested, such other person shall be deemed to be his associate;

(2) in addition, two or more persons shall be deemed to be associates if there are, in the opinion of the Founders Share Company, reasonable grounds for believing that they have or are attempting to obtain Control pursuant (either wholly or in part) to some arrangement between them;
(3) arrangement means any agreement, understanding or arrangement of any kind, whether formal or tacit, and whether or not legally binding, other than the Deed of Mutual Covenant;

(4) "Control" means the ability to control the exercise of 30 per cent. or more of the votes which can be cast on a poll at a General Meeting of the Company (disregarding the rights of the Founders Share Company and disregarding any suspension of the voting rights of any shares pursuant to the Statutes or these Regulations).

(B) DIRECTORS TO INFORM OTHER DIRECTORS (AND DIRECTORS TO INFORM FOUNDERS SHARE COMPANY) OF ATTEMPTS TO GAIN CONTROL

If any Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company taking the view that a person and his associates (if any) has or have obtained or is or are attempting to obtain, directly or indirectly, Control, he shall without delay inform the other Directors of such facts and the Directors shall forthwith give written notice of such facts to the Founders Share Company.

(C) FOUNDERS SHARE CONTROL NOTICES

If there are, in the opinion of the Founders Share Company, reasonable grounds for believing that any person and his associates (if any) has or have obtained or is or are attempting to obtain, directly or indirectly, Control, the Founders Share Company, whether it has received any notice pursuant to paragraph (B) above or not, shall be entitled in its absolute discretion to serve or cause to be served at the Office a notice in writing (hereinafter called a "Founders Share Control Notice"), signed by any one or more of the Reuter Trustees, to the effect that the Founders Share Company is of that opinion.

(D) RESCISSION OF FOUNDERS SHARE CONTROL NOTICE

If at any time after the service of a Founders Share Control Notice, the Founders Share Company becomes of the opinion that no person or no person and his associates has or have obtained or is or are attempting to obtain, directly or indirectly, Control, then the Founders Share Company shall as soon as practicable thereafter (provided that it is still of that opinion) serve or cause to be served at the Office a notice in writing, signed by any one or more of the Reuter Trustees, rescinding such Founders Share Control Notice, but the service of any such notice in writing pursuant to and in accordance with this paragraph (D) (in this Regulation called a "Rescission Notice") shall be without prejudice to the entitlement of the Founders Share Company subsequently to serve or cause to be served at the Office another Founders Share Control Notice pursuant to and in accordance with paragraph (C) above.
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.

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.

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 in writing (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.

(C) FOUNDERS SHARE COMPANY MAY CONVENE MEETING IF DIRECTORS IN DEFAULT

If the Directors do not, before the expiration of the period of seven days next following the service at the Office of any such requisition as aforesaid, duly convene an Extraordinary General Meeting in accordance with the provisions of paragraph (B) of this Regulation and otherwise comply in all respects with those provisions, the Founders Share Company shall be entitled at any time after such expiration to convene an Extraordinary General Meeting of the Company for the purposes specified in such requisition, and so that:

(1) any Extraordinary General Meeting which is so convened by the Founders Share Company shall be convened in the same manner, as nearly as possible, in which Extraordinary General Meetings of the Company are to be convened by the Directors pursuant to paragraph (B) of this Regulation, but so that the requirement as to minimum notice referred to in such paragraph (B) shall not apply; and

(2) the Founders Share Company shall be entitled to procure that each copy of the notice by which any such Extraordinary General Meeting is convened by the Founders Share Company shall be accompanied by a copy of such statement in writing 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.
(D) FOUNDERS SHARE COMPANY MAY CONVENE EXTRAORDINARY GENERAL MEETINGS WHILE FOUNDERS SHARE CONTROL NOTICE IN FORCE

In addition and without prejudice to the rights conferred upon the Founders Share Company by the preceding paragraphs of this Regulation, so long as any Founders Share Control Notice which has been served at the Office pursuant to and in accordance with the provisions of paragraph (C) of Regulation F.19 shall not have been rescinded by a Rescission Notice served at the Office pursuant to and in accordance with the provisions of paragraph (D) of Regulation F.19, the Founders Share Company shall be entitled at any time and from time to time to convene an Extraordinary General Meeting of the Company for such purposes as the Founders Share Company shall in its absolute discretion think fit, and shall also be entitled to cause every copy of any notice by which any Extraordinary General Meeting is so convened to be accompanied by a copy of such statement in writing of not more than five thousand words as the Founders Share Company shall in its absolute discretion think fit. Any Extraordinary General Meeting which is convened by the Founders Share Company pursuant to this paragraph (D) shall be convened in such manner, as nearly as possible, in which Extraordinary General Meetings are to be convened by the Directors pursuant to paragraph (B) of this Regulation, but so that the requirement as to minimum notice referred to in paragraph (B) of this Regulation shall not apply.

F.21 FOUNDERS SHARE COMPANY MAY RECEIVE NOTICE OF AND ATTEND AND SPEAK AT GENERAL MEETINGS The Founders Share Company shall be entitled:

(A) to receive notice of every General Meeting of the Company, and of every separate General Meeting of the holders of the shares of any class in the Company's issued share capital; and

(B) to attend, either by a representative appointed in accordance with section 375(1)(a) of the Act, or by any proxy, at any such General Meeting or separate General Meeting; and

(C) through any such representative or proxy, to speak at any such General Meeting or separate General Meeting;

but the Founders Share Company shall not, save as provided in Regulations F.18 and F.19, be entitled to vote at any General Meeting of the Company, and shall in no circumstances be entitled to vote at any such separate General Meeting other than a separate General Meeting of the Founders Share Company.
(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 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.

F.23 .

(A) COMPANY TO REIMBURSE FOUNDERS SHARE COMPANY FOR EXPENSES OF REUTER TRUSTEES

The Company will pay to the Founders Share Company on demand all such sums of money as the Founders Share Company shall from time to time certify are required by it:

(1) to indemnify the Reuter Trustees in respect of their travelling, hotel and other reasonable expenses incurred in attending and returning from all meetings of the Reuter Trustees as directors and members of the Founders Share Company and in carrying on the functions of the Founders Share Company, including (but without limitation) the exercise of the rights, powers and duties exercisable by the Founders Share Company and the Reuter Trustees;

(2) to indemnify the Founders Share Company in respect of all disbursements, fees and expenses which have been incurred or paid or will or may become liable to be incurred by it including in particular (but without limitation) all expenses incurred in enforcing the Reuter Trust Principles as contained and defined in the Deed of Mutual Covenant and any other provisions contained in the Deed of Mutual Covenant and in carrying out the objects of the Founders Share Company, whether by judicial proceedings or otherwise; and

(3) to comply with all statutory requirements in force (and whether arising under taxation statutes or statutes relating to companies or otherwise) and applicable to the Founders Share Company.
The Company will pay to the Founders Share Company on demand the cost of (or at the option of the Founders Share Company procure the provision without cost to the Founders Share Company of) all company secretarial services and other ancillary administrative services which the Founders Share Company may from time to time request.

SHARE CERTIFICATES

24. CONTENTS OF SHARE CERTIFICATES

Every share certificate shall specify the number and class of shares to which it relates and the amount paid up thereon. No certificate shall be issued representing shares of more than one class. No certificate shall normally be issued in respect of shares held by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange.

25. CERTIFICATES FOR JOINT HOLDERS

In the case of a share held jointly by several persons the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of joint holders shall be sufficient delivery to all.

26. ENTITLEMENT OF MEMBERS HOLDING CERTIFICATED SHARES TO SHARE CERTIFICATES

Any person (subject as aforesaid) whose name is entered in the Register as a holder of any Certificated Shares of any one class upon the issue or transfer thereof shall be entitled without payment to a certificate therefor (in the case of issue) within one month (or such longer period as the terms of issue shall provide) after allotment of Certificated Shares or (in the case of a transfer of fully paid shares) within fourteen days after lodgment of a transfer or (in the case of a transfer of partly paid shares) within two months after lodgment of a transfer of Certificated Shares.

27. ENTITLEMENT TO BALANCING CERTIFICATES

Where some only of the shares comprised in a share certificate are transferred the old certificate shall be cancelled and a new certificate for the balance of such Certificated Shares shall be issued in lieu without charge.

28. (A) ENTITLEMENT TO CONSOLIDATING CERTIFICATES

Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate for such Certificated Shares issued in lieu without charge.
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.

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.

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.

ENTITLED 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.

NO ENTITLED 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

The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject
always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

31. OBLIGATION TO PAY CALLS

Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

32. INTEREST ON UNPAID CALLS

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding 15 per cent. per annum) as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.

33. CALLS DEEMED TO BE MADE WHEN SO PROVIDED BY TERMS OF ISSUE OF SHARES

Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these Regulations be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of these Regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

34. DIRECTORS' DISCRETION AS TO AMOUNTS AND TIMES OF CALLS ON ISSUE OF SHARES

The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.

35. DIRECTORS MAY ACCEPT AND PAY INTEREST ON MONEYS IN ADVANCE OF CALLS

The Directors may if they think fit receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the share or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish to the extent of the payment the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding 15 per cent. per annum) as the member paying such sum and the Directors may agree.
36. DIRECTORS MAY SERVE PAYMENT NOTICE IN RESPECT OF UNPAID CALLS

If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.

37. NOTICE TO PROVIDE FOR FORFEITURE OF SHARES

The notice shall name a further day (not being less than seven days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.

38. FORFEITURE OF SHARES

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

39. FORFEITED OR SURRENDERED SHARE THE PROPERTY OF THE COMPANY

A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such other person as aforesaid.

40. EX-MEMBER TO REMAIN LIABLE FOR MONEYS UNPAID ON FORFEITED SHARES

A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at 15 per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until such payment and the Directors may at their
absolute discretion enforce payment without allowance for the value of the
shares at the time of forfeiture or surrender or waive payment in whole or
in part.

41. COMPANY TO HAVE LIEN ON SHARES NOT FULLY PAID

The Company shall have a first and paramount lien on every share (not
being a fully paid share) for all moneys (whether presently payable or
not) called or payable at a fixed time in respect of such share. The
Directors may waive any lien which has arisen and may resolve that any
shares for some limited period be exempt wholly or partially from the
provisions of this Regulation.

42. COMPANY’S POWER OF SALE UNDER LIEN

The Company may sell in such manner as the Directors think fit any share
on which the Company has a lien, but no sale shall be made unless some sum
in respect of which the lien exists is presently payable nor until the
expiration of fourteen days after a notice in writing stating and
demanding payment of the sum presently payable and giving notice of
intention to sell in default shall have been given to the holder for the
time being of the share or the person entitled thereto by reason of his
death or bankruptcy.

43. APPLICATION OF SALE PROCEEDS

The net proceeds of such sale after payment of the costs of such sale
shall be applied in or towards payment or satisfaction of the debts or
liabilities in respect whereof the lien exists so far as the same are then
payable and any residue shall, upon surrender to the Company for
cancellation of the certificate for the share sold or the provision of any
indemnity (with or without security) required by the Directors as to any
lost or destroyed certificate and subject to a like lien for debts or
liabilities not presently payable as existed upon the share prior to the
sale, be paid to the person entitled to the share at the time of the sale.
For the purpose of giving effect to any such sale the Directors may
authorise some person to transfer the share sold to, or in accordance with
the directions of, the purchaser.

44. TITLE TO SHARES SOLD UNDER LIEN OR AFTER FORFEITURE

A statutory declaration in writing that the declarant is a Director or the
Secretary of the Company and that a share has been duly forfeited or
surrendered or sold to satisfy a lien of the Company on a date stated in
the declaration shall be conclusive evidence of the facts therein stated
as against all persons claiming to be entitled to the share. Such
declaration and the receipt of the Company for the consideration (if any)
given for the share on the sale, re-allotment or disposal thereof together
with the share certificate delivered to a purchaser or allottee thereof
shall (subject to the execution of a transfer if the same be required)
constitute a good title to the share and the person to whom the share is
sold, re-allotted or disposed of shall be registered as the holder of the
share and shall not be bound to see to the application of the purchase
money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

45. 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.

45. 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.

45. TRANSFEROR TO REMAIN HOLDER UNTIL TRANSFER ACTUALLY REGISTERED

The transferor of a share shall remain the holder of the share concerned until the name of the transferee is entered in the Register in respect thereof.

46. DIRECTORS MAY SUSPEND REGISTRATION OF TRANSFERS

Subject to the Statutes, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine and either generally or in respect of any class of shares, provided that the Company shall not close any Register relating to a Participating Security without the consent of the Operator of the Relevant System. The Register shall not be closed for more than thirty days in any year.

47. DIRECTORS MAY REFUSE TO REGISTER CERTAIN RENUNCIATIONS AND TRANSFERS OF CERTIFICATED SHARES

The Directors may refuse to register an allotment or a transfer of Certificated Shares (whether fully paid or not) in favour of more than four persons jointly. If the Directors refuse to register a renounceable letter of allotment or a transfer of a Certificated Share they shall within two months after the date on which the letter of allotment or transfer was lodged with the Company send to the allottee or transferee notice of the refusal.
(B) DIRECTORS MAY REFUSE TO REGISTER TRANSFERS OF CERTIFICATED SHARES OF MORE THAN ONE CLASS OF SHARE, UNSTAMPED TRANSFERS OR TRANSFERS UNACCOMPANIED BY PROOF OF TRANSFEROR’S TITLE

The Directors may also decline to recognise any instrument of transfer in respect of Certificated Shares (which for the purposes of these Regulations shall include a renunciation of a renounceable letter of allotment) unless the instrument of transfer is in respect of only one class of share, is duly stamped (if required) and is lodged at the Transfer Office accompanied by the relevant share certificate(s) (except in the case of a renunciation and as described below) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do). In the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange the lodgment of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares in question.

48. .

(A) REGISTRATION OF TRANSFERS OF UNCERTIFICATED SHARES

The Company shall register a transfer of title to any Uncertificated Share or any renounceable right of allotment of a share which is a Participating Security held in uncertificated form, but so that the Directors may refuse to register such a transfer in favour of more than four persons jointly or in any other circumstance permitted by the Uncertificated Securities Regulations.

(B) DIRECTORS TO NOTIFY REFUSALS TO REGISTER TRANSFERS OF UNCERTIFICATED SHARES

If the Directors refuse to register the transfer of an Uncertificated Share or of any renounceable right of allotment of a share which is a Participating Security held in uncertificated form the Company shall, within two months after the date on which the transfer instruction relating to such transfer was received by the Company, send notice of the refusal to the transferee.

49. COMPANY MAY RETAIN REGISTERED TRANSFERS

All instruments of transfer which are registered may be retained by the Company.

50. NO FEE FOR REGISTRATION OF TRANSFERS OR RELATED DOCUMENTS

No fee will be charged by the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document or instruction relating to or affecting the title to any
shares or otherwise for making any entry in the Register affecting the title to any shares.

51. COMPANY MAY DESTROY DOCUMENTS AFTER CERTAIN PERIODS

The Company shall be entitled to destroy all instruments of transfer or other documents which have been registered or on the basis of which registration was made at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other such document so destroyed was 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.
(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.
55. **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 address on the Register or otherwise the last known 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 address of the member or the address at which service of notices may be effected in the manner authorised by these Regulations is located giving notice of its intention to sell the said shares; and

3. During the said period of twelve years and the period of three months following the publication of the said advertisements the Company shall have received no communication from such member or person; and

4. Notice shall have been given to the London Stock Exchange in London of its intention to make such sale.

(B) **POWER OF SALE TO EXTEND TO ADDITIONAL SHARES**

In addition to the power of sale conferred by paragraph (A) above, if during the period of 12 years referred to in paragraph (A)(1) above or a further period ending on the date when all the requirements of paragraphs (A)(1) to (4) above have been satisfied additional shares have been issued in right of those shares held at the beginning of, or previously so issued during, those periods and all the requirements of paragraphs (A)(1) to (4) have been satisfied in respect of the additional shares, the Company shall be entitled...
to sell the additional shares of the relevant member or the relevant person entitled by transmission, as the case may be.

(C) PROCEDURES FOR EXERCISE OF POWER OF SALE

To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of Certificated Shares or, in respect of any Uncertificated Shares, the Directors may exercise any of the powers conferred on the Company by Regulation F.17 to effect transfer of the shares, and such instrument or exercise of such powers (as the case may be) shall be as effective as if it had been executed or exercised by the registered holder of or person entitled by transmission to such shares, and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount which shall be a permanent debt of the Company. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company or its parent undertaking, if any) as the Directors may from time to time think fit.

GENERAL MEETINGS

56. ANNUAL GENERAL MEETINGS TO BE HELD

An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.

57. DIRECTORS TO CONVENE EXTRAORDINARY GENERAL MEETINGS

The Directors may whenever they think fit, and shall on any requisition made in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.
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. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served 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.

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.

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.
(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;
re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);  
fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and  
granting, renewing or varying authority under section 80 of the Act or disapplying section 89 of the Act.

**PROCEEDINGS AT GENERAL MEETINGS**

61. **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.

62. **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.

**A** **DIRECTORS MAY MAKE PROVISION FOR PERSONS (OTHER THAN FOUNDERS SHARE COMPANY) TO ATTEND GENERAL MEETINGS AT SATELLITE VENUES**

The Directors may resolve to enable persons entitled to attend a General Meeting (other than the representative or proxy of the Founders Share Company) to do so by attending at a satellite meeting place anywhere in the world and the members present in person or by proxy at satellite meeting places shall be counted in the quorum for and entitled to vote at the meeting, and the meeting shall be duly constituted and its proceedings valid provided that (a) in the case of any General Meeting falling within the proviso to paragraph (A) of Regulation F.63, the Founders Share Company has given its prior written consent, and (b) the chairman of the General Meeting is satisfied that adequate facilities are available throughout the General Meeting to ensure that members attending at all the meeting places are able to (i) participate in the business for which the meeting has been convened, (ii) hear and see all persons present at and who speak (whether by the use of microphones, loudspeakers,
audio-visual communications equipment or otherwise) in the principal meeting place, any satellite meeting place or elsewhere in accordance with paragraph (D) below, and (iii) be heard and seen by all other persons so present in the same way. The chairman of the General Meeting shall be present at, and the meeting shall be deemed to take place at, the principal meeting place.

(B) DISCRETION OF CHAIRMAN TO INTERRUPT OR ADJOURN GENERAL MEETINGS

If it appears to the chairman of the General Meeting that the facilities at the principal meeting place or any satellite meeting place have become inadequate for the purposes referred to in paragraph (A) above, then the chairman may, without the consent of the meeting, interrupt or adjourn the General Meeting for such time and/or to such other place as the chairman of the General Meeting may in his absolute discretion determine. All business conducted at that General Meeting up to the time of such adjournment shall be valid.

(C) DIRECTORS MAY ARRANGE FOR PERSONS TO HEAR, SEE AND SPEAK AT GENERAL MEETINGS BY AUDIO-VISUAL MEANS

The Directors may make arrangements for persons entitled to attend a General Meeting to be able to view and/or hear the proceedings of any General Meeting and/or to speak at the meeting (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise), by attending a venue anywhere in the world not being a satellite meeting place and those attending any such venue shall not be regarded as present and shall not be entitled to vote at the meeting at or from that venue and the inability for any reason of any member present in person or by proxy at such a venue to view and/or hear all or any of the proceedings of the meeting and/or to speak at the meeting shall not in any way affect the validity of such proceedings.

(D) VALIDITY OF MEETINGS IF ACCOMMODATION INADEQUATE

If it appears to the chairman of the General Meeting that any principal meeting place or satellite meeting place specified in the notice convening the meeting is inadequate to accommodate all members entitled and wishing to attend, the meeting shall be duly constituted and its proceedings valid if (a) in the case of any General Meeting falling within the proviso to paragraph (A) of Regulation F.63, any representative or proxy of the Founders Share Company is allowed to be present at the principal meeting place, and (b) the chairman is satisfied that adequate facilities are available to ensure that any other member who is unable to be accommodated is able to (i) participate in the business for which the meeting has been convened, and (ii) hear and see all persons present at and who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise), in the principal meeting.
place, any satellite meeting place or elsewhere in accordance with
this paragraph (D), and (iii) be heard and seen by all other persons
so present in the same way.

(E) RIGHTS OF MEMBERS TO TAKE PART IN GENERAL MEETINGS

For the purposes of this Regulation, the right for a member to
participate in the business of any General Meeting shall include,
without limitation, the right to: speak; vote on any show of hands;
vote on any poll; be represented by a proxy; and the right to have
access to all documents which are required by the Statutes and these
Regulations to be made available at the meeting.

F.63
(A) QUORUM FOR GENERAL MEETINGS

No business (other than the appointment of a chairman) shall be
transacted at any General Meeting unless a quorum is present at the
time when the meeting proceeds to business. Any two members present
in person or by proxy and entitled to vote or the Founders Share
Company, present either by a representative appointed in accordance
with section 375(1)(a) of the Act or by proxy, shall constitute a
quorum for all purposes at any General Meeting. Provided that at any
General Meeting:

(1) the business of which includes the consideration of any such
resolution as is mentioned in Regulation F.18, or

(2) which is held at a time when a Founders Share Control Notice,
which has been served at the Office pursuant to and in
accordance with paragraph (C) of Regulation F.19, has not been
rescinded by any Rescission Notice served at the Office
pursuant to and in accordance with paragraph (D) of that
Regulation, or

(3) which is called by shorter notice than the twenty one days or
fourteen days (as the case may be) specified in Regulation
F.58,

a quorum shall not be present for any purpose unless the Founders
Share Company is present thereat, either by a representative
appointed as aforesaid or by proxy.

(B) MEETINGS WHERE NO QUORUM PRESENT

If within five minutes from the time appointed for a General Meeting
(or such longer interval as the chairman of the meeting may think
fit to allow) a quorum is not present, the General Meeting, if
convened pursuant to any of the provisions of section 368 of the Act
or of Regulation F.20, shall be dissolved. In any other case it
shall stand adjourned to such other day and such time and such
principal meeting place and satellite meeting places as may have
been specified for the purpose in the notice convening the General
Meeting or (if not so specified) as the chairman of the General
Meeting may determine and in the latter case not less than seven
days’ notice of the adjourned meeting shall be given, subject always
to the provisions of paragraph (B) of Regulation F.58, in like
manner as in the case of the original meeting. At any such adjourned
meeting all of the provisions of paragraph (A) of this Regulation
shall apply as though every reference in that Regulation to a
General Meeting included a reference to any such adjourned meeting.

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.
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.

65. NOTICE OF ADJOURNMENT NOT REQUIRED

Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

66. AMENDMENTS TO RESOLUTIONS

If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special or Extraordinary Resolution no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

F.67 VOTES BY SHOW OF HANDS UNLESS POLL DEMANDED AND REQUISITIONISTS REQUIRED FOR POLL

At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

(A) the chairman of the meeting; or

(B) not less than three members present in person or by proxy and entitled to vote; or

(C) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
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

the Founders Share Company, present either by a representative appointed in accordance with section 375(1)(a) of the Act or by proxy.

Provided that:-

(1) any such resolution as is mentioned in Regulation F.18, and

(2) any resolution which is proposed at a General Meeting at a time when a Founders Share Control Notice, which has been served at the Office pursuant to and in accordance with paragraph (C) of Regulation F.19, has not been rescinded by any Rescission Notice served at the Office pursuant to and in accordance with paragraph (D) of that Regulation,

shall, in the absence of the written consent of the Founders Share Company to the contrary, be a resolution on which a poll must be taken, and in the event that a poll shall not be taken on any such resolution as aforesaid the result of any show of hands on that resolution shall be deemed to be invalid for all purposes.

68. .

(A) WITHDRAWAL OF DEMAND FOR POLL

A demand for a poll may be withdrawn only with the approval of the General Meeting. Unless a poll is duly demanded, or is required to be taken, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is duly demanded, or is required to be taken, it shall be taken in such manner (including the use of ballot or other voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was so demanded or required to be taken. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

(B) PROCEDURE FOR POLLS

A poll which is duly demanded (or which is required to be taken) on the choice of a chairman or on a question of adjournment shall be taken forthwith. A poll which is duly demanded (or which is required to be taken) on any other question shall be taken either immediately
or at such subsequent time (not being more than thirty days from the
date of the meeting) and place as the chairman may direct. No notice
need be given of a poll not taken immediately. The fact that a poll
shall have been duly demanded (or shall be required to be taken) on
any question (other than on the choice of a chairman or an
adjournment) shall not prevent the continuance of the meeting for
the transaction of any business other than that question.

69. CHAIRMAN TO HAVE CASTING VOTE

In the case of an equality of votes, whether on a show of hands or on a
poll, the chairman of the meeting at which the show of hands takes place
or at which the poll is demanded shall be entitled to a casting vote.

F.70 ARRANGEMENTS FOR SECURITY OF GENERAL MEETINGS

The Directors and, at any General Meeting, the chairman may make any
arrangement and impose any restriction they consider appropriate to ensure
the security and orderly conduct of a General Meeting including, without
limitation, the searching of the personal property of persons attending
the meeting and the restriction of items that may be taken into the
meeting place. The Directors and, at any General Meeting, the chairman is
entitled to refuse entry to a meeting to a person (other than any
representative or proxy of the Founders Share Company) who refuses to
comply with these arrangements or restrictions.

VOTES OF MEMBERS

71. VOTES ON SHOW OF HANDS AND ON POLLS

Subject as otherwise provided by these Regulations, at any General Meeting
of the Company:-

(1) on any show of hands every member entitled to vote at such General
    Meeting other than the Founders Share Company who is present in
    person shall have one vote;

(2) on any poll every holder of Ordinary Shares shall have one vote for
every Ordinary Share of which he is the holder.

72. VOTES OF JOINT HOLDERS

In the case of joint holders of a share the vote of the senior who tenders
a vote, whether in person or by proxy, shall be accepted to the exclusion
of the votes of the other joint holders and for this purpose seniority
shall be determined by the order in which the names stand in the Register
in respect of the share.
73. VOTES BY RECEIVERS AND OTHERS ON BEHALF OF MEMBERS SUFFERING FROM MENTAL DISORDER

Where in England or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.

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;

(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.
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.

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.

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 depositary 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.

(6) SAVING FOR DIRECTORS POWERS UNDER SECTION 216

Nothing contained in this Regulation shall limit the power of the Directors under section 216 of the Act.

F.75 FOUNDERS SHARE COMPANY MAY REQUIRE DIRECTORS TO SERVE SECTION 212 NOTICE OR DIRECTION NOTICE OR TO APPLY TO COURT UNDER SECTION 216

The Founders Share Company shall be entitled in its absolute discretion at any time and from time to time to serve or cause to be served upon the Company at the Office a requisition in writing requiring the Directors:

(1) to serve in accordance with section 212 of the Act such notice or notices upon such person or respective persons as shall be specified in such requisition; and/or

(2) to serve in accordance with paragraph (B) of Regulation F.74 a Direction Notice or Notices upon such person or respective persons and applying such of the provisions of paragraph (B) of Regulation F.74 as shall be specified in such requisition; and/or

(3) to apply to the Court under section 216 of the Act for such order against such person or respective persons as shall be specified in such requisition,

and the Directors shall be bound to comply with any such requisition as soon as practicable after service thereof as aforesaid.

F.76 OBJECTIONS TO ADMISSIBILITY OF VOTES TO BE RAISED ONLY AT THE RELEVANT MEETING - SAVING FOR VOTES OF FOUNDERS SHARE

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive save that no such decision shall be capable of prejudicing the effect of any valid exercise of any of the voting rights attached by these Regulations to the Founders Share.
F.77 VOTES ON A POLL MAY BE GIVEN PERSONALLY OR BY PROXY

On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

F.78 PROXY NEED NOT BE A MEMBER

A proxy need not be a member of the Company.

F.79 REQUIREMENTS AS TO FORM OF APPOINTMENT OF PROXY

An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:-

(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 given 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 instrument need not be witnessed. Where an instrument appointing 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 instrument of proxy pursuant to the next following Regulation, failing which the chairman of the meeting may treat the instrument as invalid.

80. PROCEDURE FOR APPOINTMENT OF PROXY

An instrument appointing a proxy 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. The instrument 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 instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates. When two or more valid but differing instruments of proxy are delivered for the same share for use at the same meeting, the one which is last validly delivered (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. Deposit of an instrument of proxy does not prevent a member
attending and voting in person at the meeting or an adjournment of the
meeting or on a poll in which case no proxy shall be entitled to attend or
vote in place of that member.

81. PROXY MAY JOIN IN DEMAND FOR POLL BUT NOT OTHERWISE SPEAK AT MEETING

An instrument appointing 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.

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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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.
(A) POWERS TO GIVE PENSIONS TO DIRECTORS

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(B) POWER TO ARRANGE DIRECTORS AND OFFICERS INSURANCE

Without prejudice to the provisions of Regulation 155 the Directors shall have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees or auditors of the Company, or of any other company which is its parent undertaking or in which the Company or such parent undertaking or any of the predecessors of the Company or of such parent undertaking has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund.

90. DIRECTORS MAY BE INTERESTED IN CONTRACTS WITH THE COMPANY AND IN COMPANIES PARTY TO SUCH CONTRACTS

A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary undertaking thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

91. 

(A) DIRECTORS MAY APPOINT MANAGING DIRECTOR
The Directors may from time to time appoint (subject to the provisions of Regulation 87) one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of Managing or Joint Managing or Deputy or Assistant Managing Director or Chief Executive) on such terms and for such periods as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.

(B) APPOINTMENT AS MANAGING DIRECTOR TO CEASE WITH DIRECTORSHIP

The appointment of any Director to the office of Managing or Joint Managing or Deputy or Assistant Managing Director or Chief Executive shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

(C) APPOINTMENT TO ANY OTHER EXECUTIVE OFFICE NOT TO CEASE WITH DIRECTORSHIP UNLESS CONTRACT SO PROVIDES

The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

92. DIRECTORS MAY DELEGATE POWERS TO EXECUTIVE DIRECTORS

The Directors may entrust to and confer upon any Director holding any executive office any of the powers exercisable by them as directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

APPPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

93. SECTION 293 TO APPLY TO THE COMPANY

The provisions of section 293 of the Act shall apply to the Company.

94. VACATION OF OFFICE AS DIRECTOR:

The office of a Director shall be vacated in any of the following events, namely:

(A) IF PROHIBITED FROM ACTING BY LAW:

If he shall become prohibited by law from acting as a Director;
(B) ON RESIGNATION:
If he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;

(C) ON INSOLVENCY:
If he shall have a receiving order made against him or shall compound with his creditors generally or shall apply to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;

(D) AS A CONSEQUENCE OF MENTAL DISORDER:
If in England or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; and/or

(E) ON REMOVAL BY CO-DIRECTORS:
If he shall be removed from office by notice in writing served upon him signed by all his co-Directors, but so that if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

95. DIRECTORS TO RETIRE BY ROTATION
At each Annual General Meeting of the Company one-third of the Directors for the time being (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.

96. WHICH DIRECTORS TO RETIRE
The Directors to retire by rotation shall include or comprise any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the Directors who have been longest in office since their last re-election or appointment and so that as between persons who become or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.
97. **APPOINTMENT OF DIRECTORS BY COMPANY**

The Company at the meeting at which a Director retires under any provision of these Regulations may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected except in any of the following cases:-

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.

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.
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 at any time in writing under his hand and deposited at the Office, or delivered 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.

(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 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.

(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.
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. 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.

106. EXCEPTIONS TO PROHIBITION ON VOTING

Subject to the provisions of the Statutes a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote in respect of any resolution concerning any of the following matters, namely:

1. The giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

2. The giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

3. Any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or
is to be interested as a participant in the underwriting or sub-underwriting thereof;

(4) Any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with persons connected with him within the meaning of section 346 of the Act) does not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the Act) representing one per cent. or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Regulation to be a material interest in all circumstances); and/or

(5) Any proposal concerning the adoption, modification or operation of any pension, superannuation or similar scheme or retirement, death or disability benefits scheme or Employees' Share Scheme which has been approved by the Inland Revenue or is conditional upon such approval or does not award him any privilege or benefit not awarded to the employees to whom such scheme relates; and/or

(6) Any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any Directors of the Company or for persons who include Directors of the Company.

(C) DIRECTORS VOTING ON EXECUTIVE APPOINTMENTS

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of the appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under paragraph (B)(4) of this Regulation) shall be entitled to vote in respect of each resolution except that concerning his own appointment.

(D) CHAIRMAN TO RULE ON MATERIALITY OF A DIRECTOR'S INTEREST

If any question shall arise at any time as to the materiality of a Director's interest or as to the entitlement of any Director (other than the chairman of the meeting) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and
conclusive except in a case where the nature or extent of the interest of such Director has not been fairly disclosed.

(E) DIRECTORS TO RESOLVE AS TO THE MATERIALITY OF A CHAIRMAN’S INTEREST

If any question shall arise at any time as to the materiality of the interest of the chairman of the meeting or as to the entitlement of the chairman to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be decided by resolution of the Directors or committee members present at the meeting (excluding the chairman) whose majority vote shall be final and conclusive, except in a case where the nature or extent of the interest of the chairman has not been fairly disclosed.

(F) INTERESTS OF THE APPOINTOR OF AN ALTERNATE TO BE TREATED AS THE INTERESTS OF THE ALTERNATE

For the purposes of this Regulation, in relation to an alternate Director, the interest of his appointor shall be treated as the interest of the alternate Director in addition to any interest which the alternate Director otherwise has. This Regulation applies to an alternate Director as if he were a Director otherwise appointed.

107. DIRECTORS MAY ACT NOTWITHSTANDING VACANCIES - LIMITED POWERS IF BELOW MINIMUM NUMBER

The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Regulations the continuing Directors or Director may act for the purpose of filling such vacancies or of summoning General Meetings, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two members may summon a General Meeting for the purpose of appointing Directors.

108. CHAIRMANSHIP OF DIRECTORS

(A) The Directors may elect from their number a Chairman and a Deputy Chairman (or two or more Deputy Chairmen) and determine the period for which each is to hold office. If no Chairman or Deputy Chairman shall have been appointed or if at any meeting of the Directors no Chairman or Deputy Chairman shall be present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.

(B) RIGHTS OF DEPUTY CHAIRMEN TO ACT
If at any time there is more than one Deputy Chairman the right in
the absence of the Chairman to preside at a meeting of the Directors
or of the Company shall be determined as between the Deputy Chairmen
present (if more than one) by seniority in length of appointment or
otherwise as resolved by the Directors.

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) 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

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Such a written resolution may consist of several documents in like form, each signed by one or more Directors, and/or may be approved by one or more Directors by one or more telex, facsimile or electronic mail messages sent to the Secretary by them or at their request and specifically identifying the resolution seen and approved by them.

(C) POWERS OF ALTERNATES AS TO WRITTEN RESOLUTIONS

If the appointor of an alternate Director is for the time being absent from the United Kingdom or temporarily unable to act through ill-health or disability the signature or approval of his alternate Director to any resolution in writing of the Directors or his alternate Director notifying the Secretary pursuant to paragraph (A)(ii)(c) above that he requires any such resolution to be considered by a meeting of Directors, shall be as effective as the signature, approval or notification of his appointor for all purposes under this Regulation.

(D) RESOLUTIONS IN WRITING BY COMMITTEES

This Regulation shall also apply to resolutions in writing of a committee of the Directors in which case each reference in this Regulation to a Director or Directors should be read as a reference to a member or members of the committee, each reference in this Regulation to an alternate Director or alternate Directors should be read as a reference to an alternate Director or alternate Directors appointed by a Director or Directors who is or are a member or members of the committee and each reference in this Regulation to a meeting or meetings of the Directors should be read as a reference to a meeting or meetings of the committee.

(E) SERVICE ON DIRECTORS OF RESOLUTIONS TO BE PASSED IN WRITING

Any resolution required under paragraph (A)(ii) above to have been served on a Director or alternate Director shall be delivered personally or sent by facsimile, telex, electronic mail or pre-paid first class post (air mail if overseas) to the facsimile or telex number or address to which notices of a meeting of Directors may be properly served on such person in accordance with the Regulations prescribed by the Directors from time to time pursuant to Regulation 103 or, if the Director or alternate Director has otherwise notified the Secretary of another facsimile or telex number or address or electronic mail address anywhere in the world for the service of such resolutions or notices during a specified or indefinite period, during such period to such number or address and, in the absence of evidence of earlier receipt, the resolution shall be deemed to have been duly given (a) if delivered personally, when left with the Director or alternate Director or at such address; (b) if sent by facsimile, on completion of its transmission; (c) if sent by telex, when the proper answer-back is received; (d) if sent by electronic
mail receipt requested, when the receipt is received by the sender of the resolution; (e) if sent by post other than air mail, twenty-four hours after posting it; and (f) if sent by air mail, six days after posting it.

F.110 DIRECTORS MAY DELEGATE TO COMMITTEES

The Directors may delegate any of their powers or discretions to committees consisting of one or more members of their body and (if thought fit) one or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the powers so delegated conform to any Regulations which may from time to time be imposed by the Directors. Any such Regulations may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee.

111. MEETINGS AND PROCEEDINGS OF COMMITTEES

The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions of these Regulations regulating the meetings and proceedings of the Directors, so far as the same are not superseded by any Regulations made by the Directors under Regulation F.110. To the extent that any such power or discretion is so delegated any reference in these Regulations to the exercise by the Directors of such power or discretion shall be read and construed as if it were a reference to such committee.

112. .

(A) VALIDITY OF ACTS OF DIRECTORS OR COMMITTEES

All acts done by any meeting of Directors, or of any such committee, or by any person acting as a Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any of the persons acting as aforesaid, or that any such persons were disqualified or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of the committee and had been entitled to vote.

(B) PARTICIPATION IN MEETINGS BY AUDIO-VISUAL MEANS

A Director or his alternate Director may participate in a meeting of the board or a committee of the board through the medium of conference telephone, video conferencing or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Statutes, all business transacted in this way by the board or a committee of the board is for the purposes of these Regulations deemed to be validly and effectively transacted at a
meeting of the board or a committee of the board although fewer than two Directors or alternate Directors are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

BORROWING POWERS

(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 (pound)5,000 million (or its equivalent from time to time) or such greater amount as the Company in general meeting may decide.

(C) DEFINITION OF "ADJUSTED CAPITAL AND RESERVES"

In this Regulation the expression "ADJUSTED CAPITAL AND RESERVES" means at any material time a sum equal to the aggregate of:-

(1) the amount paid up (or credited as or deemed to be paid up) on the issued share capital of the Company;

(2) the amount standing to the credit of the capital and revenue reserves of the Reuters Group (including without limitation any share premium account or capital redemption reserve) after adding thereto or deducting therefrom any balance outstanding to the credit or debit of the profit and loss account or any reserve of the Reuters Group; and
(3) the amount standing to the credit of the revaluation reserves of the Reuters Group (in accordance with Schedule 4 of the Act);

based on a consolidation of the then latest audited balance sheet of the Reuters Group, after excluding reserves and any balances on profit and loss account of companies other than members of the Reuters Group and after:-

(a) making such adjustments as may be appropriate in respect of any variation in the amount of such paid up share capital or any such capital reserves subsequent to the relevant balance sheet date; and so that for the purpose of making such adjustments, if any issue or proposed issue of shares by the Company for cash has been underwritten, then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription moneys payable in respect thereof (not being moneys payable later than six months after the date of allotment) shall, to the extent so underwritten be deemed to have been paid up on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, on the date when it became unconditional);

(b) making such adjustments as may be appropriate in respect of any distributions declared, recommended or made by the Company or its subsidiary undertakings (otherwise than attributable directly or indirectly to the Company) out of profits earned up to and including the date of the latest audited balance sheet of the Company or its subsidiary undertakings (as the case may be) to the extent that such distribution is not provided for in such balance sheet;

(c) making such adjustments as may be appropriate in respect of any variation in the interests of the Company in its subsidiary undertakings since the date of the last audited balance sheet of the Company;

(d) making such adjustments, if the calculation is required for the purposes of or in connection with a transaction under or in connection with which any company is to become or cease to be a subsidiary undertaking, as would be appropriate if such transaction had been carried into effect;

(e) adding back an amount equal to the value of any goodwill arising on acquisitions made after 1 January 1990 and written off against reserves of the Reuters Group in such consolidation provided that an amount equal to only such part of such goodwill shall be added back which would have remained unamortised had such goodwill been written off in accordance with United States generally accepted accounting principles; and

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The determination of the Auditors as to the amount of the Adjusted Capital and Reserves at any time shall be conclusive and binding on all concerned, and for the purposes of their computation, the Auditors may at their discretion make such further adjustments (if any) as they think fit. Nevertheless, for the purposes of this Regulation, the Directors may act in reliance on a bona fide estimate of the amount of the Adjusted Capital Reserves at any time and, if in consequence the limit hereinbefore contained is inadvertently exceeded, an amount of borrowed moneys equal to the excess may be disregarded until the expiration of three months after the date on which by reason of a determination of the Auditors or otherwise the Directors become aware that such a situation has or may have arisen.

(D) INTERPRETATION OF REGULATION 113

For the purpose of the foregoing limit the following provisions shall apply:-

(1) there shall be deemed, subject as hereinafter provided, to have been borrowed and to be outstanding as borrowed moneys of the relevant member of the Reuters Group (to the extent that the same would not otherwise fall to be taken into account):-

(a) the principal amount of all debentures of any member of the Reuters Group which are not for the time being beneficially owned within the Reuters Group;

(b) the outstanding amount of acceptances (not being acceptances of trade bills in respect of the purchase or sale of goods in the ordinary course of trading) by any member of the Reuters Group or by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Reuters Group;

(c) the nominal amount of any issued and paid up share capital (other than equity share capital) of any subsidiary undertaking of the Company not for the time being beneficially owned by other members of the Reuters Group;

(d) the nominal amount of any other issued and paid up share capital and the principal amount of any other debentures or other borrowed moneys (not being shares or debentures or other borrowed moneys the indebtedness in respect of which is for the time being beneficially owned within the Reuters Group) the redemption or repayment whereof is guaranteed or wholly or partly secured by any member of the Reuters Group;
(e) any fixed or minimum premium payable on final redemption or repayment of any debentures, share capital or other borrowed moneys falling to be taken into account;

(2) moneys borrowed by any member of the Reuters Group for the purpose of repaying or redeeming (with or without premium) in whole or in part any other borrowed moneys falling to be taken into account and intended to be applied for such purpose within six months after the borrowing thereof shall not during such period, except to the extent so applied, themselves be taken into account;

(3) any amounts borrowed by any member of the Reuters Group from bankers or others for the purpose of 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 and applied for such purpose shall not during such period be included in the amount of borrowings for the purposes specified above;

(4) any amounts borrowed by any member of the Reuters Group from bankers or others which are not attributable to the Company or any other 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 moneys borrowed by the Reuters Group referred to in this Regulation 113 there shall be set against the gross borrowings of the Reuters Group cash deposits (including certificates of deposit and similar instruments having a maturity of less than one year), and other marketable investments of the Reuters Group (other than shares in the Company and investments held by a company in the Reuters Group in a capacity other than for its own account or for that of any other undertaking in the Reuters Group).
E) No person dealing with the Company or any of its subsidiary undertakings shall be concerned to see or enquire whether the said limit is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or security given, express notice that the said limit had been or would thereby be exceeded.

(F) If a Director or other employee of the Company or any of its subsidiary undertakings so authorised by the Directors confirms in writing that a particular borrowing or grant of security will not cause the said limit to be exceeded, such certificate shall be conclusive for all purposes and may be relied on by the recipient for all purposes.

POWERS AND DUTIES OF DIRECTORS

F.114 DIRECTORS TO OBSERVE REUTER TRUST PRINCIPLES

The Directors shall in the performance of their functions have due regard to the principles set out in sub-paragraphs (1) to (5) below in so far as by the proper exercise of their powers as Directors (including the proper exercise of all such powers as they may have to control the affairs of all undertakings which shall from time to time be subsidiary undertakings of the Company) and in accordance with their other duties as Directors of the Company those principles are capable of being observed by the Directors:–

(1) that Reuters shall at no time pass into the hands of any one interest, group or faction;

(2) that the integrity, independence and freedom from bias of Reuters shall at all times be fully preserved;

(3) that Reuters shall supply unbiased and reliable news services to newspapers, news agencies, broadcasters and other media subscribers and to businesses, governments, institutions, individuals, and others with whom Reuters has or may have contracts;

(4) that Reuters shall pay due regard to the many interests which it serves in addition to those of the media; and

(5) that no effort shall be spared to expand, develop and adapt the news and other services and products of Reuters so as to maintain its leading position in the international news and information business.
115. BUSINESS AND POWERS OF COMPANY TO BE MANAGED AND EXERCISED BY DIRECTORS

The business and affairs of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by the Statutes or by these Regulations required to be exercised by the Company in General Meeting, subject nevertheless to any of these Regulations, to the provisions of the Statutes and to such Regulations, being not inconsistent with the aforesaid Regulations or provisions, as may be prescribed by Special Resolution of the Company, but no Regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such Regulation had not been made.

116. NON-LIMITATION OF REGULATION 115 POWERS BY OTHER AUTHORITIES OR POWERS

The general powers given by Regulation 115 shall not be limited or restricted by any special authority or power given to the Directors by any other Regulation.

117. DIRECTORS MAY ESTABLISH LOCAL BOARDS OR AGENCIES

The Directors may establish any local boards or agencies for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the members of any local boards, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and may annul or vary any such delegation, but no persons dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

118. DIRECTORS MAY APPOINT ATTORNEYS

The Directors may from time to time and at any time by power of attorney or otherwise appoint any person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Regulations) and for such period and subject to such conditions, as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

119. DIRECTORS MAY ELECT A PRESIDENT OF THE COMPANY

The Directors may from time to time elect a President of the Company and may determine the period for which he shall hold office. Such President
may be either honorary or paid such remuneration as the Directors in their
discretion shall think fit, and need not be a Director but shall, if not a
Director, be entitled to receive notice of and attend and speak, but not
to vote, at all meetings of the Board of Directors.

120. MODE OF SIGNING CHEQUES AND OTHER INSTRUMENTS

All cheques, promissory notes, drafts, bills of exchange, and other
negotiable or transferable instruments, and all receipts for moneys paid
to the Company, shall be signed, drawn, accepted, endorsed, or otherwise
executed, as the case may be, in such manner as the Directors shall from
time to time by resolution determine.

REGISTERS

121. .

(A) ENTRIES ON REGISTERS OF NUMBERS OF UNCERTIFICATED SHARES AND
CERTIFICATED SHARES

Subject to the Statutes, the Company shall enter on the Register how
many Certificated Shares and Uncertificated Shares each member
holds.

(B) DIRECTORS MAY KEEP BRANCH REGISTERS

Subject to and to the extent permitted by the Statutes, the Company,
or the Directors on behalf of the Company, may cause to be kept in
any territory a branch Register of members resident in such
territory, and the Directors may make and vary such Regulations as
they think fit respecting the keeping of any such Register, provided
however that those members who hold Uncertificated Shares may not be
entered as holders of those shares on an overseas branch Register.

SECRETARY

122. DIRECTORS TO APPOINT AND MAY REMOVE SECRETARY; JOINT SECRETARIES AND
ASSISTANT SECRETARIES

The Secretary shall be appointed by the Directors on such terms and for
such period as they may think fit. Any Secretary so appointed may at any
time be removed from office by the Directors, but without prejudice to any
claim for damages for breach of any contract of service between him and
the Company. If thought fit two or more persons may be appointed as Joint
Secretaries. The Directors may also appoint from time to time on such
terms as they may think fit one or more Assistant Secretaries.

THE SEAL

123. .

(A) DIRECTORS’ AUTHORITY REQUIRED FOR USE OF SEAL AND ANY SECURITIES
SEAL

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The Directors shall provide for the safe custody of the Seal and any Securities Seal and neither shall be used without the authority of the Directors or of a committee authorised by the Directors in that behalf.

(B) MODE OF AFFIXING SEAL AND SECURITIES SEAL

Each of the Seal and the Securities Seal may be properly affixed to any document by impressing it by mechanical means or by printing it or a facsimile of it on such document, or by applying it or a facsimile of it by any other means to such document.

(C) SIGNING OF SEALED DOCUMENTS

Every instrument to which the Seal shall be affixed shall be signed autographically by one Director and the Secretary or by two Directors save that as regards any certificates for shares or debentures or other securities of the Company the Directors may by resolution determine that such signatures or either of them shall be dispensed with or that facsimiles of such signatures or either of them shall be printed or applied by any other means to any such certificates.

(D) USE OF SECURITIES SEAL

The Securities Seal shall be used only for sealing securities issued by the Company in certificated form and documents creating and evidencing securities so issued. Any such securities or documents sealed with the Securities Seal shall not require to be signed.

(E) EXECUTION OF DEEDS NOT UNDER SEAL

Where the Statutes so permit any instrument signed by one Director and the Secretary or by two Directors and expressed to be executed by the Company shall have the same effect as if executed under the Seal.

(F) DEEDS TO BE AUTHORISED BY DIRECTORS

No instrument shall be signed pursuant to Regulation 123(E) which makes it clear on its face that it is intended by the person or persons making it to have effect as a deed without the authority of the Directors or of a committee authorised by the Directors in that behalf.

124. COMPANY MAY PROVIDE FOR AN OFFICIAL SEAL FOR USE ABROAD

The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors.
125. **PROCEDURE FOR AND MANNER OF AUTHENTICATION OF DOCUMENTS**

Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of the meeting, of the Company or of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

**RESERVES**

126. **DIRECTORS MAY CREATE RESERVES**

The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special fund into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions of the Statutes.

**DIVIDENDS**

127. **COMPANY MAY DECLARE DIVIDENDS NOT EXCEEDING DIRECTORS' RECOMMENDATION**

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

128. **DIRECTORS MAY DECLARE AND PAY FIXED AND INTERIM DIVIDENDS**

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim...
dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

F.129

(A) DIVIDENDS TO BE PAID PRO RATA TO AMOUNTS PAID ON SHARES

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Regulation no amount paid on a share in advance of calls shall be treated as paid on the share.

(B) DIRECTORS MAY PAY DIVIDENDS TO ADR CUSTODIANS IN CURRENCIES OTHER THAN STERLING

The Directors may at their discretion make provision to enable such ADR Custodian and/or member as they shall from time to time determine to receive dividends duly declared in a currency or currencies other than sterling. For the purposes of the calculation of the amount receivable in respect of any dividend, the rate of exchange to be used to determine the foreign currency equivalent of any sum payable as a dividend shall be such market rate selected by the Directors as they shall consider appropriate ruling at the close of business (in London) on the date which is the business day last preceding (a) in the case of a dividend to be declared by the Company in General Meeting, the date on which the Directors publicly announce their intention to recommend that specific dividend and (b) in the case of any other dividend, the date on which the Directors publicly announce their intention to pay that specific dividend.

130. DISTRIBUTABLE RESERVES

No dividend shall be paid otherwise than out of profits available for distributions under the provisions of the Statutes.

131. PRE-ACQUISITION PROFITS DISTRIBUTABLE

Subject to the provisions of the Statutes, where any asset, business or property is bought by the Company as from a past date the profits and losses thereof as from such date may at the discretion of the Directors in whole or in part be carried to revenue account and treated for all purposes as profits or losses of the Company. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest, such dividend or interest may at the discretion of the Directors be treated as revenue and it shall not be obligatory to capitalise the same or any part thereof.
132. **NO DIVIDENDS TO BEAR INTEREST AGAINST THE COMPANY**

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

133. **(A) DIRECTORS MAY MAKE DEDUCTIONS FROM DIVIDENDS**

The Directors may deduct from any dividend or other moneys payable on or in respect of a share all sums of money (if any) presently due and payable by the holder thereof to the Company on account of calls or otherwise.

133. **(B) DIRECTORS MAY RETAIN DIVIDENDS ON SHARES OF PERSONS ENTITLED BY OPERATION OF LAW PENDING REGISTRATION**

The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

134. **WAIVERS OF DIVIDENDS**

The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

135. **(A) RETURNED OR UNCASHED DIVIDENDS**

If, in respect of a dividend or other amount payable in respect of a share on any one occasion:-

1. a cheque, warrant or order is returned undelivered or left uncashed, or

2. a transfer made by a bank or other funds transfer system is not accepted,

and reasonable enquiries have failed to establish another address or account of the person entitled to the payment, the Company is not obliged to send or transfer a dividend or other amount payable in respect of that share to that person until he notifies the Company of an address or account to be used for that purpose. If the cheque, warrant or order is returned undelivered or left uncashed or
transfer not accepted on two consecutive occasions, the Company may exercise this power without making any such enquiries.

(B) DIRECTORS NOT TRUSTEES OF UNCLAIMED DIVIDENDS

The payment by the Directors of any unclaimed dividend or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof and any dividend unclaimed after a period of twelve years from the date such dividend became due for payment shall be forfeited and shall revert to the Company.

F.136 DIRECTORS MAY PAY DIVIDENDS IN KIND

The Company may with the prior written consent of the Founders Share Company and upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

137. (A) DELIVERY OF DIVIDENDS AND OTHER PAYMENTS

Any dividend or other moneys payable in cash or in respect of a share may be paid (i) by cheque or warrant sent through the post to the registered address of the member or person entitled thereto (or, if two or more persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct, or (ii) by a bank or other funds transfer system to an account designated in writing by the person entitled to the payment or (iii) by such other method as the Directors may in their absolute discretion think fit including but not limited to payments in respect of Uncertificated Shares being made through the Relevant System (subject always to the facilities and requirements of the Relevant System, these Regulations and any other legal requirements). Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the
money represented thereby. If payment is made by bank or other funds transfer, or by another method at the direction of the person entitled to payment, the Company is not responsible for amounts lost or delayed in the course of transfer or in carrying out those directions.

(B) PAYMENTS IN RESPECT OF SHARES

Notwithstanding any other provision of these Regulations relating to payments in respect of shares, where:

(i) the Directors determine to make payments in respect of Uncertificated Shares through the Relevant System, they may also determine to enable any holder of Uncertificated Shares to elect not to so receive payments through the Relevant System and, in such event, establish procedures to enable such holder to make, vary or revoke any such election; and

(ii) the Company receives an authority in respect of such payments in respect of shares in a form satisfactory to it from a holder of any share (whether such authority is given in writing or by means of the Relevant System or otherwise), the Company may make, or procure the making of, such payments in accordance with such authority and any payment made in accordance with such authority shall constitute a good discharge therefor.

(C) PAYMENT OF FOREIGN CURRENCY DIVIDENDS TO ADR CUSTODIANS

Where an ADR Custodian approved by the Directors for the purposes of this Regulation has elected or agreed pursuant to provision made under these Regulations to receive dividends in a foreign currency the Directors may in their discretion approve the entering into of arrangements with such ADR Custodian to enable payment of the dividend to be made to such ADR Custodian in such foreign currency for value on the date on which the relevant dividend is paid, or such later date as the Directors may determine.

138. RECEIPTS FOR DIVIDENDS TO JOINT HOLDERS

If two or more persons are registered as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

F.139 DIVIDEND RESOLUTION MAY SPECIFY RECORD DATE AT ANY TIME

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on
which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the respective rights of transferors and transferees of any such shares in respect of such dividend.

CAPITALISATION OF PROFITS AND RESERVES

140. DIRECTORS MAY MAKE CAPITALISATION ISSUES OF SHARES

Subject to the Statutes, the Directors may, with the sanction of an Ordinary Resolution of the Company, capitalise any sum standing to the credit of any of the Company’s reserve accounts (including any share premium account, capital redemption reserve, revaluation reserve pursuant to Schedule 4 to the Act or other undistributable reserve) or any sum standing to the credit of any profit and loss account by appropriating such sum to the holders of each class of shares on the Register at the close of business on the date of the Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares of that class and applying such sum on their behalf in paying up in full, subject to any special rights previously conferred on any shares or class of share for the time being issued and subject to the other provisions of these Regulations, unissued shares of that class for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid but so that such provisions shall not apply in respect of the Founders Share. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the company rather than to the members concerned). The Directors may authorise any person to enter on behalf of the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

SCRIP DIVIDENDS

141. (A) DIRECTORS MAY OFFER SHARES IN LIEU OF DIVIDENDS WITH AUTHORITY OF ORDINARY RESOLUTION

The Directors may, with the prior sanction of an Ordinary Resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive in respect of all or part of their holding of Ordinary Shares, additional Ordinary Shares credited as fully paid (“additional Ordinary Shares”) instead of cash in respect of all or part of such dividend or dividends and (subject as hereinafter provided) upon such terms and conditions and in such manner as may be specified in such Ordinary Resolution.
(B) PERIOD AND OTHER TERMS OF AUTHORITY FOR SCRIP DIVIDENDS

The said Ordinary Resolution may specify that such right to elect shall apply in respect of all or part of a particular dividend or in respect of all or any dividends (or any part of such dividends) declared or paid within a specified period but such period may not end later than the date of the fifth Annual General Meeting next following the date of the general meeting at which such Ordinary Resolution is passed, subject nevertheless to the provisions of the Statutes and provided nevertheless that the Directors may in their absolute discretion if it shall in their opinion seem expedient suspend or terminate (whether temporarily or otherwise) such right to elect and may do such acts and things considered necessary or expedient with regard to, or in order to effect, any such suspension or termination.

(C) OFFER TO BE COMMUNICATED TO SHAREHOLDERS

When such right to elect is to be offered to holders of Ordinary Shares pursuant to this Regulation, the Directors shall notify such holders of the said right and shall make available or provide to such holders forms or other method of election (in such form as the Directors may approve) whereby such holders may exercise such right.

(D) NUMBER OF SHARES TO WHICH SHAREHOLDERS ENTITLED

Each holder of Ordinary Shares who elects to receive additional Ordinary Shares shall be entitled to receive such number of additional Ordinary Shares, calculated at the Relevant Price for each such share, as is nearly as possible equal to (but not in excess of) the cash amount of the relevant dividend which such holder would otherwise have received. For the purposes of this Regulation, the "Relevant Price" of an additional Ordinary Share shall be such price as is equal to the average of the middle market prices for the Ordinary Shares of the Company, ascertained by reference to the Daily Official List of the London Stock Exchange during the period of five dealing days commencing on the day when such Ordinary Shares are first quoted "ex" the relevant dividend or to the par value of an Ordinary Share (whichever is the higher).

(E) NO FRACTIONAL ENTITLEMENTS

The basis of allotment shall be such that no member may receive a fraction of an Ordinary Share. The Directors may make such provisions as they may think fit for any fractional entitlements which may or would arise (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned).

(F) DIRECTORS MAY CAPITALISE PROFITS AND RESERVES FOR ISSUE OF SCRIP DIVIDENDS

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Subject to any right of the Directors to retain any dividend or other moneys payable on or in respect of shares pursuant to these Regulations, the cash amount of a dividend on or in respect of an Ordinary Share in respect whereof the holder thereof has made an election pursuant to this Regulation shall not be payable and in lieu thereof additional Ordinary Shares shall be allotted to such holders on the basis of allotment hereinbefore specified. For such purpose, the Directors may (without prejudice to their powers under Regulation 140) capitalise out of such of the sums standing to the credit of any of the Company's reserve accounts (including any share premium account, capital redemption reserve or any other undistributable reserve) or any of the profits available for distribution under the provisions of the Statutes which would otherwise have been applied in paying dividends in cash as the Directors may determine a sum equal to the aggregate nominal amount of the additional Ordinary Shares to be so allotted and shall apply the same in paying up in full the appropriate number of unissued Ordinary Shares for allotment and distribution credited as fully paid to and amongst the relevant holders of Ordinary Shares. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would or might arise (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(G) SCRIP DIVIDEND SHARES TO RANK PARI PASSU WITH EXISTING SHARES

The additional Ordinary Shares so allotted shall rank pari passu in all respects with the fully paid Ordinary Shares then in issue save only as regards participation in the relevant dividend (or share election in lieu).

(H) DIRECTORS MAY DETERMINE TERMS AND CONDITIONS OF OFFERS OF SCRIP DIVIDENDS

Without prejudice to (but notwithstanding) the foregoing provisions of this Regulation, the Directors may on any occasion determine that such rights of election shall be subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory.

ACCOUNTS
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.

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.

AUDITORS

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.

AUDITORS ENTITLED TO NOTICE OF AND TO ATTEND AND TO 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.
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, or (if he has no registered address within the United Kingdom) to the address, if any, within the United Kingdom supplied by him to the Company as his address for the 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.

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.

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. 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 have notice of his death or bankruptcy or liquidation be deemed to have been duly served or delivered in respect of any share registered in the name of such member as sole or first named joint holder.

150. NO ENTITLEMENT TO RECEIPT OF NOTICES OUTSIDE THE UNITED KINGDOM

A member who has no registered address within the United Kingdom and has not supplied to the Company an address within the United Kingdom for the service of notices shall not be entitled to receive notices from the Company.

151. NOTICES OF GENERAL MEETINGS BY ADVERTISEMENT

If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a General Meeting by notices sent through the post, a General Meeting may be convened by a notice advertised on the same date in at least one national daily newspaper and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

152. SERVING FOR STATUTORY REQUIREMENTS

Nothing in any of the preceding six Regulations shall affect any requirement of the Statutes or of any other provision of these Regulations that any particular offer, notice or other document be served in any particular manner.
WINDING UP

F.153 DIRECTORS MAY PETITION COURT FOR WINDING UP WITH CONSENT OF FOUNDERS SHARE COMPANY

The Directors shall have power, with the prior consent in writing of the Founders Share Company (but not otherwise), to present to the Court a petition, in the name of and on behalf of the Company, for the Company to be wound up.

154. DIRECTORS MAY DISTRIBUTE ASSETS IN KIND ON A WINDING UP

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of an Extraordinary Resolution, divide among the members in specie or in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved. No contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

INDEMNITY

155. DIRECTORS AND OFFICERS ENTITLED TO INDEMNITY

Subject to the provisions of and so far as may be consistent with the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company out of its own funds against all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.
The Press Association Limited, the Newspaper Publishers Association Limited, AAP Information Services Proprietary Limited and New Zealand Press Association Limited shall be entitled to receive the Reuters News Services upon payment of such consideration as may be agreed from time to time. Upon and subject to the terms of any such agreement:

(i) The Press Association Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively.

(ii) The Newspaper Publishers Association Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively.

(iii) AAP Information Services Proprietary Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively.

(iv) New Zealand Press Association Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively.
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DEPOSIT AGREEMENT dated as of February 18, 1998 (the "Deposit Agreement") among REUTERS GROUP PLC (the "Company") and its successors, MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as depositary hereunder (the "Depositary"), and all Holders and Beneficial Owners from time to time of American Depositary Receipts issued hereunder ("ADRs") evidencing American Depositary Shares ("ADSs") representing deposited Shares (defined below). The parties hereto agree as follows:


   (a) "ADR Register" is defined in paragraph (3) of the form of ADR.

   (b) "ADRs" mean certificates evidencing ADSs substantially in the form of Exhibit A annexed hereto (the "form of ADR").

   (c) "ADSs" means American depositary shares representing beneficial interests in the Deposited Securities. Subject to Paragraphs (10) and (13) of the Form of ADR, each ADS represents the right to receive six (6) Shares.

   (d) "Beneficial Owner" means a person with a beneficial interest in an ADS.

   (e) "Custodian" means the agent or agents of the Depositary (singly or collectively, as the context requires) and any additional or substitute Custodian appointed pursuant to Section 8. The initial Custodian hereunder is the London Office of Morgan Guaranty Trust Company of New York.

   (f) "Delivery Order" is defined in Section 3.

   (g) "Deposited Securities" as of any time means all Shares at such time deposited under this Deposit Agreement and any and all other Shares, securities, property and cash at such time held by the Depositary or the Custodian in respect or in lieu of such deposited Shares and other Shares, securities, property and cash.

   (h) "Holder" means the person or persons in whose name an ADR is registered on the ADR Register.

   (i) "Pre-release" has the meaning set forth in paragraph (1) of the form of ADR.

   (j) "Pre-released ADR" has the meaning set forth in paragraph (1) of the form of ADR.

   (k) "Securities Act of 1933" means the United States Securities Act of 1933, as from time to time amended.

“Shares” mean the ordinary shares of 25 pence each, of the Company and shall include the rights to receive Shares specified in paragraph (1) of the form of ADR.

“Transfer Office” is defined in paragraph (3) of the form of ADR.

“Withdrawal Order” is defined in paragraph (2) of the form of ADR.

2. Form of ADR; Incorporation by Reference.

(a) Form of ADR. ADRs shall be engraved, printed or otherwise reproduced at the discretion of the Depositary in accordance with its customary practices in its American depositary receipt business, or at the request of the Company typewritten and photocopied on plain or safety paper, and shall be substantially in the form set forth in the form of ADR, with such changes as may be required by the Depositary or the Company to comply with their obligations hereunder, any applicable law, regulation or usage or to indicate any special limitations or restrictions to which any particular ADRs are subject. ADRs may be issued in denominations of any number of ADSs. ADRs shall be executed by the Depositary by the manual or facsimile signature of a duly authorized officer of the Depositary. ADRs bearing the manual or facsimile signature of anyone who was at the time of execution a duly authorized officer of the Depositary shall bind the Depositary, notwithstanding that such officer has ceased to hold such office prior to the delivery of such ADRs.

(b) Incorporation by Reference. The terms and conditions set forth in the form of ADR are hereby incorporated by reference herein and made a part hereof as if set forth herein, and shall be binding upon the parties hereto.

3. Deposit of Shares. Subject to paragraph (1) of the form of ADR, in connection with the deposit of Shares hereunder, the Depositary or the Custodian may require the following in form satisfactory to it: (a) a written order directing the Depositary to execute and deliver to, or upon the written order of, the person or persons designated in such order an ADR or ADRs evidencing the number of ADSs representing such deposited Shares (a “Delivery Order”); (b) proper endorsements or duly executed instruments of transfer in respect of such deposited Shares; (c) instruments assigning to the Depositary or its nominee any distribution on or in respect of such deposited Shares or indemnity therefor; and, (d) proxies entitling the Depositary to vote such deposited Shares. As soon as practicable after the Custodian receives Deposited Securities pursuant to any such deposit or pursuant to paragraph (19) or (13) of the form of ADR, the Custodian shall present such Deposited Securities for registration of transfer into the name of the Depositary or its nominee, to the extent such registration is practicable, at the cost and expense of the person making such deposit (or for whose
benefit such deposit is made) and shall obtain evidence satisfactory to it of
such registration. Deposited Securities shall be held by the Custodian for the
account and to the order of the Depositary at such place or places and in such
manner as the Depositary shall determine. Deposited Securities may be delivered
by the Custodian to any person only under the circumstances expressly
contemplated in the Deposit Agreement.

4. Issue of ADRs. After any such deposit of Shares, the Custodian shall
notify the Depositary of such deposit and of the information contained in any
related Delivery Order by letter, first class airmail postage prepaid, or, at
the request, risk and expense of the person making the deposit, by cable, telex
or facsimile transmission. After receiving such notice from the Custodian, the
Depositary, subject to the Deposit Agreement, shall execute and deliver at the
Transfer Office, to or upon the order of any person named in such notice, an ADR
or ADRs registered as requested and evidencing the aggregate ADSs to which such
person is entitled. ADRs may be issued by the Depositary only under
circumstances contemplated in this Deposit Agreement.

5. Distributions on Deposited Securities; Conversion of Foreign Currency.
(a) To the extent that the Depositary determines in its good faith discretion,
after consultation with the Company to the extent practicable, that any
distribution pursuant to paragraph (10) of the Form of ADR is not practicable
with respect to any Holder, the Depositary may make such distribution as it so
deems practicable, including the distribution of foreign currency, securities or
property (or appropriate documents evidencing the right to receive foreign
currency, securities or property) or the retention thereof as Deposited
Securities with respect to such Holder’s ADRs (without liability for interest
thereon or the investment thereof).

(b) Upon receipt by the Depositary or the Custodian of any foreign
currency, if at the time of its receipt such foreign currency can in the
judgment of the Depositary be converted on a reasonable basis into U.S. dollars
and the resulting U.S. dollars transferred to the United States for distribution
to Holders entitled thereto, the Depositary shall as promptly as practicable
convert or cause to be converted such foreign currency into U.S. dollars by sale
or in any other manner that it may determine, and shall promptly transfer the
resulting U.S. dollars (net of its expenses in effecting such conversion) to the
United States and shall distribute such U.S. dollars to the Holders entitled
thereto in accordance with Paragraph (10) of the Form of ADR. If such conversion
or distribution can be effected only with the approval or license of any
government or agency thereof, the Depositary shall have discretion to file such
application for approval or license as it may deem desirable. If the Depositary
determines in its reasonable judgment that such foreign currency is not
convertible, in whole or in part, on a reasonable basis into U.S. dollars
transferable to the United States, or if any approval or license which is
required for such conversion is
denied or in the opinion of the Depositary, after consultation with the Company to the extent practicable, is not obtainable or is not obtained within a reasonable period or at a reasonable cost, the Depositary may distribute all or part of the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Holders entitled thereto. All expenses of any such conversion shall be deducted from the proceeds thereof.

6. Substitution of ADRs. The Depositary shall execute and deliver a new ADR of like tenor in exchange and substitution for any mutilated ADR upon cancellation thereof or in lieu of and in substitution for such destroyed, lost or stolen ADR, unless the Depositary has notice that such ADR has been acquired by a bona fide purchaser, upon the Holder thereof filing with the Depositary a request for such execution and delivery and a sufficient indemnity bond and satisfying any other reasonable requirements imposed by the Depositary.

7. Cancellation and Destruction of ADRs. All ADRs surrendered to the Depositary shall be canceled by the Depositary. The Depositary is authorized to destroy ADRs so canceled in accordance with its customary practices. The Depositary shall maintain records of all ADRs surrendered and Deposited Securities withdrawn under Paragraph (1) of the form of ADR, substitute ADRs delivered, and canceled or destroyed ADRs under this Section 7, in keeping with the procedures ordinarily followed by stock transfer agents located in The City of New York or as required by applicable law, rule or regulation.

8. The Custodian. The Depositary shall use its best efforts under the circumstances to ensure that at all times there is a Custodian hereunder. Any Custodian in acting hereunder shall be subject to the directions of the Depositary and shall be responsible solely to it. The Depositary shall be responsible for the compliance by each Custodian with the provisions hereof applicable thereto. The Depositary may from time to time, after consultation with the Company, appoint one or more agents to act for it as Custodian hereunder in addition to or in lieu of the Custodian named in the form of ADR. Each Custodian so appointed (other than Morgan Guaranty Trust Company of New York) shall give written notice to the Company and the Depositary accepting such appointment and agreeing to be bound by the provisions hereof. Any Custodian may resign from its duties hereunder by at least 30 days' written notice to the Company. The Depositary may, after consultation with the Company, discharge any Custodian at any time upon notice to the Custodian being discharged and subject to the provisions of any agreement between such Custodian and the Depositary. Any Custodian ceasing to act hereunder as Custodian shall deliver, upon the instruction of the Depositary, all Deposited Securities held by it to a Custodian continuing to act.
9. Co-Registrars and Co-Transfer Agents. The Depositary may, after consultation with the Company if practicable, appoint and remove (i) co-registrars to register ADRs and transfers, combinations and split-ups of ADRs and to countersign ADRs in accordance with the terms of any such appointment and (ii) co-transfer agents for the purpose of effecting transfers, combinations and split-ups of ADRs at designated transfer offices in addition to the Transfer Office on behalf of the Depositary. Each co-registrar or co-transfer agent (other than Morgan Guaranty Trust Company of New York) shall give notice in writing to the Company and the Depositary accepting such appointment and agreeing to be bound by the applicable terms of the Deposit Agreement.

10. Lists of Holders. The Company shall have the right to inspect transfer records of the Depositary and its agents and the ADR Register, take copies thereof and require the Depositary and its agents to supply copies of such portions of such records as the Company may request. The Depositary or its agent shall furnish to the Company promptly upon the written request of the Company, a list of the names, addresses and holdings of ADSs by all Holders as of a date within seven days of the Depositary's receipt of such request.

11. Depositary's Agents. The Depositary may perform its obligations hereunder through any agent appointed by it, provided that the Depositary shall notify the Company of such appointment and shall remain responsible for the performance of such obligations as if no agent were appointed. The Depositary shall use its best efforts under the circumstances to obtain a written notice from each agent appointed hereunder (other than those agents which, on the date hereof, are acting in an agency capacity for Morgan Guaranty Trust Company of New York), addressed to the Company and the Depositary accepting such appointment and agreeing to be bound by the terms of the applicable provisions hereof.

12. Successor Depositary. If the Depositary acting hereunder shall resign or be removed, the Company shall use its best efforts to appoint a bank or trust company having an office in the Borough of Manhattan, The City of New York, as successor depositary hereunder. Every successor depositary shall execute and deliver to its predecessor and to the Company written acceptance of its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become Depositary hereunder; but such predecessor, upon payment of all sums due it and on the written request of the Company, shall execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder and assigning all right, title and interest in the Deposited Securities to such successor, and shall deliver to such successor a list of the Holders. Any bank or trust company into or with which the Depositary may be merged or consolidated, or to which the Depositary shall transfer substantially all its American depositary receipt business (including the ADR facility established pursuant to this Agreement), shall be the successor
of the Depositary without the execution or filing of any document or any further
act; provided, however, that such bank or trust company shall give a written
notice thereof to the Company. Upon the appointment of any successor depositary
hereunder, any agent of the Depositary then acting hereunder shall forthwith
become such agent hereunder of such successor depositary and such successor
depositary shall, on the written request of any such agent, execute and deliver
to such agent any instruments necessary to give such agent authority as such
agent hereunder of such successor depositary.

13. Reports. On or before the first date on which the Company makes any
communication available to holders of Deposited Securities by publication or
otherwise or publicly files or submits any communication to any securities
regulatory authority or stock exchange, the Company shall transmit to the
Depositary a copy thereof in English or with an English translation or summary
to the extent required under applicable rules of the Securities Exchange Act of
1934. In connection with any registration statement under the Securities Act of
1933 relating to the ADRs or with any undertaking contained therein, the Company
and the Depositary shall each furnish to the other and to the United States
Securities and Exchange Commission or any successor governmental agency such
information as shall be required to make such filings or comply with such
undertakings. The Company has delivered to the Depositary and the Custodian a
copy of all provisions of or governing the Shares and any other Deposited
Securities issued by the Company and, promptly upon any change thereto, the
Company shall deliver to the Depositary and the Custodian a copy (in English or
with an English translation) of such provisions as so changed. The Depositary
and its agents may rely upon the Company’s delivery thereof for all purposes of
the Deposit Agreement.

14. Additional Shares. Neither the Company nor any company controlling,
controlled by or under common control with the Company shall issue additional
Shares, rights to subscribe for Shares, securities convertible into or
exchangeable for Shares or rights to subscribe for any such securities or shall
deposit any Shares under this Deposit Agreement, except under circumstances
complying in all respects with the Securities Act of 1933. The Depositary will
use reasonable efforts to comply with written instructions of the Company not to
accept for deposit hereunder any Shares identified in such instructions at such
times and under such circumstances as may reasonably be specified in such
instructions in order to facilitate the Company’s compliance with securities
laws in the United States.

15. Indemnification. (a) The Company shall indemnify, defend and save
harmless each of the Depositary and its agents hereunder against any loss,
liability or expense (including reasonable fees and expenses of counsel) that
may arise out of (i) its acceptance and performance of its powers and duties in
respect of the Deposit Agreement, except to the extent such loss, liability or
expense is due to the negligence or bad faith of the Depositary or any of its
agents hereunder, or (ii) any offer or
sale of ADRs, ADSs, Shares or other Deposited Securities or any registration statement under the Securities Act of 1933 in respect thereof, except to the extent such loss, liability or expense arises out of information (or omissions from such information) relating to it furnished in writing to the Company by it expressly for use in any such registration statement. The Depositary shall indemnify, defend and save harmless the Company against any loss, liability or expense (including reasonable fees and expenses of counsel) incurred by the Company in respect of the Deposit Agreement to the extent such loss, liability or expense is due to the negligence or bad faith of the Depositary or any of its agents appointed hereunder.

(b) Any person seeking indemnification hereunder (an "indemnified person") shall notify the person from whom it is seeking indemnification (the "indemnifying person") of the commencement of any indemnifiable action or claim promptly after such indemnified person becomes aware of such commencement (provided that the failure to make such notification shall not affect such indemnified person's rights otherwise than under this Section 15 and shall only affect its rights hereunder to the extent such failure is prejudicial) and shall consult in good faith with the indemnifying person as to the conduct of the defense of such action or claim, which shall be reasonable in the circumstances. No indemnified person shall compromise or settle any indemnifiable action or claim without the prior written consent of the indemnifying person (which consent shall not be unreasonably withheld or delayed).

(c) The obligations set forth in this Section 15 shall survive the termination of the Deposit Agreement and the succession or substitution of any indemnified person.

16. Notices. Notice to any Holder shall be deemed given when first mailed, first class postage prepaid, to the address of such Holder on the ADR Register or received by such Holder. Notice to the Depositary or the Company shall be deemed given when first received by it at the address or facsimile transmission number set forth in (a) or (b), respectively, or at such other address or facsimile transmission number as either may specify to the other by written notice:

(a) Morgan Guaranty Trust Company of New York
60 Wall Street (36th Floor)
New York, New York 10260
Attention: ADR Administration
Fax: (212) 648-5104 or 5105

(b) REUTERS GROUP PLC
85 Fleet Street
London EC4P 4AJ
England Attention: Robert O. Rowley
Fax: 44-171-
17. Miscellaneous. The Deposit Agreement is for the exclusive benefit of the Company, the Depositary, the Holders, and their respective successors hereunder, and shall not give any legal or equitable right, remedy or claim whatsoever to any other person. The Holders and owners of ADRs from time to time shall be parties to the Deposit Agreement and shall be bound by all of the provisions hereof. If any such provision is invalid, illegal or unenforceable in any respect, the remaining provisions shall in no way be affected thereby. The Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one instrument.
IN WITNESS WHEREOF, REUTERS GROUP PLC and MORGAN GUARANTY TRUST COMPANY OF NEW YORK have duly executed this Deposit Agreement as of the day and year first above set forth and all Holders and Beneficial Owners of ADRs shall become parties hereto upon acceptance by them of ADRs issued in accordance with the terms hereof.

REUTERS GROUP PLC
By: ____________________________
   Name: _________________________
   Title: __________________________

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
By: ____________________________
   Name: _________________________
   Title: Vice President
EXHIBIT A
ANNEXED TO AND INCORPORATED IN
DEPOSIT AGREEMENT
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[FORM OF FACE OF ADR]

- ------
Number

No. of ADSs:

-------------------
Each ADS represents
Six Shares

CUSIP:

AMERICAN DEPOSITARY RECEIPT
evidencing
AMERICAN DEPOSITARY SHARES
representing
ORDINARY SHARES OF 25 PENCE EACH
of

REUTERS GROUP PLC
(Incorporated under the
laws of England and Wales)

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a New York corporation, as
depository hereunder (the "Depositary"), hereby certifies that _______ is the
registered owner (a "Holder") of _______ American Depositary Shares ("ADSs"),
each (subject to paragraph (13)) representing Six (6) Ordinary Shares of 25
pence each (including the rights to receive Shares described in paragraph (1),
"Shares" and, together with any other securities, cash or property from time to
time held by the Depositary in respect or in lieu of deposited Shares, the
"Deposited Securities"), of REUTERS GROUP PLC (the "Company"), a corporation
organized under the laws of England and Wales, deposited with the Custodian (the
"Custodian") under the Deposit Agreement dated as of February 18, 1998 (as
amended from time to time, the "Deposit Agreement") among the Company, the
Depositary and all Holders and Beneficial Owners from time to time of American
Depositary Receipts issued thereunder ("ADRs"), each of whom, by accepting an
ADR, agrees to become a party thereto and to be bound by all of the terms and
conditions thereof and hereof. The Deposit Agreement and this ADR (which
includes the provisions set forth on the reverse hereof) shall be governed by
and construed in accordance with the laws of the State of New York. The terms
and conditions of the Deposit Agreement are hereby incorporated by reference.

A-1
(1) Issuance of ADRs. This ADR is one of the ADRs issued under the Deposit Agreement. Subject to paragraph (4), the Depositary may so issue ADRs for delivery at the Transfer Office (defined in paragraph (3)) only against deposit with the Custodian of: (a) Shares in form satisfactory to the Custodian; (b) rights to receive Shares from the Company or any registrar, transfer agent, clearing agent or other entity recording Share ownership or transactions; or, (c) unless requested in writing by the Company to cease doing so at least two business days in advance of the proposed deposit, other rights to receive Shares (until such Shares are actually deposited pursuant to (a) or (b) above, "Pre-released ADRs"), only if (i) Pre-released ADRs are fully collateralized (marked to market daily) with cash or U.S. government securities held by the Depositary for the benefit of Holders (but such collateral shall not constitute Deposited Securities), (ii) each recipient of Pre-released ADRs represents and agrees in writing with the Depositary that such recipient or its customer (A) beneficially owns such Shares, (B) assigns all beneficial right, title and interest therein to the Depositary for the benefit of the Holders, (C) holds such Shares for the account of the Depositary and (D) will deliver such Shares to the Custodian as soon as practicable and promptly upon demand therefor but in no event more than five days after demand therefor and (iii) all Pre-released ADRs evidence not more than 15% of all ADSs (excluding those evidenced by Pre-released ADRs). The Depositary may retain for its own account any earnings on collateral for Pre-released ADRs and its charges for issuance thereof. At the request of the person depositing Shares, the Depositary may accept deposits for forwarding to the Custodian and may deliver ADRs at a place other than its office. Every person depositing Shares under the Deposit Agreement represents and warrants that such Shares are validly issued and outstanding, fully paid, nonassessable and free of pre-emptive rights, that the person making such deposit is duly authorized to do so and that such Shares (A) are not "restricted securities" as such term is defined in Rule 144 under the Securities Act of 1933 unless at the time of deposit they may be freely transferred in accordance with Rule 144(k) and may otherwise be offered and sold freely in the United States or (B) have been registered under the Securities Act of 1933. Such representations and warranties shall survive the deposit of Shares and issuance of ADRs. The Depositary will not knowingly accept for deposit under the Deposit Agreement any Shares required to be registered under the Securities Act of 1933 and not so registered; the Depositary may refuse to accept for such deposit any Shares identified by the Company in order to facilitate the Company's compliance with such Act.

(2) Withdrawal of Deposited Securities. Holders of ADRs will be entitled to withdraw the Deposited Securities at any time subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any laws or governmental regulations relating to the ADRs or the withdrawal of Deposited Securities. Upon surrender of the ADRs at the Depositary's New York office and upon payment of any fees, expenses, taxes or governmental charges as provided in the
Deposit Agreement, subject to the terms of the Deposit Agreement and paragraphs (4) and (5) hereof, upon surrender of this ADR in form satisfactory to the Depositary at the Transfer Office, the Holder hereof is entitled to delivery at the Custodian’s office of the Deposited Securities at the time represented by the ADSs evidenced by this ADR. In connection with any surrender of an ADR for withdrawal and the delivery of the Deposited Securities represented by the ADSs evidenced thereby, the Depositary may require proper endorsement in blank of such ADR (or duly executed instruments of transfer thereof in blank) and the Holder’s written order (a “Withdrawal Order”) directing the Depositary to cause the Deposited Securities represented by the ADSs evidenced by such ADR to be withdrawn and delivered to, or upon the written order of, any person designated in such order. At the request, risk and expense of the Holder hereof, the Depositary may deliver such Deposited Securities at such other place as may have been requested by the Holder, subject to applicable laws in England and Wales. Delivery of Deposited Securities may be made by the delivery of certificates (which, if required by law shall be properly endorsed or accompanied by properly executed instruments of transfer or, if such certificates may be registered, registered in the name of such Holder or as ordered by such Holder in any Withdrawal Order) or by such other means as the Depositary may deem practicable.

(3) Transfers of ADRs. The Depositary or its agent will keep, at a designated transfer office in the Borough of Manhattan, The City of New York (the “Transfer Office”), (a) a register (the “ADR Register”) for the registration, registration of transfer, combination and split-up of ADRs, which at all reasonable times will be open for inspection by Holders and the Company for the purpose of communicating with Holders in the interest of the business of the Company or a matter relating to the Deposit Agreement and (b) facilities for the delivery and receipt of ADRs. Title to this ADR (and to the Deposited Securities represented by the ADSs evidenced hereby), when properly endorsed or accompanied by proper instruments of transfer, is transferable by delivery with the same effect as in the case of negotiable instruments under the laws of the State of New York; provided that the Depositary, notwithstanding any notice to the contrary, may treat the person in whose name this ADR is registered on the ADR Register as the absolute owner hereof for all purposes. Subject to paragraphs (4) and (5), this ADR is transferable on the ADR Register and may be split into other ADRs or combined with other ADRs into one ADR, evidencing the same number of ADSs evidenced by this ADR, by the Holder hereof or by duly authorized attorney upon surrender of this ADR at the Transfer Office properly endorsed or accompanied by proper instruments of transfer and duly stamped as may be required by applicable law; provided that the Depositary may close the ADR Register at any time or from time to time when deemed reasonably expedient by it or requested by the Company.

(4) Certain Limitations. Prior to the issue, registration, registration of transfer, split-up or combination of any ADR, the delivery of any distribution in respect thereof, or, subject to the last sentence of paragraph (2), the withdrawal of any Deposited Securities, and from time to time in the case of clause (b)(ii) of A-3.
this paragraph (4), the Company, the Depositary or the Custodian may require: (a) payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of Shares or other Deposited Securities upon any applicable register and (iii) any applicable charges as provided in paragraph (7) of this ADR; (b) the production of proof satisfactory to it of (i) the identity and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, compliance with applicable law, regulations, provisions of or governing Deposited Securities and terms of the Deposit Agreement and this ADR, as it may deem necessary or proper; and (c) compliance with such regulations as the Depositary may establish consistent with the Deposit Agreement. The issuance of ADRs, the acceptance of deposits of Shares, the registration, registration of transfer, split-up or combination of ADRs or, subject to the last sentence of paragraph (2), the withdrawal of Deposited Securities may be suspended, generally or in particular instances, when the ADR Register or any register for Deposited Securities is closed or when any such action is deemed advisable by the Depositary or the Company.

(5) Taxes; Withholding. If any tax or other governmental charge shall become payable by or on behalf of the Custodian or the Depositary with respect to this ADR, any Deposited Securities represented by the ADSs evidenced hereby or any distribution thereon, such tax or other governmental charge shall be paid by the Holder hereof to the Depositary. The Depositary may refuse to effect any registration, registration of transfer, split-up or combination hereof or, subject to the last sentence of paragraph (2), any withdrawal of such Deposited Securities until such payment is made. The Depositary may also deduct from any distributions on or in respect of Deposited Securities, or may sell by public or private sale for the account of the Holder hereof any part or all of such Deposited Securities (after attempting by reasonable means to notify the Holder hereof prior to such sale), and may apply such deduction or the proceeds of any such sale in payment of such tax or other governmental charge, the Holder hereof remaining liable for any deficiency, and, if appropriate, shall reduce the number of ADSs evidenced hereby to reflect any such sales of Shares and shall distribute the net proceeds of any such sale or the balance of any such property after deduction of such tax or other governmental charge to the Holder hereof. In connection with any distribution to Holders, the Company will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Company; and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Depositary or the Custodian. If the Depositary determines that any distribution in property other than cash (including Shares or rights) on Deposited Securities is subject to any tax that the Depositary or the Custodian is obligated to withhold, the Depositary may dispose of all or a portion of such property in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes,
by public or private sale, and the Depositary shall distribute the net proceeds of any such sale or the balance of any such property after deduction of such taxes to the Holders entitled thereto.

(6) Disclosure of Interests. To the extent that the provisions of or governing any Deposited Securities may require disclosure of or impose limits on beneficial or other ownership of Deposited Securities, other Shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, Holders and all persons holding ADRs agree to comply with all such disclosure requirements and ownership limitations and to cooperate with the Depositary in the Depositary’s compliance with any Company instructions in respect thereof, and the Depositary will use reasonable efforts to comply with such Company instructions.

Notwithstanding any other provision of the Deposit Agreement or this ADR, each Holder agrees to provide such information as the Company may request in a disclosure notice (a “Disclosure Notice”) given pursuant to the United Kingdom Companies Act 1985 (as amended from time to time and including any statutory modification or reenactment thereof, the “Companies Act”) or the Articles of Association of the Company within the time period specified in such Disclosure Notice. Each Holder acknowledges that it understands that failure to comply with a Disclosure Notice may result in the imposition of sanctions against the holder of the Shares in respect of which the non-complying person is or was, or appears to be or has been, interested as provided in the Companies Act and the Articles of Association which currently include, the withdrawal of the voting rights of such Shares and the imposition of restrictions on the rights to receive dividends on and to transfer such Shares. In addition, each Holder agrees to comply with the provisions of the Companies Act with regard to the notification to the Company of interests in Shares, which currently provide, inter alia, that any Holder who is or becomes directly or indirectly interested (within the meaning of the Companies Act) in 3% or more of the outstanding Shares, or is aware that another person for whom it holds such ADRs is so interested, must within two business days after becoming so interested or so aware (and thereafter in certain circumstances upon any change to the particulars previously notified) notify the Company as required by the Companies Act.

(7) Charges of Depositary. The Depositary may charge each person to whom ADRs are issued against deposits of Shares, including deposits in respect of Share Distributions, Rights and Other Distributions (as such terms are defined in paragraph (10)), and each person surrendering ADRs for withdrawal of Deposited Securities, U.S.$5.00 for each 100 ADSs (or portion thereof) evidenced by the ADRs delivered or surrendered. The Depositary may sell (by public or private sale) sufficient securities and property received in respect of Share Distributions, Rights and Other Distributions prior to such deposit to pay such charge. The Company will pay all other charges and expenses of the Depositary and any agent of the Depositary (except the Custodian) as may be provided pursuant to agreements from time to time between the Company and the Depositary, except (i) stock transfer or other taxes and other governmental charges (which are payable by Holders or persons...
depositing Shares), (ii) cable, telex and facsimile transmission and delivery charges incurred at the request of persons depositing, or Holders delivering Shares, ADRs or Deposited Securities (which are payable by such persons or Holders), (iii) transfer or registration fees for the registration of transfer of Deposited Securities on any applicable register in connection with the deposit or withdrawal of Deposited Securities (which are payable by persons depositing Shares or Holders withdrawing Deposited Securities; there are no such fees in respect of the Shares as of the date of the Deposit Agreement) and (iv) expenses of the Depositary in connection with the conversion of foreign currency into U.S. dollars (which are paid out of such foreign currency). These charges may be changed in the manner indicated in paragraph (16).

(8) Available Information. The Deposit Agreement, the provisions of or governing Deposited Securities and any written communications from the Company, which are both received by the Custodian or its nominee as a holder of Deposited Securities and made generally available to the holders of Deposited Securities, are available for inspection by Holders at the offices of the Depositary and the Custodian and at the Transfer Office. At the written request of the Company, the Depositary will mail copies of such communications (or English translations or summaries thereof) to Holders when furnished by the Company. The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 applicable to foreign issuers and accordingly files certain reports with the United States Securities and Exchange Commission (the "Commission"). Such reports and other information may be inspected and copied at the public reference facilities maintained by the Commission located at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549.

(9) Execution. This ADR shall not be valid for any purpose unless executed by the Depositary by the manual or facsimile signature of a duly authorized officer of the Depositary.

Dated:

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Depositary

By ________________________________
Authorized Officer

The Depositary's principal executive office is located at 60 Wall Street, New York, New York 10286.
(10) Distributions on Deposited Securities. Subject to paragraphs (4) and (5) and any restrictions imposed by United Kingdom law, regulation or applicable permit, to the extent practicable, the Depositary will promptly distribute by mail to each Holder entitled thereto on the record date set by the Depositary therefor at such Holder’s address shown on the ADR Register, in proportion to the number of Deposited Securities (on which the following distributions on Deposited Securities are received by the Custodian) represented by ADSs evidenced by such Holder’s ADSs: (a) Cash. Any U.S. dollars available to the Depositary resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof authorized in this paragraph (10) (“Cash”), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain Holders, and (iii) deduction of the Depositary’s expenses in (i) converting any foreign currency to U.S. dollars by sale or in such other manner as the Depositary may determine to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the Depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. If the Depositary determines that any foreign currency received by it cannot be converted on a reasonable basis and transferred to the United States, the Depositary may distribute the foreign currency received by it or, at its sole discretion, hold such foreign currency, uninvested and without liability for interest thereon. (b) Shares. (i) Additional ADRs evidencing whole ADSs representing any Shares available to the Depositary resulting from a dividend or free distribution on Deposited Securities consisting of Shares (a “Share Distribution”) and (ii) U.S. dollars available to it resulting from the net proceeds of sales of Shares received in a Share Distribution, which Shares would give rise to fractional ADSs if additional ADRs were issued therefor, as in the case of Cash. (c) Rights. (i) Warrants or other instruments in the good faith discretion of the Depositary representing rights to acquire additional ADRs in respect of any rights to subscribe for additional Shares or rights of any nature available to the Depositary as a result of a distribution on Deposited Securities (“Rights”), to the extent that the Company timely furnishes to the Depositary evidence satisfactory to the Depositary that the Depositary may lawfully distribute the same (the Company has no obligation to so furnish such evidence), or (ii) to the extent the Company does not so furnish such evidence and sales of Rights are practicable, any U.S. dollars available to the Depositary from the net proceeds of sales of Rights as in the case of Cash, or (iii) to the extent the Company does not so furnish such evidence and such sales cannot practicably be accomplished by reason of the nontransferability of the Rights, limited markets therefor, their short duration or otherwise, nothing (and any Rights may
lapse). (d) Other Distributions. (i) Securities or property available to the Depositary resulting from any distribution on Deposited Securities other than Cash, Share Distributions and Rights ("Other Distributions"), by any means that the Depositary may deem, after consultation with the Company to the extent practicable, lawful, equitable and practicable, or (ii) to the extent the Depositary deems, after consultation with the Company to the extent practicable, distribution of such securities or property not to be lawful, equitable or practicable, any U.S. dollars available to the Depositary from the net proceeds of sales of Other Distributions as in the case of Cash. Such U.S. dollars available will be distributed by checks drawn on a bank in the United States for whole dollars and cents (any fractional cents being withheld without liability for interest and added to future Cash distributions). Notwithstanding anything herein to the contrary, the Company shall have no obligation to either (i) register any ADSs, Shares, Rights or other securities described in this Paragraph (10) under the Securities Act of 1933 or (ii) take other actions to permit the distribution of such ADSs, Shares, Rights or other securities in accordance with applicable U.S. securities laws.

(11) Record Dates. The Depositary shall, after consultation with the Company if practicable, fix a record date (which shall be as near as practicable to any corresponding record date set by the Company with respect to the Shares) for the determination of the Holders who shall be entitled to receive any distribution on or in respect of Deposited Securities, to give instructions for the exercise of any voting rights, to receive any notice or to act in respect of other matters and only such Holders shall be so entitled.

(12) Voting of Deposited Securities. As soon as practicable after receipt from the Company of notice of any meeting or solicitation of consents or proxies of holders of Shares or other Deposited Securities, the Depositary, to the extent practicable, shall mail to Holders a notice stating (a) such information as is contained in such notice and any solicitation materials, (b) that each Holder on the record date set by the Depositary therefor will be entitled to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Deposited Securities represented by the ADSs evidenced by such Holder's ADRs and (c) the manner in which such instructions may be given. Upon receipt of instructions of a Holder on such record date in the manner and on or before the date established by the Depositary for such purpose, the Depositary shall endeavor insofar as practicable and permitted under the provisions of or governing Deposited Securities to vote or cause to be voted the Deposited Securities represented by the ADSs evidenced by such Holder's ADRs in accordance with such instructions. The Depositary will not itself exercise any voting discretion in respect of any Deposited Security. To the extent such instructions are not so received by the Depositary from any Holder, the Depositary shall deem such Holder to have so instructed the Depositary to give a discretionary proxy to a person designated by the Company and the Depositary shall endeavor insofar as practicable and permitted under the provisions of or governing Deposited Securities to give a discretionary proxy to a person designated by the Company to vote the Deposited Securities represented by the ADSs.
evidenced by such Holder’s ADRs as to which such instructions are so given, provided that no such instruction shall be deemed given and no discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary (and the Company agrees to provide such information promptly in writing) that (x) the Company does not wish such proxy given, (y) substantial opposition exists or (z) materially affects the rights of holders of Shares.

Notwithstanding anything to the contrary contained herein, the Depositary shall not be obligated to give any such deemed instruction unless and until the Depositary has been provided with an opinion, which may be given at the time of entering into the Deposit Agreement, of counsel to the Company, in form and substance satisfactory to the Depositary, to the effect that (i) the granting of such discretionary proxy does not subject the Depositary to any reporting obligations in England or Wales, (ii) the granting of such proxy will not result in a violation of United Kingdom law, rule, regulation or permit, (iii) the voting arrangement and proxy as contemplated herein will be given effect under United Kingdom law, and (iv) the Depositary will not be deemed to be authorized to exercise any discretion when voting in accordance with the terms of this paragraph (12) under United Kingdom law and, the Depositary will not be subject to any liability under United Kingdom law for losses arising from the exercise of the voting arrangements set forth in this paragraph (12). If after the date such opinion is delivered to the Depositary the Company is advised by counsel that there has occurred a change in United Kingdom law such that the foregoing opinion could no longer be rendered favorably in whole or in part, the Company shall promptly notify the Depositary of such change and the Depositary shall thereafter have no obligation to give any such discretionary proxy. The Company agrees to direct its counsel to inform it of any such changes in United Kingdom law.

(13) Changes Affecting Deposited Securities. Subject to paragraphs (4) and (5), the Depositary may, in its discretion, amend this ADR or distribute additional or amended ADRs (with or without calling this ADR for exchange) or cash, securities or property on the record date set by the Depositary therefor to reflect any change in par value, split-up, consolidation, cancellation or other reclassification of Deposited Securities, any Share Distribution or Other Distribution not distributed to Holders or any cash, securities or property available to the Depositary in respect of Deposited Securities from (and the Depositary is hereby authorized to surrender any Deposited Securities to any person and to sell by public or private sale any property received in connection with) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all the assets of the Company, and to the extent the Depositary does not so amend this ADR or make a distribution to Holders to reflect any of the foregoing, or the net proceeds thereof, whatever cash, securities or property results from any of the foregoing shall constitute Deposited Securities and each ADS evidenced by this ADR shall automatically represent its pro rata interest in the Deposited Securities as then constituted.
(14) Exoneration. The Depositary, the Company, their agents and each of them shall: (a) incur no liability (i) if law, regulation, the provisions of or governing any Deposited Securities, act of God, war or other circumstance beyond its control shall prevent, delay or subject to any civil or criminal penalty any act which the Deposit Agreement or this ADR provides shall be done or performed by it, or (ii) by reason of any exercise or failure to exercise any discretion given it in the Deposit Agreement or this ADR; (b) assume no liability except to perform its obligations (other than those directly related to the handling of Deposited Securities and Cash) to the extent they are specifically set forth in this ADR and the Deposit Agreement without gross negligence or bad faith; (c) assume no liability except to perform its obligations directly related to the handling of Deposited Securities and Cash to the extent they are specifically set forth in this ADR and the Deposit Agreement without negligence or bad faith; (d) in the case of the Depositary and its agents hereunder, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or this ADR; (e) in the case of the Company and its agents hereunder, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or this ADR, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required; or (f) not be liable for any action or inaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, or any other person believed by it in good faith to be competent to give such advice or information. The Depositary, the Company and the respective agents of each of them may rely and shall be protected in acting upon any written notice, request, direction or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Depositary and its agents will not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, for the manner in which any such vote is cast or for the effect of any such vote. The Depositary and its agents may own and deal in any class of securities of the Company and its affiliates and in ADRs. The Company has agreed to indemnify the Depositary and its agents under certain circumstances and the Depositary has agreed to indemnify the Company against losses incurred by the Company under certain circumstances. No disclaimer of liability under the Securities Act of 1933 is intended by any provision hereof.

(15) Resignation and Removal of Depositary; the Custodian. The Depositary may resign as Depositary by written notice of its election to do so delivered to the Company, or be removed as Depositary by the Company by written notice of such removal delivered to the Depositary; such resignation or removal shall take effect upon the appointment of and acceptance by a successor depositary. The Depositary may, after consultation with the Company, appoint substitute or additional Custodians and the term “Custodian” refers to each Custodian or all Custodians as the context requires.
(16) Amendment. Subject to the last sentence of paragraph (2), the ADRs and the Deposit Agreement may be amended by the Company and the Depositary without the consent of the Holders in any respect, provided that any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or that shall otherwise prejudice any substantial existing right of Holders, shall become effective 30 days after notice of such amendment shall have been given to the Holders. Every Holder of an ADR at the time any amendment to the Deposit Agreement so becomes effective shall be deemed, by continuing to hold such ADR, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Holder of any ADR to surrender such ADR and receive the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

(17) Termination. The Depositary may, and shall at the written direction of the Company, terminate the Deposit Agreement and this ADR by mailing notice of such termination to the Holders at least 30 days prior to the date fixed in such notice for such termination. After the date so fixed for termination, the Depositary and its agents will perform no further acts under the Deposit Agreement and this ADR, except to advise Holders of such termination, receive and hold (or sell) distributions on Deposited Securities and deliver Deposited Securities being withdrawn. As soon as practicable after the expiration of six months from the date so fixed for termination, the Depositary shall sell the Deposited Securities and shall thereafter (as long as it may lawfully do so) hold in a segregated account the net proceeds of such sales, together with any other cash then held by it under the Deposit Agreement, without liability for interest, in trust for the pro rata benefit of the Holders of ADRs not theretofore surrendered. After making such sale, the Depositary shall be discharged from all obligations in respect of the Deposit Agreement and this ADR, except to account for such net proceeds and other cash. After the date so fixed for termination, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary and its agents.

(18) Restrictions upon Ownership. So long as the Articles of Associations of the Company (i) limit the number of Shares in which any holder of Shares may be interested, or (ii) authorize the Company to take certain actions (including disenfranchisement and withholding of dividends) in respect of Shares held by a person who does not respond properly to a notice from the Company requiring details of his interest in those Shares, notwithstanding any contrary provision of the Deposit Agreement, each Holder agrees that such limitations shall be applicable to and enforceable by the Company against such Holder and such Holder’s ADRs as if they were, to the extent practicable, the Shares represented thereby and the Depositary agrees to use its reasonable efforts to comply with any written instructions received from the Company requesting that the Depositary take the reasonable actions specified therein to apply
and enforce such limitations (including disenfranchisement and disposal) against specified Holders (other than The Depository Trust Company ("DTC") or its nominees), provided that the Company shall indemnify the Depositary and hold it harmless from any expense or liability incurred in complying with such instructions. The Depositary shall not be required to take any actions with respect to DTC or its nominees other than the providing of notice and the forwarding of information and requests thereto.
AGREEMENT

DATED 4th December, 1997

(pound)1,500,000,000

SYNDICATED CREDIT FACILITY

FOR

REUTERS GROUP LIMITED

ARRANGED BY

CHASE MANHATTAN PLC

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THIS AGREEMENT is dated 4th December, 1997 BETWEEN:

(1) REUTERS GROUP LIMITED (Company No. 3296375) (the "PARENT");

(2) REUTERS INVESTMENTS (Company No. 3477402) as original borrower (the "ORIGINAL BORROWER");

(3) CHASE MANHATTAN PLC as arranger (the "ARRANGER");

(4) THE FINANCIAL INSTITUTIONS listed in Schedule 1 as banks; and

(5) CHASE MANHATTAN INTERNATIONAL LIMITED as agent (the "AGENT").

IT IS AGREED as follows:

1. INTERPRETATION

1.1 DEFINITIONS

In this Agreement:

"ACCESSION COMPANY"
means any Additional Borrower or Additional Guarantor.

"ADDITIONAL BORROWER"
means a wholly owned Subsidiary of the Parent approved in writing by all the Banks 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 a Tranche A Advance or a Tranche B Advance.

"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.

"APPROVED SCHEME" means a scheme of arrangement under Section 425 of the Companies Act 1985 under which the Parent becomes a subsidiary of a new holding company in substantially the same manner as effected under the Scheme of Arrangement and that new holding company has become an Additional Guarantor.

"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.

"BANKS" means those financial institutions listed in Schedule 1 and their respective successors and assigns which are for the time being participating in the Facilities.

"BORROWER" means the Parent and the Original Borrower (whether in their capacity as a borrower or guarantor as the context may require) and each 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 (in respect of a day on which a payment in an Optional Currency is required hereunder) the principal financial centre of the country of such Optional Currency.

"CERTAIN FUNDS PERIOD"

means the period beginning on the Signing Date and ending on the earlier of:

(a) 31st March, 1998;

(b) the date falling 30 days after the date on which the shares of the Parent are admitted to the Official List of the London Stock Exchange; and

(c) the first Utilisation Date under this Agreement.

"COMMITMENT"

means, in respect of a Bank, the aggregate of its Tranche A Commitment and Tranche B Commitment in each case to the extent not cancelled or reduced under this Agreement.

"CONSOLIDATED NET FINANCE CHARGES"

means, in respect of any financial year 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 year less the amount of interest receivable by the Group during such financial year, as determined from the audited consolidated profit and loss account of the Group for that financial year.

"CONSOLIDATED PROFITS BEFORE INTEREST AND TAX"

means, in respect of any financial year 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 year; and
(b)      tax on the overall income of the Group payable in respect of
that financial year,

all as determined from the audited consolidated profit and loss account
of the Group for that financial year.

"COURT ORDER"

means the order of the High Court of Justice sanctioning the Scheme of
Arrangement pursuant to Section 425 of the Companies Act 1985 and
confirming the reduction of capital included therein pursuant to
Section 137 of the Companies Act 1985.

"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.

"EFFECTIVE DATE"

means the date upon which the Court Order is registered by the
Registrar of Companies under Sections 138 and 425 of the Companies Act
1985.

"ENCUMBRANCE"

means a mortgage, charge, pledge, lien or other security interest.

"EVENT OF DEFAULT"

means an event specified as such in Clause 18 (Default).

"FACILITY"

means either of the facilities designated as Tranche A or Tranche B in
Clause 2.1 (Facilities).

"FACILITY OFFICE"

means the office(s) notified by a Bank to the Agent:

(a)      on or before the date it becomes a Bank; 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 each letter dated on or about the Signing Date:
(a)      between the Agent and the Parent; and
(b)      between, inter alia, the Arranger, The Chase Manhattan Bank,
the Parent and the Original Borrower,
in each case setting out the amount of various fees referred to in
Clause 20 (Fees).

"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 the Arranger, a Bank or the Agent.

"GROUP"

means the Parent and its Subsidiaries.

"GUARANTOR"

means each of:
(a)      the Parent and the Original Borrower; 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.

"LIBOR"

means in relation to any period in respect of which an interest rate is
to be determined in relation to any Advance or unpaid sum, the rate
determined by the Agent to be the arithmetic mean (rounded upwards, if
necessary, to the nearest four decimal places) of the respective rates
notified to the Agent by each of the Reference Banks quoting (provided
that at least two Reference Banks are quoting) as the rate at which it
is offering deposits in the required currency and for the required
period in an amount comparable to the Advance or unpaid sum to prime banks in the London interbank market at or about 11.00 a.m. on the Rate Fixing Day for such period.

For the purpose of this definition "REQUIRED PERIOD" means the applicable Term for a Tranche A or Tranche B Advance or the period in respect of which LIBOR falls to be determined in relation to such unpaid sum.

"MAJORITY BANKS"

means, at any time:

(a) if any Advances are outstanding, Banks with an aggregate Original Sterling Amount of 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, Banks 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 PREPAYMENT EVENT"

means an event specified in paragraph (a), (b) or (c) of Clause 7.4 (Mandatory Prepayment Events).

"MARGIN"

means:

(a) in respect of each Tranche A Advance other than a Term-out Advance 0.175 per cent. per annum and in respect of each Term-out Advance, 0.225 per cent. per annum; and

(b) in respect of each Tranche B Advance, 0.175 per cent. per annum from the Signing Date until the third Anniversary and 0.20 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 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:
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.

"MLA COST"
means the cost imputed to a Bank making an Advance in Sterling of compliance with the Mandatory Liquid Assets requirements of the Bank of England during its Term, determined in accordance with Schedule 3.

"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 or any other currency other than Sterling which all the Banks 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 Reuters Holdings Plc and its Subsidiaries for the year ended 31st December, 1990.
"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 on the date of receipt by the Agent of the Request for that Advance.

"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 Effective 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 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 Group after the date hereof and which was in existence when such company became a member of the Group provided that each such Encumbrance is discharged in full within 180 days after such company becomes a member of the Group;
(e) an Encumbrance over an asset purchased by a member of the Group (otherwise than from another member of the 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 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 Instinet Corporation, Instinet Holdings Ltd or Instinet Canada Ltd or any of their respective Subsidiaries or any other member of the 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 Banks 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 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 (pound)100,000,000 or its equivalent in other currencies.

"PRESS RELEASE" has the meaning given to it in Part I of Schedule 2.

"QUALIFYING BANK" means a bank or financial institution which is:

(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) 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 institution is entitled 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 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.

"REFERENCE BANKS" means, subject to Clause 26.6 (Reference Banks), prior to primary syndication of the Facilities, the principal London office of The Chase
Manhattan Bank and, thereafter, the principal London offices of The Chase Manhattan Bank and another two financial institutions nominated by the Arranger after consultation with the Parent.

"REQUEST"

means a request made by a Borrower to utilise a Facility, substantially in the form of Schedule 4.

"REQUESTED AMOUNT"

means the amount requested in a Request.

"RESERVE ASSET COSTS"

means:

(a) in relation to any Advance in Sterling for any period, MLA Cost; and

(b) in relation to an Advance denominated in any other currency, the cost, if any, certified by any Bank as the cost to it of complying with any applicable regulatory or central bank requirement relating to Advances in that currency made through a branch in the jurisdiction of the relevant currency.

"ROLLOVER"

means, in relation to a particular date, one or more Advances (including, for the avoidance of doubt, the Term-out 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).

"SCHEME OF ARRANGEMENT"

means the scheme of arrangement proposed to be made between Reuters Holdings Plc and the holders of the Scheme Shares (as defined in the Scheme of Arrangement) under Section 425 of the Companies Act 1985 as described in the Press Release under which the Parent becomes the new holding company of Reuters Holdings Plc.

"SIGNING DATE"

means the date of this Agreement.
"SPECIFIED SUBSIDIARY"

means Reuters Limited or any other Subsidiary or Subsidiaries of the Parent to whom all or substantially all of the assets or business of Reuters Limited is transferred.

"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).

"SYNDICATION PERIOD"

means the period ending 31st March, 1998 or, if earlier, the date the Arranger notifies the Parent that primary syndication of the Facilities is completed.

"TERM"

means the period selected by a Borrower in a Request for which the relevant Advance is to be outstanding.

"TERM-OUT ADVANCES"

means the Tranche A Advances, if any, drawn under Clause 6.1(b) (Repayment of Tranche A Advances).

"TOTAL COMMITMENTS"

means the aggregate of the Tranche A Total Commitments and Tranche B Total Commitments from time to time.

"TRANCHE A ADVANCE"

means an advance made by a Bank under Tranche A.

"TRANCHE A AVAILABILITY PERIOD"

means the period from the Signing Date up to and including 2nd December, 1998 (being the date which is 364 days after the Signing Date).

"TRANCHE A COMMITMENT"

means, in respect of a Bank, the amount in Sterling set opposite the name of that Bank in Column 1 of Schedule 1 to the extent not cancelled or reduced under this Agreement.
"TRANCHE A TERM DATE"
means the last day of the Tranche A Availability Period or, if that day
is not a Business Day, the preceding Business Day.

"TRANCHE A TERM-OUT OPTION"
means the option available to the Borrowers to draw an Advance under
Tranche A on the Tranche A Term Date pursuant to Clause 6.1(b)
(Repayment of Tranche A Advances).

"TRANCHE A TOTAL COMMITMENTS"
means the aggregate for the time being of the Tranche A Commitments,
being (£)1,000,000,000 at the date of this Agreement.

"TRANCHE B ADVANCE"
means an advance made by a Bank under Tranche B.

"TRANCHE B AVAILABILITY PERIOD"
means the period from and including the Signing Date to and including
the date which is one month prior to the Tranche B Final Maturity Date.

"TRANCHE B COMMITMENT"
means, in respect of a Bank, the amount in Sterling set opposite the
name of that Bank in Column 2 of Schedule 1 to the extent not cancelled
or reduced under this Agreement.

"TRANCHE B FINAL MATURITY DATE"
means the fifth Anniversary.

"TRANCHE B TOTAL COMMITMENTS"
means the aggregate for the time being of the Tranche B 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.

"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, "(POUND)" 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 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.

(c) The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.

(d) The definitions of "CONSOLIDATED NET FINANCE CHARGES" and "CONSOLIDATED PROFITS BEFORE INTEREST AND TAX" 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 FACILITIES

2.1 FACILITIES

The Banks grant to the Borrowers the following facilities:

(a) a committed multicurrency revolving 364 day credit facility, with an option to draw Term-out Advances, to be designated as TRANCHE A, under which the Banks will, when requested by a Borrower, make cash advances in Sterling or Optional Currencies to that Borrower on a revolving basis up to the Tranche A Term Date; and

(b) a committed multicurrency revolving credit facility, to be designated as TRANCHE B, under which the Banks will, when requested by a Borrower, make cash advances in Sterling or Optional Currencies to that Borrower on a revolving basis,

in all cases subject to the terms of this Agreement.

2.2 OVERALL FACILITY LIMIT

(a) The aggregate Original Sterling Amount of all outstanding Advances:

(i) under Tranche A, shall not at any time exceed the Tranche A Total Commitments at that time; and

(ii) under Tranche B, shall not at any time exceed the Tranche B Total Commitments at that time.

(b) The aggregate Original Sterling Amount of:

(i) Tranche A Advances made by a Bank shall not at any time exceed its Tranche A Commitment at that time; and

(ii) Tranche B Advances made by a Bank shall not at any time exceed its Tranche B 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 from either Tranche A or Tranche B or both.

2.4 SYNDICATION PERIOD

Notwithstanding any other provision of this Agreement no Borrower will deliver a Request during the Syndication Period specifying a Term other than one week, two or three weeks or one month. Nothing in this Agreement will prevent a Borrower from requesting Terms of those durations in the Syndication Period.
2.5 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.

2.6 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.

2.7 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:

(i) in the case of Tranche A Advances, in or towards providing bridging finance for the Group’s financial requirements (in respect of, amongst other things, the Scheme of Arrangement); and

(ii) in the case of Tranche B Advances, in or towards the general corporate purposes of the Group including, without limitation, capital expenditure and working capital financing.

(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 Banks 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

Subject to Clause 4.3 (Certain Funds Period), the obligations of each Bank 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.

4.3 CERTAIN FUNDS PERIOD

To assist the Group to have sufficient funds available to fulfil its obligations under the Scheme of Arrangement, the Banks agree that:

(a) any Default which occurs under Clause 18.4 (Misrepresentation) or Clause 18.8 (Cross-default) or as a result of a breach of Clause 17 (Financial Covenant); and

(b) any misrepresentation which occurs under Clause 15.5 (No default), Clause 15.8 (Litigation) or Clause 15.11 (Material Adverse Change),

that has occurred, or would result from an Advance drawn down to finance the Scheme of Arrangement, will be suspended for all the purposes of this Agreement during the Certain Funds Period.

5. ADVANCES

5.1 RECEIPT OF REQUESTS

A Borrower may borrow Advances under Tranche A or Tranche B 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 Tranche A Availability Period (in respect of a Tranche A Advance) or Tranche B Availability Period (in respect of a Tranche B Advance);

(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 (pound)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 Tranche A Term Date (in respect of a Tranche A Advance (other than a Term-out Advance)) or the Tranche B Final Maturity Date (in respect of a Tranche B Advance); and

(ii) is a period of one month, two, three or six months or, with respect to the Term-out Advances only, nine or 12 months (or, in any case, such other period as all the Banks 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 BANK'S ADVANCE

The amount of a Bank's Advance will be the proportion of the Requested Amount which:

(a) in the case of a Tranche A Advance, its Tranche A Commitment bears to Tranche A Total Commitments; and

(b) in the case of a Tranche B Advance, its Tranche B Commitment bears to the Tranche B Total Commitments,

in each case on the date of receipt of the relevant Request.

5.4 NOTIFICATION OF THE BANKS

The Agent shall promptly notify each Bank of the details of the requested Advances and the amount of its Advance.

5.5 PAYMENT OF PROCEEDS

Subject to the terms of this Agreement, each Bank shall make its Advance available to the Agent for the Borrower for value on the relevant Utilisation Date.
6. REPAYMENT

6.1 REPAYMENT OF TRANCHE A ADVANCES

(a) Each Borrower shall repay each Tranche A Advance made to it in full on its Maturity Date to the Agent for the relevant Bank but since Tranche A is available on a revolving basis amounts repaid may be reborrowed subject to the terms of this Agreement. Subject to paragraph (b) below, no Tranche A Advance may be outstanding after the Tranche A Term Date.

(b) No earlier than 60 days prior to the Tranche A Term Date, any Borrower may, by delivery of a duly completed Request to the Agent under Clause 5 (Advances) (who shall send a copy of the same to the Banks), elect to draw Advances (each a "TERM-OUT ADVANCE") under Tranche A with a Maturity Date after the Tranche A Term Date. No Term-out Advance, once repaid or prepaid, may be reborrowed.

(c) No Tranche A Advance, other than a Term-out Advance, may be outstanding after the Tranche A Term Date. No Term-out Advance may be outstanding after the date falling on the anniversary of the Tranche A Term Date.

6.2 REPAYMENT OF TRANCHE B ADVANCES

Each Borrower shall repay each Tranche B Advance made to it in full on its Maturity Date to the Agent for the relevant Banks but since Tranche B is available on a revolving basis amounts repaid may be reborrowed subject to the terms of this Agreement. No Tranche B Advance may be outstanding after the Tranche B Final Maturity Date.

7. PREPAYMENT AND CANCELLATION

7.1 AUTOMATIC CANCELLATION OF THE TOTAL COMMITMENTS

(a) The undrawn Tranche A Commitment of each Bank shall be automatically cancelled at the close of business in London on the last day of the Tranche A Availability Period.

(b) The Tranche B Commitment of each Bank shall be automatically cancelled at the close of business in London on the last day of the Tranche B Availability Period.

(c) The Total Commitments will be automatically cancelled in full if the conditions precedent to drawing set out in Part I of Schedule 2 are not satisfied on or before 31st March, 1998.

7.2 VOLUNTARY CANCELLATION

The Parent may, by giving not less than 15 days' prior written notice to the Agent specifying the relevant Tranche, cancel the unutilised portion of the Tranche A Total Commitments or the Tranche B Total Commitments or both, in whole or in part (but, if in part, in a minimum amount of (pound)50,000,000 for each Tranche). Any cancellation in part of the Tranche A Total Commitments shall be applied against the Tranche A Commitment of each Bank pro rata. Any cancellation in part of the Tranche B Total Commitments shall be applied against the Tranche B Commitment of each Bank pro rata. If the Parent fails to specify whether such cancellation shall be applied against Tranche A or Tranche B, any cancellation shall be applied first against the Tranche A Total Commitments until cancelled in full and then against the Tranche B Total Commitments.
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 under Tranches A or B (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 (pound)50,000,000).

(b) Any voluntary prepayment under paragraph (a) above will:

(i) be applied against Tranche A or B in such proportions as may be specified by the Borrower in the notice of prepayment or, if not specified, against Tranche A; and

(ii) be applied against all the Advances of all the Banks in the relevant Tranche(s) pro rata.

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, after the Effective Date (other than by way of an Approved Scheme),

then the Agent shall, if instructed to do so by the Majority Banks, 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 Bank shall be cancelled and reduced to zero.

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 AND GUARANTORS**

(a) Any Borrower (other than the Parent or the Original Borrower) 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 (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 Banks in the form of Part IV of Schedule 5 together with such amendments as the Agent may reasonably require.

Each Bank authorises the Agent to sign on its behalf any Novation Agreement entered into in accordance with this paragraph (b).

(c) If any Subsidiary of the Parent becomes an Additional Guarantor in order solely to comply with Clause 16.5 (Upstream Guarantees) as a result of giving any other guarantee or undertaking any similar liability in respect of any Borrowings (other than under this Agreement) of any Borrower, then that Additional Guarantor may be released from its obligations as a Guarantor provided:

(i) that other guarantee or undertaking is also released;

(ii) no Default has occurred which is continuing; and

(iii) the Agent executes an agreement to release (which it is authorised to execute without reference to the Banks if the Parent confirms the conditions in sub-paragraphs (i) and (ii) above have been fulfilled) in such form as it may reasonably require.

7.7 **RIGHT OF PREPAYMENT AND CANCELLATION**

If any Borrower is required to pay or is notified by any Bank in writing that it will be required to pay any amount to a Bank 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 Bank 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 Bank through the Agent. On the date falling five Business Days after the date of service of the notice:
(a) each Borrower shall prepay all outstanding Advances made to it by that Bank; and

(b) the Bank’s Tranche A Commitment and Tranche B 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 Banks 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 relevant Tranche A Advance or Tranche B 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) in respect of Tranche A (other than in respect of a Term-out Advance) or Tranche B may be reborrowed. No amount of the Tranche A Total Commitments or Tranche B 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 Tranche A and B Advance for its Term is the rate per annum determined by the Agent to be the aggregate of:

(a) the relevant Margin;

(b) LIBOR; and

(c) Reserve Asset Costs.

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 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:
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

the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Tranche A 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.

8.4 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 Bank 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 as it may notify to the Obligor or Bank 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 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.
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 Banks, 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 Bank evidence satisfactory to that Bank (including any relevant tax receipts) that the payment has been duly remitted to the appropriate authority.

10.3 QUALIFYING BANK

If:

(a) on the Signing Date, any Bank which is a Party on the Signing Date is not a Qualifying Bank; or

(b) after the first Utilisation Date, a Bank ceases to be a Qualifying Bank other than as a result of the introduction of, suspension, withdrawal or cancellation of, or change in, or change in the official interpretation, administration or official application 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 Bank has a connection, occurring after the Signing Date; or

(c) on the date of any novation under Clause 26 (Changes to the Parties), a New Bank (as such term is defined in that Clause) is not a Qualifying Bank,

then no Obligor shall be liable to pay to that Bank 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 Bank had been a Qualifying Bank on such date.

10.4 COLLECTING AGENTS RULES

Each Bank represents to the Agent that, in the case of a Bank which is a Bank on the Signing Date, on the Signing Date, and, in the case of a Bank which becomes a Bank after the date of this Agreement, on the date it becomes a Bank, in relation to the Facilities, it is:

(a) either:

(i) not resident in the United Kingdom for United Kingdom tax purposes; or

(ii) a bank as defined in section 840A of the Income and Corporation Taxes Act 1988 and resident in the United Kingdom; and

(b) beneficially entitled to the principal and interest payable by the Agent to it under this Agreement,

and it shall forthwith notify the Agent if either representation ceases to be correct.

10.5 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.

(b) Nothing in this Clause 10.5 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 Bank’s reasonable judgement be prejudicial to its interests, such Bank 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; or

(b) the Agent is notified by Banks 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 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 generally, adequate and fair means do not exist for ascertaining the LIBOR applicable to such Advance during its Term or LIBOR does not adequately represent the cost of funding to the Banks,

the Agent shall promptly give written notice of such determination or notification to the Parent and to each of the Banks.

11.2 ALTERNATIVE RATES

If the Agent gives a notice under Clause 11.1 (Market disturbance):

(a) the Parent and the Banks may (through the Agent) agree that the Advances concerned shall not be borrowed; or

(b) in the absence of such agreement:

(i) the Term of the Advances concerned shall be one month;

(ii) in the case of Clause 11.1(b) (Market disturbance), the Advances 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 Bank in such Advance shall be the applicable Margin plus applicable Reserve Asset Costs plus the rate per annum notified by the Bank 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 Bank of funding its participation in such Advance from whatever sources it may reasonably select.
11.3 NON-AVAILABILITY OF CURRENCY

If any Bank notifies the Agent before 10.00 a.m. (London time) 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 Bank 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. (London time) 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 Banks and the Parent to that effect as soon as practicable but in any event before 11.00 a.m. (London time) on the proposed Utilisation Date;

(b) unless the Parent and the Banks 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 Banks 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 Advances made or to be made by it under this Agreement as is attributable to it making, funding or maintaining its 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 Reserve Asset Costs; 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 Bank or any of its holding companies (or the overall net income, profits or gains of a division or branch of the Bank or any of its holding companies).

13. ILLEGALITY AND MITIGATION

13.1 ILLEGALITY

If it becomes unlawful in any jurisdiction for a Bank to give effect to any of its obligations as contemplated by this Agreement or to fund or maintain any Advance, then the Bank may notify the Parent through the Agent accordingly and thereupon:
(a) each Borrower shall, to the extent required and within the period allowed or if no period is allowed, forthwith, repay any Advances made to it by that Bank together with all other amounts payable by it to that Bank under this Agreement; and  

(b) the Bank’s Tranche A Commitment and Tranche B Commitment shall be cancelled.

13.2 MITIGATION

Notwithstanding the provisions of Clauses 10 (Taxes), 12 (Increased Costs) and 13.1 (Illegality), if in relation to a Bank 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

(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 Bank or the Agent, such Bank shall promptly upon becoming aware of the same notify the Agent thereof (whereupon the Agent shall promptly notify the Parent) and such Bank 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 Bank 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 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
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
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 Original Borrower 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
3. (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 Reuters Holdings Plc and its Subsidiaries as at the date as of which they were prepared and the consolidated results of the operations of Reuters Holdings Plc and its Subsidiaries during the financial year then ended.

(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 Banks 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 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 Reuters Holdings Plc and its Subsidiaries (as shown in the Original Group Accounts but excluding the effect of the Scheme of Arrangement) 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 is to the best of the Parent’s knowledge and belief true and accurate in all material aspects and opinion expressed about the Group in the Information Memorandum was honestly held 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.

(c) In this Clause 15.12 and Clause 15.13 (Time for making representations and warranties), “INFORMATION MEMORANDUM” means the information memorandum to be prepared and delivered to the Banks in connection with the primary syndication of the Facility.

15.13 TIMES FOR MAKING REPRESENTATIONS AND WARRANTIES

The representations and warranties set out in this Clause 15:

(a) (except for Clause 15.12 (Information)) are made on the Effective 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;

(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; and

(d) in the case of Clause 15.12 (Information), are made on the date of the Information Memorandum.

16. UNDERTAKINGS

16.1 DURATION

The undertakings in this Clause 16 (Undertakings) will remain in force from the Effective 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 Banks 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 Banks 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.

(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 Banks 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).
In the case of the Parent, it will supply to the Banks 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.

In the case of the Parent, together with the accounts specified in paragraph (a) 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 Banks through the Agent of the occurrence of any Default, and upon receipt of a notice to that effect from the Agent, confirm to the Banks that, save as previously notified to the Banks 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 none of the Subsidiaries 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 and Tax in respect of any financial year to Consolidated Net Finance Charges for such financial year shall exceed 2.5:1.

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 Banks 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) except in relation to a Specified Subsidiary, where such liquidation, administration, winding-up, dissolution or reorganisation could not reasonably be expected to have a Material Adverse Effect.

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 (other than a Specified 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 (pound)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 Banks, 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 Banks 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 Banks).

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 Banks, 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 ARRANGER

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 ARRANGER

Except as otherwise provided in this Agreement, the Arranger has no 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 BANKS' DIRECTIONS

The Agent will be fully protected if it acts in accordance with the instructions of the Majority Banks 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 Banks will be binding on all the Banks. In the absence of such instructions the Agent may act as it considers to be in the best interests of all the Banks.

19.5 DELEGATION

The Agent may act under the Finance Documents through its personnel and agents.
19.6 RESPECTIBILITY FOR DOCUMENTATION

Neither the Agent nor the 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 Banks.

(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.

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
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 Bank 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 the 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 Bank 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 Bank.

(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 Bank
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 Bank in accordance
with this Agreement, to request any certificates or other
documents from any Obligor.

19.12 THE AGENT AND THE ARRANGER INDIVIDUALLY

(a) If it is also a Bank, each of the Agent and the Arranger has the same
rights and powers under this Agreement as any other Bank and may
exercise those rights and powers as though it were not the Agent or the
Arranger.

(b) Each of the Agent and the 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 Bank 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 Bank’s proportion of the liability or loss set out in paragraph (a) above is the proportion which the Original Sterling Amount of its 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 Bank 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 Banks and the Parent, in which case the Agent may forthwith appoint one of its Affiliates as successor Agent or, failing that, the Majority Banks 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 Banks 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 BANKS

The Agent may treat each Bank as a Bank, entitled to payments under this Agreement and as acting through its Facility Office(s) until it has received notice from the Bank to the contrary by not less than five Business Days prior to the relevant payment.

19.17 CHINESE WALL

In acting as Agent or Arranger, the agency and syndications division of each of the Agent and the Arranger shall be treated as a separate entity from its other divisions and departments. Any information acquired at any time by the Agent or the Arranger otherwise than in the capacity of Agent or 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 Arranger and shall not be deemed to be information possessed by the Agent or Arranger in their capacity as such. Each Finance Party acknowledges that the Agent and the Arranger 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 the 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 Bank pro rata to the proportion its Commitment bears to the Total Commitments from time to time a commitment fee at the rate of:

(i) 0.040 per cent. per annum from the Effective Date in relation to Tranche A; and

(ii) in relation to Tranche B, 0.075 per cent. per annum from the Effective Date until the third Anniversary and 0.080 per cent. per annum thereafter,

on, in each case, any undrawn,uncancelled amount of the Tranche A Total Commitments or the Tranche B Total Commitments, as the case may be, on each day.
The commitment fee is calculated and accrues on a daily basis from the Effective Date and is payable quarterly in arrear with the first payment due three months after the Effective Date. Accrued commitment fee is also payable to the Agent for the relevant Bank(s) on the cancelled amount of its Tranche A Commitment or, as the case may be, Tranche B 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 Arranger a participation fee and to The Chase Manhattan Bank an up-front fee, in each case in the amount and on the dates specified in the relevant Fee Letter.

20.4 MANAGEMENT FEE

The Parent shall pay to the Arranger a management fee in amount and on the dates set out in the relevant Fee Letter.

20.5 UTILISATION FEE

(a) The Parent shall pay to the Agent for distribution to each Bank pro rata to the proportion its outstanding Tranche B Advances bears to the aggregate outstanding Tranche B Advances on each day a utilisation fee at the rate of 0.025 per cent. per annum on the aggregate outstanding Tranche B Advances on that day provided that the fee will only accrue on any day on which the aggregate outstanding Tranche B Advances on such day exceeds 50 per cent. of the Tranche B 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 Effective Date. Accrued utilisation fee is also payable to the Agent for the relevant Banks on the Tranche B 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 Original Borrower 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 Arranger the amount of all out-of-pocket costs and expenses (including legal fees) reasonably incurred by either 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.
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, in the case of Tranche A Advances, and Tranche B Advances, 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 MLA 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 Reserve Asset Cost other than any MLA 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 Banks and the Agent. The Agent may effect, on behalf of the Majority Banks, 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 Banks" 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 Bank'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 Bank; or
(f) Clause 29 (Pro Rata Sharing) or this Clause 25 (Amendments and Waivers),

may not be effected without the consent of each Bank.

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 BANKS

(a) A Bank (the "EXISTING BANK") 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 BANK") with the prior consent of the Parent unless:

(i) the New Bank is another Bank or an Affiliate of a Bank; 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 Bank confirms to the Agent and the Parent that it undertakes to be bound by the terms of this Agreement as a Bank in form and substance satisfactory to the Agent and the Parent. On the transfer becoming effective in this manner the Existing Bank shall be relieved of its obligations under this Agreement to the extent that they are transferred to the New Bank.

(c) Nothing in this Agreement restricts the ability of a Bank to sub-contract an obligation if that Bank remains liable under this Agreement for that obligation.

(d) On each occasion an Existing Bank assigns, transfers or novates any of its rights and/or obligations under this Agreement after the end of the Syndication Period (other than to an Affiliate), the New Bank shall, on the date the assignment, transfer and/or novation takes effect, pay to the Agent for its own account a fee of (pound)1,000.

(e) An Existing Bank is not responsible to a New Bank 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 Bank confirms to the Existing Bank 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 Bank 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 Bank to:

(i) accept a re-transfer from a New Bank of any of the rights and/or obligations assigned, transferred or novated under this Clause; or

(ii) support any losses incurred by the New Bank 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 Bank includes a New Bank but excludes a Bank 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 Bank and the New Bank 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 Bank and the New Bank) 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 Bank and the other Parties (the "EXISTING PARTIES") will be released from their obligations to each other (the "DISCHARGED OBLIGATIONS");

(ii) the New Bank 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 Bank instead of the Existing Bank;

(iii) the rights of the Existing Bank against the existing Parties and vice versa (the "DISCHARGED RIGHTS") will be cancelled; and

(iv) the New Bank 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 Bank instead of the Existing Bank,

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 Banks 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 (or a new holding company of the Parent in relation to an Approved Scheme) 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 Bank, the Bank of which it is an Affiliate) ceases to be a Bank, the Agent shall (in
consultation with the Parent) appoint another Bank or an Affiliate of a Bank 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 Banks 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 Bank 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 Bank has acquired under or in connection with any Finance Document,

provided that a Bank shall not disclose any such information to a person other than one of its Affiliates unless that person has provided to that Bank a confidentiality undertaking addressed to that Bank 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 or by telex or facsimile. Any such notice will be deemed to be given as follows:

(a) if in writing, when delivered;

(b) if by telex, when despatched, but only if, at the time of transmission, the correct answerback appears at the start and at the end of the sender’s copy of the notice; and

(c) if by facsimile, 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 Banks irrespective of receipt of such confirmation).

32.2 ADDRESSES FOR NOTICES

(a) The address and facsimile number of each Party (other than the Agent, the Original Borrower 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:

Chase Manhattan International Limited
Trinity Tower
9 Thomas More Street
London E1 9YT

Attention: Loans Agency Department
Facsimile: 0171-777 2360

or such other as the Agent may notify to the other Parties by not less than five Business Days’ notice.

(c) The addresses and facsimile numbers of the Parent and the Original Borrower are:

85 Fleet Street
London EC4P 4AJ

Attention: Group Treasurer
Facsimile: 0171 542 5404

or such other as the Parent may notify to the other Parties by not less than five Business Days’ notice.
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

(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.
<table>
<thead>
<tr>
<th>BANK</th>
<th>COLUMN 1 TRANCHE A COMMITMENTS (POUND)</th>
<th>COLUMN 2 TRANCHE B COMMITMENTS (POUND)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Chase Manhattan Bank</td>
<td>1,000,000,000</td>
<td>500,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,000,000,000</td>
<td>500,000,000</td>
</tr>
</tbody>
</table>
SCHEDULE 2
CONDITIONS PRECEDENT DOCUMENTS

PART I

TO BE DELIVERED BEFORE THE FIRST ADVANCE

1. ALL OBLIGORS

A copy of the memorandum and articles of association and certificate of incorporation (or equivalent constituent documents) of each Obligor.

2. PARENT

(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. ORIGINAL BORROWER

(a) A copy of a resolution of the board of directors of the Original Borrower:

(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 other documents and notices (including Requests) to be signed and/or despatched by it under or in connection with the Finance Documents; and

(b) a specimen of the signature of each person authorised by the resolutions referred to in paragraph (a) above.

4. SCHEME OF ARRANGEMENT DOCUMENTS

A press release in final form in form and substance satisfactory to the Agent relating to the Scheme of Arrangement (the “PRESS RELEASE”).

5. COMPLETION OF THE SCHEME OF ARRANGEMENT

(a) A certificate from a director of the Parent addressed to the Agent on behalf of the Finance Parties certifying that:

(i) the Scheme of Arrangement has been effected substantially in accordance with the terms of the Press Release;

(ii) the Effective Date has occurred and confirming such date; and

(iii) the shares of the Parent have been admitted to the Official List of the London Stock Exchange,

and attaching certified copies of the Court Order and the Certificate of Registration issued by the Registrar of Companies of the Court Order.

(b) Copies of irrevocable notices given to cancel all existing bilateral loan agreements between any Bank and Reuters Holdings Plc or its Subsidiaries.

6. 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.
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.
SCHEDULE 3
CALCULATION OF THE MLA COST

(a) The MLA Cost for an Advance denominated in Sterling is calculated in accordance with the following formula:

\[
BY + L(Y-X) + S(Y-Z) \% \text{ per annum} = MLA \text{ Cost } 100-(B + S)
\]

where on the day of application of the formula:

B is the percentage of the Agent’s eligible liabilities which the Bank of England requires the Agent to hold on a non-interest-bearing deposit account in accordance with its cash ratio requirements;

Y is the rate at which Sterling deposits are offered by the Agent to leading banks in the London interbank market at or about 11.00 a.m. on that day for the relevant period;

L is the percentage of eligible liabilities which the Bank of England requires the Agent to maintain as secured money with members of the London Discount Market Association and/or as secured call money with certain money brokers and gilt-edged primary market makers;

X is the rate at which secured Sterling deposits in the relevant amount may be placed by the Agent with members of the London Discount Market Association and/or as secured call money with certain money brokers and gilt-edged primary market makers at or about 11.00 a.m. on that day for the relevant period;

S is the percentage of the Agent’s eligible liabilities which the Bank of England requires the Agent to place as a special deposit; and

Z is the interest rate per annum allowed by the Bank of England on special deposits.

(b) For the purposes of this Schedule 3:

(i) “ELIGIBLE LIABILITIES” and “SPECIAL DEPOSITS” have the meanings given to them at the time of application of the formula by the Bank of England;

(ii) "RELEVANT PERIOD" in relation to an Advance, means:

(A) if its Term is three months or less, its Term; or

(B) if its Term is more than three months, each successive period of three months and any necessary shorter period comprised in that Term.

(c) In the application of the formula, B, Y, L, X, S and Z are included in the formula as figures and not as percentages, e.g. if B = 0.5% and Y = 15%, BY is calculated as 0.5 x 15.
(d) (i) The formula is applied on the first day of each relevant period comprised in the Term of the relevant Advance.

(ii) Each rate calculated in accordance with the formula is, if necessary, rounded upward to four decimal places.

(e) If the Agent determines that a change in circumstances has rendered, or will render, the formula inappropriate, the Agent (after consultation with the Reference Banks) shall notify the Parent of the manner in which the MLA Cost will subsequently be calculated. The manner of calculation so notified by the Agent shall, in the absence of manifest error, be binding on all the Parties.
SCHEDULE 4

FORM OF REQUEST

To: Chase Manhattan International Limited as Agent

From: [BORROWER]  Date: [   ]

REUTERS GROUP LIMITED - (POUND)1,500,000,000 SYNDICATED CREDIT FACILITY
DATED 4TH DECEMBER, 1997

1. We wish to utilise Tranche A* and/or*/Tranche B* by way of Advance(s)* as follows:

   (a) Utilisation Date:
       Tranche A: [   ]*
       Tranche B: [   ]*

   (b) Requested Amount (including currency):
       Tranche A: [   ]*
       Tranche B: [   ]*

   (c) Term:
       Tranche A: [   ]*
       Tranche B: [   ]*

   (d) Payment Instructions:
       Tranche A: [   ]*
       Tranche B: [   ]*

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

- ---------------------
* Delete as appropriate.
SCHEDULE 5
FORMS OF ACCESSION DOCUMENTS

PART I
NOVATION CERTIFICATE

To:    Chase Manhattan International Limited as Agent

From:  [THE EXISTING BANK] and [THE NEW BANK]  Date: [    ]

REUTERS GROUP LIMITED - (POUND)1,500,000,000 SYNDICATED CREDIT AGREEMENT DATED 4TH DECEMBER, 1997

We refer to Clause 26.3 (Procedure for novations).

1. We [    ] (the "EXISTING BANK") and [ ] (the "NEW BANK") agree to the Existing Bank and the New Bank novating all the Existing Bank'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 Bank 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 Bank to be novated].

[NEW BANK]
[Facility Office]
[Existing Bank]

By:                                             By:                       By:

Date:                                           Date:                     Date:
To: Chase Manhattan International Limited as Agent
From: [PROPOSED BORROWER] and Reuters Group Limited

[Date]

REUTERS GROUP LIMITED - (£1,500,000,000 SYNDICATED CREDIT FACILITY DATED 4TH DECEMBER, 1997 (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 LIMITED
Authorised Signatory
PART III
GUARANTOR ACCESSION AGREEMENT

To: Chase Manhattan International Limited as Agent
From: [PROPOSED GUARANTOR]
Date: [     ]

REUTERS GROUP LIMITED - (POUND)1,500,000,000 SYNDICATED CREDIT FACILITY DATED 4TH DECEMBER, 1997 (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 )
A NOVATION AGREEMENT dated [    ]

BETWEEN:

(1) [                          ] (the "EXISTING BORROWER");  
(2) [                          ] (the "SUBSTITUTE BORROWER");  
(3) REUTERS GROUP LIMITED 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) CHASE MANHATTAN INTERNATIONAL LIMITED as agent (the "AGENT") on behalf of itself and the Banks (as defined in the Credit Agreement referred to below),

and is supplemental to the Syndicated Credit Agreement dated 4th December, 1997 and made between Reuters Group Limited, Reuters Investments, the financial institutions listed in Schedule 1 thereto, Chase Manhattan plc 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.
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 Bank and the Agent
SCHEDULE 6
FORM OF COMPLIANCE CERTIFICATE

To: Chase Manhattan International Limited
From: Reuters Group Limited [date] 1997

REUTERS GROUP LIMITED - (POUND)1,500,000,000 SYNDICATED CREDIT FACILITY DATED
4TH DECEMBER, 1997 (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 ended [ ] (the "TESTING DATE"):

(a) in respect of the financial year 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 was [ ]; and

(b) the Material Subsidiaries were:

[ ].

3. The information in this certificate is based on information which has been properly extracted from the audited consolidated accounts of Reuters Group Limited 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 Limited                          Reuters Group Limited
FORM OF CONFIDENTIALITY UNDERTAKING

To: [Bank]
Reuters Group Limited

Dear Sirs

We refer to the (pound)1,500,000,000 Syndicated Credit Facility dated 4th December, 1997 (the "CREDIT AGREEMENT") between, among others, Reuters Group Limited and The Chase Manhattan Bank.

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 Bank] (the "BANK") and understand that it is a condition of our receiving information about Reuters Group Limited 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 Limited.

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 Bank 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 LIMITED
By: STEVEN MITCHELL

ORIGINAL BORROWER
REUTERS INVESTMENTS
By: STEVEN MITCHELL

ARRANGER
CHASE MANHATTAN PLC
By: NEVILLE CROW

AGENT
CHASE MANHATTAN INTERNATIONAL LIMITED
By: NEVILLE CROW
   TIM COLLIER

BANKS
THE CHASE MANHATTAN BANK
By: TIM COLLIER
We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 33-16927, No. 33-27879 and No. 33-98998) of Reuters Holdings PLC (predecessor to Reuters Group PLC), of our report dated February 13, 1998 appearing on page 35 of Reuters Holdings PLC 1997 Annual Report to Shareholders which is incorporated in this Reuters Group PLC Annual Report on Form 20-F.

By /s/ Price Waterhouse
London, England
Chartered Accountants
March 2, 1998
and Registered Auditors
CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form F-3 (No. 33-69894 and No. 333-7374) of Reuters Holdings PLC (predecessor to Reuters Group PLC), of our report dated February 13, 1998 appearing on page 35 of Reuters Holdings PLC 1997 Annual Report to Shareholders which is incorporated in this Reuters Group PLC Annual Report on Form 20-F.

By /s/Price Waterhouse
London, England Chartered Accountants
March 2, 1998 and Registered Auditors
BREAKING NEW GROUND

Reuters Holdings PLC Annual Report 1997

FIVE YEAR SUMMARY

Revenue (pound)million

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<td></td>
<td>2,882</td>
<td>2,914</td>
<td>2,703</td>
<td>2,309</td>
<td>1,874</td>
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Declined 1% at actual exchange rates but grew 9% at comparable exchange rates

Profit before tax (pound)million

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<td></td>
<td>626</td>
<td>652</td>
<td>558</td>
<td>481</td>
<td>422</td>
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1993 - 1996 have been restated to reflect goodwill amortisation

Earnings before interest, tax, depreciation and amortisation (EBITDA) (pound)million

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<td></td>
<td>904</td>
<td>924</td>
<td>801</td>
<td>681</td>
<td>584</td>
</tr>
</tbody>
</table>

Declined 2% at actual exchange rates but grew 8% at comparable rates

Adjusted earnings per ordinary share pence

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<td>30.4</td>
<td>25.8</td>
<td>21.7</td>
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</table>

Adjusted to exclude goodwill amortisation and the cost of the capital reorganisation

Dividends per ordinary share pence

<table>
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<tr>
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<td></td>
<td>13.00</td>
<td>11.75</td>
<td>9.80</td>
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Increased by 11% in 1997

Cash flow per ordinary share pence

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<td>61.0</td>
<td>60.7</td>
<td>52.7</td>
<td>45.6</td>
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</tbody>
</table>

Remained virtually unchanged from 1996. The ratio is defined on page 89

COVER IMAGE

A colour image of Sojourner, a toy-sized robot exploring Mars, is beamed back to Earth at the end of the day on 8 August, more than a month after landing on the Red Planet to launch a new phase of space exploration. The Pathfinder space probe will be followed by four more landing craft over the next eight years, culminating in a landing by another robot explorer that will collect rock and soil samples and return them to Earth for examination.

NASA/Jet Propulsion Laboratory/CALTECH.

Reuters products

- User accesses                                435,000
- Customer locations                           53,000
- Countries served                             163
- Languages in which news services created     25

Infrastructure

- Staff                                        16,119
- Countries with Reuters offices                97
- Cities with Reuters offices                   217

Information sources

- Data contributors                            4,800
- Markets reported in realtime                 277
- Journalistic staff                            2,636
- Editorial bureaux                            174
### Financial Highlights

**Earnings per ordinary share**
- Stock Exchange 100 index

**Adjusted earnings per ADS**
- Includes amortisation of goodwill.

### Dividends per ordinary share

### Company Details

**Dividends per ADS**
- Each ADS represents six ordinary shares.

**Adjusted earnings per share**
- Total attributable to ordinary shareholders excluding amortisation of goodwill.

**Reuter share price**
- Identifies a straight line at value '1' and the Reuters share price is identified as a line varying as follows:

**Picture of a Reuters screen showing a line graph where the FTSE 100 index is identified as a straight line at value '1' and the Reuters share price is identified as a line varying as follows:**

#### Financial Highlights

<table>
<thead>
<tr>
<th>Date</th>
<th>Relative Performance Against the FTSE 100</th>
<th>Relative Performance Against the FTSE 100</th>
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</table>
Reuters first with news of Chinese leader Deng Xiaoping's death

Reuters Business Briefing in Cyrillic

RFTV, live and exclusive, covers first televised Bank of England inflation briefing

new Internet private investor services

Dealing 2000-2 launches new forward dealing product

global Millennium Challenge Programme launched

3000 series sales hit 43,900

new capital structure to form Reuters Group PLC

(pound)1.5 billion cash to shareholders announced

daily trade on Instinet tops 200 million shares on 28 October 1997

Reuter Foundation launches AlertNet Internet service for relief agencies

new advanced multicast technology from TIBCO subsidiary

SportsWeb global Internet site launched

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2-3
Reuters uses the latest technology to inform the world.

Since 1850, when Paul Julius Reuter used carrier pigeons to bridge a gap in European telegraph lines, Reuters has been breaking new ground to deliver financial information and news significantly faster than anyone else.

Today, Reuters operates the world's largest private communications network, using satellites to beam realtime information and news around the planet.

Reuters products are distinguished by speed and accuracy. In the fast-moving markets of a shrinking world, they have global reach and local focus. New Internet technologies enable Reuters to meet our clients' needs for information and analytics ever more rapidly.

Our customers demand in-depth data, sophisticated analytics and easy-to-use applications across the Reuters product line, ranging from electronic transactions to risk management.

Reuters clients watch news and prices on more than 435,000 computer screens in 163 countries.
FINANCIAL PRODUCTS

INFORMATION PRODUCTS

Information products deliver realtime and historical news and financial data to customers within the financial markets and provide the software tools to analyse data. Reuters main offerings are the series 2000 and 3000 product lines. Information management systems offer customers the means to integrate and analyse data from a variety of sources for financial trading rooms. Risk management, order handling products and customised solutions from TIBCO offer customers the means of managing their own information flows and exposure to risk.

TRANSACTION PRODUCTS

Transaction products principally comprise the Dealing 2000 product line and Instinet. Dealing 2000 products enable foreign exchange professionals to converse electronically with chosen trading partners using Dealing 2000-1 or Reuters automated matching system Dealing 2000-2. Instinet provides agency brokerage services in global equities to securities industry professionals in more than 30 countries.

CUSTOMERS: Most of the world's leading financial institutions. Traders, brokers, dealers, analysts, investors and corporate treasurers use both information and transaction products.

COMPETITORS: Reuters is a market leader in most of these sectors. Its principal competitors are Bloomberg, Bridge Information Systems and Dow Jones Markets. They offer differing levels of geographic spread and market coverage. In many countries there are national competitors. For information management systems, the principal competitors are CSK Software and Dow Jones Markets. The Electronic Broking Service is the principal competitor for foreign exchange. Instinet competes with other brokers for transactions in global equity order flow, and delivers its services using both advanced computer and traditional telephonic technology.

OUTLOOK: The new 3000 series, which packages historical data and analytics along with prices and news, is selling strongly and is well-received by customers. While there are signs of consolidation among customers in several geographical markets, there is more rapid deregulation in Asia which is expected to be positive for our business over time despite the present short-term market instability. The addition of new products and expansion into emerging markets play a significant role in Reuters Transactions products growth strategy.

PROFESSIONAL PRODUCTS

Professional products provide a range of near realtime and historical financial information news products and related technology to the corporate and professional markets. Reuters Business Briefing provides access to 10 years' business information from one of the world's most comprehensive databases.

CUSTOMERS: Reuters services have been developed for the insurance, advertising and transportation industries and other corporate sectors. VAMP Health Ltd. provides computer facilities to UK doctors.

COMPETITORS: Reed Elsevier's Lexis-Nexis, Dialog, FT Profile, Dow Jones News Retrieval, are among them.

OUTLOOK: Rising demand for accurate and relevant information at the desktop is driving the growth of this market, with increasing delivery over corporate intranets and the Web.

MEDIA PRODUCTS

Media products comprise textual news, television services, pictures and graphics for republication by media customers and also the repackaging and sale of content for online services.

CUSTOMERS: Broadcasters, newspapers, digital and Internet online publishers around the world.

COMPETITORS: Associated Press, Agence France Presse and Worldwide Television News are the main international competitors.

OUTLOOK: The growth of new generation digital publishing, on the Internet and elsewhere, provides continuing revenue opportunities beyond Reuters traditional markets.

Information products revenue (pound)million

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<tr>
<td>Revenue</td>
<td>1,852</td>
<td>1,892</td>
<td>1,841</td>
<td>1,617</td>
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Revenue declined 2% and accounted for 64% of the total.

Transaction products revenue (pound)million

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</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>828</td>
<td>813</td>
<td>671</td>
<td>527</td>
<td>394</td>
</tr>
</tbody>
</table>

Revenue grew 2% and accounted for 29% of the total.

Media and professional products revenue (pound)million
Revenue declined 3% and accounted for 7% of the total.
Performance

The British Thrust SuperSonic Car broke the sound barrier to set the first world supersonic land speed record on 15 October, racing across the remote Black Rock Desert in Nevada at 763.04 mph (1,220.86 kph). Thrust had previously shattered the old land speed record of 633 mph (1,012 kph) with a run of 714 mph (1,142 kph) on 25 September. Gary Caskey/Reuters.
As the shock waves of Asia's economic turmoil swept the world in 1997, financial markets from east to west registered new levels of volatility and record trading volumes. The ever-growing demand for fast, accurate and reliable information in an accessible form means Reuters products must perform at ever higher levels to help our customers do their jobs better. On 28 October, the New York Stock Exchange and NASDAQ traded 2.5 billion shares on the busiest day in their trading history.

On that same day, Reuters Integrated Data Network (IDN) at one point reached a peak of 2,772 updates a second of new data and information supplied by our realtime broadcast services, ranging from news to money, securities to commodities. IDN updates currently average 1,950 items a second, an explosive growth from an average 500 a second just five years ago and less than 200 in 1988.
Balance

American tightrope artist Jade Kindar-Martin walks on a tightrope over the River Thames in London with St. Paul's cathedral in the background on 14 September. Kindar-Martin and French colleague Didier Pasiquette successfully completed a world record attempt to cross the 300 metre-long tightrope passing each other on the way. Paul Hackett/Reuters.
The reputation of Reuters is based on the key qualities of accuracy, speed and impartiality. Our customers look to Reuters as a source of trust. The authority and balance of Reuters information allows them to trade and report with confidence. Reuters Financial Television rose to the challenge of reporting Asia’s economic crisis by becoming the live news source for the professional financial market. Since the crisis began in July 1997, RFTV attracted onto its screens, on a regular, live and exclusive basis, almost every Asian finance minister and central bank governor. Some of those officials had never before spoken willingly in public. But their regard for Reuters objectivity and understanding of our reach into the world markets made RFTV a brand of respect in the corridors of Asian government, and a crucial trading tool for its clients.
Opportunity

Soldiers of China's People's Liberation Army raise the Chinese flag at a ceremony on 1 July marking Hong Kong's return to Chinese sovereignty. Britain lowered its flag for the last time during the midnight ceremony, ending 156 years of colonial rule. Kimimasa Mayama/Reuters.
For Reuters and its customers, change means opportunity. Emerging markets, Internet investor services, market deregulation, new electronic trading systems all feed the burgeoning demand for information. The ceaseless march of technology which enables these advances is not a threat, but an opportunity to develop faster, cheaper and more focused delivery systems. Putting new Web technology to work helped develop Reuters flagship 3000 series packaging together realtime data and news with analytics and huge databases of historical information in a user-friendly way. Technology allows the cost of transactions to be much lower than before and opens the way for electronic order-books and cross-border investment. The quick and easy access to historical data enables speedy analysis of past performance as a guide to what may happen in the future. Technology gives Reuters products the flexibility that allows our customers to mix and match hardware and software as best suits them.
"Reported operating profits fell by 8%, the first actual decline since 1979, whereas operating profit increased by 7% on a comparable exchange rate basis."

"The Board remains confident ... in the growth opportunities to be derived from exceptional service to the global financial industry, Reuters principal market."

1997 was a testing year for shareholders in Reuters, as it was for those managing the company. The share price, in marked contrast to the trend for many years past, declined absolutely and also lost a lot of ground relative to the market. The principal influencing factor was the strength of sterling, as demonstrated by the fact that reported operating profits actually fell by 8%, the first decline since 1979, whereas operating profit increased by 7% on a comparable exchange rate basis. Taking an overall view, the Board again decided on a rate of dividend increase well ahead of reported earnings. Also, the strength of our cash generation and financial position enabled us to propose towards the year end a Scheme of Arrangement whereby (pound)1.5 billion of capital would be returned to shareholders. This sum incidentally is roughly equivalent in real terms to the total market capitalisation of the company on its flotation in 1984. Reported earnings per share in Reuters Group will be readily able to be compared with past figures but absolute profits will not be, as a result of the interest loss on the cash distributed.

The fundamental question, of course, is 'whither earnings?' What underlying rate of revenue growth can be achieved? Can percentage sales growth be translated into at least equivalent percentage earnings growth?

The Board remains confident, notwithstanding the effects of industry consolidation, in the growth opportunities to be derived from exceptional service to the global financial industry, Reuters principal market. Over the years we have backed this confidence with substantial investment in improvement and innovation. The company's major assets are intangible, but real and competitive: the skills and loyalty of its people; its databases and the organisation of them; the extraordinary geographical diversification of the business; and the Reuters brand, unswervingly underpinned by the Reuter Trust Principles. We believe, on the basis of thorough and regular research into the views of major investors, that there is broad consensus on the key elements of our strategy and that it will stand the test of time, if it is well implemented.

On the cost side of the business there are currently exceptional pressures on resources stemming from technological change, EMU and our Millennium Compliance Programme. For many years now, despite leaving prices substantially unchanged overall, we have been able to keep underlying revenue growth generally in line with or ahead of underlying cost growth and we have also made room for pursuit of market share and further sales growth. The Board is committed to these objectives.

In summary, therefore, we believe that we are steering a good course and we are determined not to be blown off it. We are aware, however, that what we regard as realism, others may view as excessive caution; and that a policy of exploiting our traditional strengths and markets may be seen by some as indicating a lack of ambition. So be it. As a Board, we try to ensure that, both in our own discussions and in the company as a whole, there is that degree of sensitivity to events and to relevant opinion which is fundamental to good corporate governance. But genuinely held differences of view are bound to arise - not just in strategic matters but also, for example, as between the Remuneration Committee and some institutional shareholders over one or two parameters of the long-term incentive scheme approved last April. The only remedy is persistent and high quality two-way communication; and on principle we strive for that, albeit laying no claims to perfection.

Pehr Gyllenhammar, a non-executive director since 1984, retired from the Board in October and has subsequently been appointed a trustee by the Board of the Reuters Founders Share Company. His service to Reuters was outstanding. New non-executive directors for re-election at the annual general meeting will be Dick Olver, Managing Director of BP's Exploration and Production, and Roberto Mendoza, a vice chairman and executive director of J. P. Morgan & Co Inc. The Board takes this opportunity to pay warm tribute to Lord McGregor, Chairman of the Founders Share Company from 1987 until his death last November, and to welcome his successor, Sir Frank Rogers. The guardianship of our objectivity, as enshrined in the Reuter Trust Principles, is in good hands.

Sir Christopher Hogg Chairman

Sir Christopher Hogg Chairman
"Photographs from our own news service on the pages of our Annual Report ... illustrate the drive to break new ground through the use of advanced technology."

"These images match the reality only if we are prepared to sustain a substantial programme of investment and innovation on behalf of our customers."

For many years now we have been using photographs from our own news pictures service on the pages of our Annual Report. This year we have used them to represent some of our main challenges.

They illustrate the drive to break new ground through the use of advanced technology, and to draw competitive advantage from the rapid rate of change it brings about. Then there is the pressure for performance, as we girdle the globe with instant electronic consciousness of all that makes politics and markets hum. Nor can we ever forget the requirement to handle information in a balanced manner, so that those originating news events, who so often complain about distortion by journalists, can readily recognise their face in the mirror we hold up to them. In the torrent of change, this remains the company's ethical distinction, as it has since 1851.

These images match the reality only if we are prepared to sustain a substantial programme of investment and innovation on behalf of our customers. The picture will soon become blurred if we dissipate our concentration. The rationale of returning cash to investors is that we invest money as fast as possible in our business and shed the rest to improve the return on a smaller equity base.

Where are the investment flows going? One major destination is our new 3000 series of products, adding new dimensions of background and analysis to our market coverage. These products are selling well. They are gathering critical mass. We shall go on extending their capacity and features in order to meet anticipated good growth in demand. We shall allow other older products and technology to become obsolete. We shall concentrate our strengths around the 3000 range - for example transaction and brokerage facilities, or our emerging new concept in television, which uses the screen only for coverage of market-moving events and analysis. Unlike competing products which have opted for the consumer market, Reuters Financial Television is gaining a name for itself as the video service for professionals. There can be no more fast or direct approach to getting at the facts than to see them uttered by the newsmaker.

The 3000 series is further reinforced by access to a very large text database, including news from Reuters and several thousand publications worldwide, searchable in seconds. No other financial services vendor has such a facility. The Reuters Business Briefing, as it is known, is developing strong appeal to finance professionals and corporate managers alike.

In short, we aim to persuade our clients to search no further than the "Reuters 3000" to find out all that they can conceivably want to know, and to take action on this knowledge. But we do not seek to impose our technology on them. We interface conveniently to the client's own system, bought from us or from another supplier, so that data can readily be transferred, within the customer organisation, to the place where it is needed - for example in risk management models where we have made a large and successful investment.

Our open systems approach should stand us in good stead for some years to come. Customers tell us that, despite ever-increasing internal technology budgets, they have more and more problems producing useful developments on time. Reuters ability to deliver standard systems products cheaply compares more and more favourably with in-house developments which are expensive to maintain and do not for long remain a unique source of advantage.

Another rich source of standard technologies is the Internet, which has enabled us, for the first time, to invest in a promising new range of products which we are supplying to clients and to the clients of our clients.

Electronic banking and brokerage are no longer stymied by the cost of the "last mile" link into the home. The private investor needs no special lines or equipment since an Internet link to the home already exists. The air is naturally thick with predictions that conventional financial service providers will be disintermediated by this development. At Reuters we do not think this is what is likely to happen. We see our banking and brokerage customers speedily adapting themselves, in some countries, to home delivery of their services, needing only a package of information and related technology to enliven their products for the consumer.

We are opening new markets by providing just such a branded package for our customers to use in their offerings. We believe there will be performance limitations on the Internet for some time to come, although we are investing constantly in smaller companies working on technologies which will improve its efficiency. But the Internet already offers a cheap means to penetrate lower-tier markets which were hitherto ruled out by high delivery cost. The technological future is usually less dramatic than the pundits proclaim, but, over the long haul, it works and it is working for us.

Peter Job Chief Executive
AN INTERVIEW WITH THE CHIEF EXECUTIVE

Why was it necessary to reorganise the company into Reuters Group PLC and what impact will paying out (pound)1.5 billion to shareholders have on the business?

UK rules tend to assume that all companies distribute cash through dividends rather than share repurchases, yet that is not what many of our investors want, particularly in the US. Reuters has also accumulated more surplus capital than it needs for investment purposes or could reasonably dispense through dividends without making commitments to high continuing levels of pay-out. Fortunately the new British government has grasped the nettle on these matters and wholesale fiscal changes are planned for 1999 - though we didn't think we should wait that long before shedding our surplus capital. Our capital reorganisation solves these various problems, which have been creating unwanted noise around our stock price for long enough. First, it allows us to make an immediate return of capital without a significant tax cost. Second, it allows us to reduce the number of shares in issue to match the capital reduction, thus allowing comparability of earnings per share past and future. Third, it allows us to return surplus capital now and undertake share repurchases in the future without the constraints of distributable reserves needed under UK law.

The impact on the business? Well, my views are already well-known, but it stops you spending money on buying companies just because you have it. It allows us to make a tax-efficient injection of debt, which creates pressure for better resource allocation. It piles up our growth on a smaller equity base and prevents dilution of earnings from non-growth sources like interest.

How will European Monetary Union affect your foreign exchange transactions business?

Whatever happens in the EMU countries, the lesson of the past few months has been that foreign exchange volatility is not going to go away. We have always avoided dependence on a single group of currencies and countries, and our Dealing 2000-2 offering today covers 35 currency pairs traded across 33 countries.

Our Forwards foreign exchange matching product, launched last June, is also building up critical mass. We have added a number of currencies to this service which is now available in 21 countries.

At the same time, we are not saying that foreign exchange is the biggest growth market in the business. EMU will clearly have a dampening effect.

How are the sales and installations of the 3000 series going?

The 3000 series ended the year with about 28,000 installations after the first full year of sales. We fell 2,000 short of the target 30,000 figure. Sales were well ahead of expectations at 42,000. A quarter of the installations were for new users. I think we have got off to a good start. There is still lots to be done in filling out the product line and these efforts will continue year in and year out.

What can you say about the investigation in the United States into the activities of a Reuters subsidiary, Reuters Analytics, and the impact this might have on the company as a whole?

Obviously, we take this very seriously. The thing in front of our minds is that Reuters is an ethical company, a company with principles. Under the Reuter Trust Principles, our trustees have a legal duty to see that the independence, integrity and freedom from bias of Reuters are fully preserved. That comes out of the journalistic business, it comes out of the history that Reuters has of reporting the affairs of the world these last 150 years. But they should not be seen only in that context. The integrity part should spread and does spread throughout the organisation. We are cooperating with the investigating authorities and we are conducting a full investigation of our own with outside legal counsel. It is difficult to say more until the results of those investigations are known.

What impact is the strength of sterling having on your business?

The strong pound spelled a 10% cut in sterling revenue for Reuters in 1997. Now the pound has become stronger and may well hold back revenue growth in 1998. This will not go on for ever. Excluding pure currency effects, underlying growth will be propelled by a strong order book we built up in the course of last year. There are some bearish effects around, nevertheless. Asian revenue growth was less than it was in 1997, though we still expect growth to happen. Longer term there will be more deregulation and more business for us there.

Two major Swiss banks recently merged and there are forecasts that other consolidations will follow. What effect does this have for Reuters?

We have been experiencing mergers among our account base for quite a few years now. Where merged organisations have little business overlap, it can be positive for our business. Merged organisations often grow faster than previously. On average the trend is for revenue to reduce by around 5% in the year of merger but to have grown by around 6% in the year following the year of the merger. Mergers also tend to stimulate our systems business as new requirements often come out of the merged firms. It is too early to be specific about the impact of the Swiss merger. The two banks have similar profiles and this merger is therefore likely to have a negative impact on revenue. There could be other European mergers in 1998.
"The lesson of the past few months has been that foreign exchange volatility is not going to go away."

"3000 series sales were well ahead of expectations at 43,000."

"Reuters is an ethical company, a company with principles."

"The strong pound spelled a 10% cut in sterling revenue for Reuters in 1997."
BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS


Sir John Craven (1997): Former member of the Board of Managing Directors of Deutsche Bank AG and Chairman of Deutsche Morgan Grenfell plc; Chairman of Lonrho Plc; non-executive director of Rothmans International B.V. Member of the Supervisory Board, Societe Generale de Surveillance Holdings SA, Geneva. Age 57.

Michael Green (1992): Chairman of Carlton Communications Plc and British Digital Broadcasting PLC. Non-executive director of ITN. Age 50.


EXECUTIVE DIRECTORS


David Ure (1988): Has been responsible for marketing and technical policy since 1992. He headed Reuters operations in Europe for nine years, adding the Middle East and Africa for the last three. He joined in 1968 as a journalist. Non-executive director of Woolwich PLC. Age 50.


EXECUTIVE COMMITTEE

Peter Job
Jean-Claude Marchand
John Parcell
Rob Rowley
David Ure
Andre Villeneuve


Jeremy Penn: Managing Director, Reuters Asia since January 1997. Joined Reuters in 1981 as a graduate management trainee. From 1982 worked in Africa, Hong Kong

Michael Sanderson: Chairman, Reuters America Holdings Inc. since 1995. Joined Instinet as President and Chief Executive in 1990, having spent his entire career in the securities industry. Past member of NASDAQ Board. He was 23 years with Merrill Lynch, where his last position was Chief Executive, Merrill Lynch Canada. Age 55.

Geoffrey Weetman: Managing Director, Media and New Business Ventures since October 1996. Joined Reuters as an accountant in 1973, working first in Europe. From 1983-1996 he held senior positions in Asia. He was Manager, South East Asia, for six years and President, Reuters Japan for five years. Managing Director, Reuters Asia 1992-1996. He will become Director of Human Resources from May 1998. Age 51.

Rosalyn Wilton: Managing Director, Transaction Products since 1992. She joined Reuters in 1990 as Senior Vice President, Transaction Products after being a Managing Director and a Senior Vice President at Drexel Burnham Lambert. She was also elected and served as a Board Director of the London International Financial Futures and Options Exchange (LIFFE) from 1985 to 1990. Non-executive director of Scottish Widows since October 1997. Age 46

Mark Wood: Editor-in-Chief since 1989. Responsible for all news and television operations worldwide. He joined Reuters as a journalist in 1976 and was a correspondent in Vienna, East Berlin, Moscow and Bonn before becoming Editor, Europe in 1987. Age 45.

REPORT OF THE DIRECTORS

The directors submit their annual report and audited financial statements for the year ended 31 December 1997.

ACTIVITIES - Reuters activities are set out on page 5.

A detailed review of Reuters activities during 1997 and likely future developments is given in the messages from the Chairman and the Chief Executive (pages 12-15) and the operating and financial review appearing on pages 36-47. The directors consider that these reviews, taken together, comply with the statement issued by the UK Accounting Standards Board on the Operating and Financial Review and with the requirements of the US Securities and Exchange Commission (SEC) for a Management's Discussion and Analysis of Financial Condition and Results of Operations.

FINANCIAL STATEMENTS AND INTERNAL CONTROL - Separate statements about the Audit Committee and about directors' responsibilities in respect of the financial statements which include details of internal financial control are set out on pages 33-34.

The consolidated profit and loss account is set out on page 48.

AUDITORS - In accordance with section 385(1) of the Companies Act 1985 a resolution to reappoint Price Waterhouse as auditors at a remuneration to be agreed by the directors will be placed before the annual general meeting of the company on 21 April 1998.

CORPORATE GOVERNANCE - The directors consider that the company complies fully with the Cadbury Committee's code of best practice and with section A of the Best Practice Provisions annexed to the Listing Rules of the London Stock Exchange. Price Waterhouse have reviewed those matters which the Cadbury Committee recommended that the auditors should review. Their report on the results of their review is set out on page 35.

The ways in which Reuters applies relevant principles of corporate governance (including the principles set out in the Hampel Committee Report on Corporate Governance) are described in the appropriate parts of this annual report. Thus the application of corporate governance principles to Board matters is described on pages 20-21, to internal control on page 21, to relations with shareholders on page 23, to directors' remuneration on page 25 and to financial reporting on page 33.

COMPANY ORGANISATION - The Board currently comprises six executive and seven non-executive directors (including the Chairman who is responsible for running the Board). It carries the ultimate responsibility for the conduct of Reuters business. Its regular meetings take place every two months. Regular and ad-hoc reports and presentations to the Board ensure it is supplied, in a timely fashion, with the information it needs. Non-executive directors periodically visit Reuters offices throughout the world where they are briefed on various aspects of the company's operations.

The Executive Committee, chaired by the Chief Executive, is responsible for the management of the business. It meets at least six times a year. The functions of its 14 members are described in the biographies on pages 18-19.

The Executive presents the annual budget and plan to the Board for its approval. Actual results are reported to each scheduled meeting of the Board, with appropriate trend analysis.

The three principal committees of the Board are the Remuneration Committee (see pages 25-32), the Audit Committee (see page 33) and the Nomination Committee. The Board sets the terms of reference of these committees. With the exception of Michael Green all the non-executive directors, including the Chairman, served on all three committees in 1997. Michael Green at his request relinquished his membership of the Remuneration and Audit Committees at the end of 1996.
in order to devote more of his time as a non-executive director to the other aspects of the company's business. Peter Job, the Chief Executive, also serves on the Nomination Committee which makes recommendations to the Board on the appointment of directors.

The schedule of matters reserved for the Board's decision includes treasury investment, borrowing and hedging policies, significant capital expenditure or disposals of assets, and all investments, acquisitions or disposals which are not in line with strategies previously adopted by the Board.

Also reserved for Board decision is any transaction by a group company likely to require listing particulars or a tender offer to be filed with the London Stock Exchange or to require a filing under the US federal securities laws with the SEC.

The Board must approve any agreement with any other party that entails or may involve the assumption of ongoing business risks, liabilities or commitments equal to or exceeding (pound)50 million in aggregate during the life of the contract.

Non-financial risks, including possible damage to Reuters reputation as a leading news provider, or threats to the reliability of its computer systems, are examined by a business risks steering group which periodically reports to the Board on the management of risks throughout the group. In addition there is a dedicated risk management function at Instinet.

The directors are bound by the company's Articles to pay due regard to the Reuter Trust Principles. The Board views these principles as central to the company's standing and commercial success and works closely with the Reuters Founders Share Company to safeguard them. The Trust Principles and other relevant information are set out on page 86.

Company technical policies provide standards for the integrity, confidentiality and availability of internal and external information services and the systems on which they operate. These policies, together with the company's Code of Conduct which sets out the standards of behaviour and integrity which all employees are expected to observe, are readily available on the company's internal information database.

CAPITAL REORGANISATION - On 4 December 1997 Reuters announced its intention to implement a capital reorganisation which will return (pound)1.5 billion of surplus capital to shareholders. The reorganisation, which was approved by the shareholders on 19 January 1998, involves the creation of a new holding company, Reuters Group PLC, which will acquire Reuters Holdings PLC. Subject to the High Court sanctioning the arrangement, trading of the new company's shares should commence on 18 February 1998. For further details see note 30 on pages 71-72.

SHARE CAPITAL AND DIVIDENDS - Details of the changes in the authorised and called-up share capital are set out in notes 26 and 28 on pages 69-70.

For details of proposed resolutions, see the explanatory notes attached to the notice of the annual general meeting.

The company has not been notified of any material interest in the company's issued share capital either at 31 December 1997 or at the date of this report.

Reuters Founders Share Company Limited has held the Founders Share since it was issued on 9 May 1984.

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

An interim dividend of 3.1p per ordinary share was paid on 8 September 1997. The directors recommend a final dividend of 9.9p
per ordinary share giving a total of 13.0p per ordinary share for the year (1996 - 11.75p). If the capital reorganisation is approved by the court, the final dividend will be paid as an interim dividend by Reuters Group PLC to members on its register at the close of business on 20 March 1998, subject to the approval of its shareholders at its annual general meeting.

EMPLOYEES - The total number of employees at 31 December 1997 was 16,119 (31 December 1996 - 15,478). For further details see page 54.

Reuters aims to offer a wide range of experience to employees. The group offers competitive rates of pay and a commitment to training. This enables staff to respond to rapid change in an open systems environment and to take advantage of opportunities to develop their careers around the world.

It is Reuters policy that selection of employees including for entry to the company, for 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.

The Board values the courage and professionalism shown by employees operating in zones of conflict. Reuters aims to cover news wherever it breaks but instructs staff to avoid risks wherever possible.

THE ENVIRONMENT - Reuters activities have marginal direct impact on the environment and contribute minimally to pollution. The group's information products help to spread global awareness of the environment. One of them, Reuters Business Briefing, offers a wealth of information on many topics, including the environment. Its search facilities enable customers to keep abreast of events and issues with minimal use of paper and other resources. They need only print out what they want to keep.

Reuters seeks to ensure its major international equipment suppliers avoid using environmentally harmful materials or processes.

Reuters contributes to public awareness and understanding of environmental issues through the educational work of the Reuter Foundation. For journalists wanting to specialise in the field and improve their knowledge base, the Foundation offers both practical training courses and fellowships in its international journalism programme at Green College, Oxford University. It also makes grants in support of environmental projects recommended by Reuters employees in different parts of the world, such as Kew Foundation's work in northwest Brazil.

MILLENNIUM PROGRAMME - In 1996 Reuters established a Millennium Compliance Programme to address the issues arising as a result of the millennium date. Many computer systems store or process date information by the last two digits of the year only, resulting in incorrect or unpredictable treatment of dates after the year 2000 in software applications.

The purpose of the Programme is to determine which software components and systems have to be upgraded and which will need to be replaced. The process will also be used to confirm which products will be discontinued before the millennium. For further details see pages 37-38.

CHARITABLE CONTRIBUTIONS - The Reuter Foundation, the group's charitable trust, developed and launched a specialised Internet service, AlertNet, designed to help the work of international disaster relief agencies. This was the Foundation's key new activity in 1997, alongside a growing range of educational programmes and support for humanitarian causes.

AlertNet (Internet address: alertnet.org) was launched in September 1997, amid favourable media comment, and has been welcomed by some of the leading aid agencies, including the Red Cross movement. By the year end it had 32 full members, mainly
based in Europe and the United States. Membership applications from Africa, Asia and Latin America were in hand and the specialist content of the service was being developed under experienced Reuters editors.

Reuters charitable spending through the Foundation increased to (pound)3.0 million in 1997 from (pound)2.7 million in 1996. In addition, Reuters subsidiaries made direct contributions amounting to (pound)1.0 million in cash and (pound)4.4 million in kind last year, including donations of staff time, services and equipment. This total of (pound)8.4 million in overall charitable donations amounted to 1.3% of the group’s pre-tax profit in 1997.

The Reuter Foundation extended its regular educational programmes around the world, concentrating particularly on building close links with key universities and professional schools, in cooperation with Reuters line management. The main areas addressed are those in which Reuters has experience and interests, including business studies, information technology, journalism and telecommunications.

The other principal activity of the Foundation, also growing in value and geographical scope, comprised charitable grants in response to the concerns of Reuters employees around the world. Through area committees, colleagues suggest the causes they want to help, mainly health and community projects, with some emphasis on environmental issues. Increasingly, the Foundation makes grants in support of Reuters employees’ own voluntary work or fund-raising. In 1997, Reuters raised an additional (pound)0.3 million in public donations from organised charity events in different parts of the world.


No political contributions are made.

CREDITOR PAYMENT TERMS - It is Reuters normal procedure to agree terms of transactions, including payment terms, with suppliers in advance. Payment terms vary, reflecting local practice throughout the world. It is Reuters policy that payment is made on time, provided suppliers perform in accordance with the agreed terms. Group trade creditors at 31 December 1997 were equivalent to 35 days purchases during the year.

INVESTOR RELATIONS - The directors regularly meet with institutional shareholders and analysts. The company’s annual general meeting is used as an opportunity to communicate with private investors. Investor Relations departments in London, New York and Geneva are dedicated to improving communications between the company and its shareholders.

DIRECTORS - On 19 February 1997 Sir John Craven was appointed a director. On 15 October 1997 Pehr Gyllenhammar resigned as a director and was replaced by Dick Olver who joined the Board on 1 December 1997.

All other directors mentioned on pages 18-19 served throughout the year.

The group maintained insurance for directors and certain employees against liabilities in relation to the group throughout the year.

By order of the Board
Simon Yencken Company Secretary
13 February 1998
REPORT ON REMUNERATION AND RELATED MATTERS

For completeness of presentation this report covers the remuneration of the non-executive as well as the executive directors, and also related matters such as the interests of the directors in the company’s shares. It therefore covers issues which are the concern of the Board as a whole in addition to those which are dealt with by the Remuneration Committee.

THE REMUNERATION COMMITTEE

The Remuneration Committee deals with the remuneration of senior executive management on behalf of the Board and shareholders. It has agreed a framework of policies within which it sets the remuneration package for each executive director. All the non-executive directors served on the Remuneration Committee during 1997 except Michael Green.

During 1997 Sir Christopher Hogg was chairman of the committee. The Board considered that the benefits he received from the company as the non-executive Chairman of the Board did not materially influence his judgement as chairman of the Remuneration Committee. His salary and benefits, which comprise life assurance, prolonged disability insurance and pension, are determined at an annual meeting of the directors, chaired by Bob Bauman. Sir Christopher Hogg is not present for these discussions.

On 9 February 1998 Bob Bauman took over the chairmanship of the Remuneration Committee from Sir Christopher Hogg, who resigned as chairman of the committee on that date.

REMUNERATION POLICIES

The basic objectives of the Remuneration Committee’s policies are that executive directors should receive compensation which is appropriate to their scale of responsibility and performance, and which will attract, motivate and retain executives of the necessary calibre. The committee also agrees the principles underlying remuneration for other senior executives. In framing the remuneration policies, the Remuneration Committee has given full consideration to section B of the Best Practice Provisions annexed to the Listing Rules of the London Stock Exchange.

The remuneration packages of executive directors consist of annual salary, health and car benefits, prolonged disability insurance, an annual cash bonus plan, pension contributions and participation in a performance-linked share plan. Performance targets are established to achieve consistency with the interests of shareholders, with an appropriate balance between long- and short-term goals.

SUMMARY OF REMUNERATION

SALARIES OF EXECUTIVE DIRECTORS - In setting annual salary levels the committee has been assisted by reports from independent professional consultants. It considers, inter alia, the company’s operating performance in the previous year and the UK inflation rate over the same period. It also compares Reuters remuneration packages with those for jobs of similar type and seniority in relevant national and international companies. There are only a few companies whose activities are closely comparable to Reuters, and these are in the US. For the purpose of each year’s comparison the committee has used large international companies from the Financial Times Stock Exchange 100 index (FTSE 100). The committee considers the relative size of each company in terms of sales, profits and number of employees, its market capitalisation, the complexity of its operations and the international spread of its business. The committee has also had some regard to competitors in the US where higher levels of compensation are typically paid.

PROFIT-RELATED PAY - Under UK tax legislation the company has registered a profit-related pay plan for most employees in the UK. In 1997 this plan enabled employees to receive up to (pound)4,000 (1998 - (pound)2,000) of their pay free of tax if a pre-defined target was met. The executive directors participate in the plan.

BONUSES - The 1997 annual cash bonuses for executive directors were based one half on a growth target in earnings per share of 10% and one half on targets relating to the number of installations of Reuters new 3000 series products. Although underlying profit growth was in double digits, the appreciation of sterling wiped out these gains. The number of 3000 series accesses installed approached 28,000, which was 2,000 less than the one-year target. No bonuses were therefore paid to the executive directors for 1997. Annual cash bonuses do not form part of pensionable earnings. Bonus earnings of the executive directors are capped at 50% of salary.

Total expenditure on bonuses in the group (including annual cash bonuses at TIBCO and Instinet) was (pound)34.3 million.

LONG-TERM INCENTIVES - Reuters operates long-term performance-linked share plans geared to total shareholder return over a period of not less than three years. Awards vesting under the plan which covers the executive directors are not released until at least five years from the date of grant. Directors received no remuneration from this source in 1997.

Reuters has announced a capital reorganisation which has been
approved by the shareholders and which, subject to court approval, will become effective on 18 February 1998. Under the terms of the reorganisation and related documents a new holding company, Reuters Group PLC, will be formed and rights or options vesting under the company's various employee benefit plans will entitle the holders to shares in Reuters Group PLC on a one-for-one basis. For further information on the reorganisation see note 30 on pages 71-72.

SERVICE CONTRACTS - The executive directors' service contracts terminate on two years' notice. The committee is aware that the term of these contracts is longer than the one year recommended by section B of the Best Practice Provisions, but it considers them appropriate having regard, inter alia, to the length of the executive directors' service to the company, collectively and individually, and to the substantial knowledge gained thereby of the company and its business.

If an executive director's contract is terminated by the company, the benefits for which the company is liable may vary depending on length of service. The benefits will not be more than a termination payment of up to twice salary and benefits, retention of long-term incentive plan awards held for more than 18 months, and enhanced early retirement benefits under the company's pension plans.

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Salary/fees (pound000)</td>
<td>Salary/fees increase %</td>
</tr>
<tr>
<td>Chairmen:</td>
<td>185</td>
<td>13.5</td>
</tr>
<tr>
<td>Sir Christopher Hogg(1)</td>
<td>185</td>
<td>13.5</td>
</tr>
<tr>
<td>Non-executive directors:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R P Bauman</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>Sir John Craven (appointed 19 February 1997)</td>
<td>26</td>
<td>-</td>
</tr>
<tr>
<td>M P Green</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>P G Gyllenhammar (resigned 15 October 1997)</td>
<td>25</td>
<td>-</td>
</tr>
<tr>
<td>R L Olver (appointed 1 December 1997)</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>C J F Sinclair</td>
<td>40</td>
<td>-</td>
</tr>
<tr>
<td>Sir David Walker</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>Total for non-executive directors (excluding Chairman)</td>
<td>184</td>
<td>-</td>
</tr>
<tr>
<td>Executive directors:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P Job, Chief Executive and highest paid director</td>
<td>500</td>
<td>17.7</td>
</tr>
<tr>
<td>J-C Marchand (appointed 8 October 1996)(1)(2)</td>
<td>329</td>
<td>-</td>
</tr>
<tr>
<td>J M C Parcell (appointed 8 October 1996)(1)</td>
<td>235</td>
<td>6.8</td>
</tr>
<tr>
<td>R O Rowley</td>
<td>310</td>
<td>17.0</td>
</tr>
<tr>
<td>D G Ure</td>
<td>325</td>
<td>13.4</td>
</tr>
<tr>
<td>A-F H Villeneuve</td>
<td>325</td>
<td>13.4</td>
</tr>
<tr>
<td>M W Wood (resigned 3 December 1996)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total for executive directors</td>
<td>2,024</td>
<td>82</td>
</tr>
<tr>
<td>TOTAL EMOLUMENTS</td>
<td>2,393</td>
<td>92</td>
</tr>
</tbody>
</table>

(1) The percentage increase in salaries/fees is based on annualised amounts for Jean-Claude Marchand and John Parcell and, in respect of the Chairman, is computed before deduction of a salary sacrifice taken in the first four months of 1996 at the rate of (pound)75,000 per annum, in exchange for contributions by the company, on his behalf, to an individual money purchase pension plan.

(2) Jean-Claude Marchand's remuneration is paid in Swiss francs and is converted at SF2.37 to the (pound).
It is the Board's policy that executive directors, in the interests of their development to the benefit of Reuters, may serve as non-executive directors on the boards of other companies and may each, as a general rule, retain remuneration from such appointments.

DIRECTORS' REMUNERATION - Directors' remuneration fell by 10% due to the absence of bonuses offset by salary and fee increases.

NON-EXECUTIVE DIRECTORS' REMUNERATION - The remuneration of the non-executive directors is determined by ordinary resolution of the shareholders in general meeting. The Board has power to pay additional remuneration for services outside the scope of the ordinary duties of a non-executive director. It is proposed that the non-executive directors' fees, which have stood at (pound)30,000 per annum since 1995, should now be raised to (pound)33,000.

PENSION ARRANGEMENTS - Executive directors are entitled to a pension of two-thirds of basic salary on retirement from Reuters at the normal retirement age of 60. Post-retirement increases are expected to be in line with inflation (guaranteed up to the level of 5% 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 health and car benefits 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. In addition, on death within the first five years of retirement, a lump sum is payable equal to the balance outstanding of the first five years' pension instalments.

 Provision for the above benefits is made through the Reuters Pension Fund, a contributory plan, and the Reuters Supplementary Pension Scheme, a non-contributory plan. None of the executive directors has pension arrangements that are subject to the Inland Revenue earnings cap.

Pension contributions paid by the company in respect of the six (1996 - seven) executive directors participating in the plans, are assessed according to long-term funding arrangements and are expressed as an average contribution rate, which for 1997 was 21.075% of basic salaries.

Under an unfunded pension arrangement the Chairman is entitled to a pension of 2.5% of his annual fee times the number of years of service, from the date of his appointment as Chairman in May 1985 to the date his office terminates. In addition 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 (pound)300,000 for his dependants in the event of his death in service.

Pensions benefits earned by directors are as follows:

<table>
<thead>
<tr>
<th>Age</th>
<th>Years of Service</th>
<th>Directors' contributions during Year (pound)000</th>
<th>Increase during Year (pound)000</th>
<th>Total at 31 December 1997 (pound)000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir Christopher Hogg</td>
<td>61</td>
<td>12</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>P Job</td>
<td>56</td>
<td>33</td>
<td>30</td>
<td>44</td>
</tr>
<tr>
<td>J-C Marchand</td>
<td>51</td>
<td>26</td>
<td>20</td>
<td>6</td>
</tr>
<tr>
<td>J M C Parcell</td>
<td>51</td>
<td>28</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>R O Rowley</td>
<td>48</td>
<td>19</td>
<td>19</td>
<td>22</td>
</tr>
<tr>
<td>D G Ure</td>
<td>50</td>
<td>29</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>A-P H Villeneuve</td>
<td>53</td>
<td>30</td>
<td>20</td>
<td>23</td>
</tr>
</tbody>
</table>

The accrued pension entitlement shown is that which would be paid annually, commencing at normal retirement age, based on service to 31 December 1997. The increase in accrued pension during 1997 excludes any increase for inflation. Neither the contributions nor the accrued entitlement reflect any additional voluntary contributions made by the directors.
SHARE PLANS

LONG-TERM INCENTIVE PLAN - Since 1993, Reuters has operated a long-term incentive plan under which annual awards of restricted shares or, commencing in 1995, rights exercisable for shares on a one-for-one basis (share rights), are made to executive directors and certain key executives. Vesting of the awards depends on performance in terms of total return to shareholders over a defined period. The plan was approved by the shareholders at the 1997 extraordinary general meeting.

Awards granted in earlier years were made under substantially similar terms.

The table below shows the number of shares underlying awards to each executive director:

<table>
<thead>
<tr>
<th>Name</th>
<th>Awards outstanding at 1 January 1997</th>
<th>1997 Linked Share and Bonus Awards</th>
<th>Awards outstanding at 31 December 1997</th>
<th>Vested Awards</th>
<th>Non-Vested Awards (range)</th>
<th>Date of Release or exercisable period if vesting occurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>P Job</td>
<td>77,920</td>
<td>77,920</td>
<td>521</td>
<td></td>
<td>-</td>
<td>Feb 1998</td>
</tr>
<tr>
<td>Restricted shares</td>
<td>82,056</td>
<td>82,056</td>
<td>548</td>
<td></td>
<td>-</td>
<td>Feb 1999</td>
</tr>
<tr>
<td>Share rights</td>
<td>127,310</td>
<td>68,812</td>
<td>196,122</td>
<td></td>
<td>0-1,311</td>
<td>Feb 2000-Dec 2003</td>
</tr>
<tr>
<td></td>
<td>287,206</td>
<td>68,812</td>
<td>356,098</td>
<td></td>
<td>1,069</td>
<td></td>
</tr>
<tr>
<td>J-C Marchand</td>
<td>41,216</td>
<td>41,216</td>
<td>276</td>
<td></td>
<td>-</td>
<td>Feb 1998</td>
</tr>
<tr>
<td>Restricted shares</td>
<td>34,464</td>
<td>34,464</td>
<td>230</td>
<td></td>
<td>-</td>
<td>Feb 1999</td>
</tr>
<tr>
<td>Share rights</td>
<td>66,484</td>
<td>48,994</td>
<td>115,480</td>
<td></td>
<td>0-772</td>
<td>Feb 2000-Dec 2003</td>
</tr>
<tr>
<td></td>
<td>142,166</td>
<td>48,994</td>
<td>191,160</td>
<td></td>
<td>566</td>
<td></td>
</tr>
<tr>
<td>J M C Parcell</td>
<td>36,064</td>
<td>36,064</td>
<td>241</td>
<td></td>
<td>-</td>
<td>Feb 1999</td>
</tr>
<tr>
<td>Restricted shares</td>
<td>30,176</td>
<td>30,176</td>
<td>202</td>
<td></td>
<td>-</td>
<td>Feb 1999</td>
</tr>
<tr>
<td></td>
<td>117,184</td>
<td>32,342</td>
<td>149,526</td>
<td></td>
<td>443</td>
<td></td>
</tr>
<tr>
<td>R O Rowley</td>
<td>47,652</td>
<td>47,652</td>
<td>318</td>
<td></td>
<td>-</td>
<td>Feb 1998</td>
</tr>
<tr>
<td>Restricted shares</td>
<td>51,284</td>
<td>51,284</td>
<td>343</td>
<td></td>
<td>-</td>
<td>Feb 1999</td>
</tr>
<tr>
<td>Share rights</td>
<td>79,382</td>
<td>42,663</td>
<td>122,045</td>
<td></td>
<td>0-816</td>
<td>Feb 2000-Dec 2003</td>
</tr>
<tr>
<td></td>
<td>178,318</td>
<td>42,663</td>
<td>220,981</td>
<td></td>
<td>661</td>
<td></td>
</tr>
<tr>
<td>D G Ure</td>
<td>54,092</td>
<td>54,092</td>
<td>362</td>
<td></td>
<td>-</td>
<td>Feb 1998</td>
</tr>
<tr>
<td>Restricted shares</td>
<td>55,388</td>
<td>55,388</td>
<td>370</td>
<td></td>
<td>-</td>
<td>Feb 1999</td>
</tr>
<tr>
<td>Share rights</td>
<td>85,822</td>
<td>44,728</td>
<td>130,558</td>
<td></td>
<td>0-873</td>
<td>Feb 2000-Dec 2003</td>
</tr>
<tr>
<td></td>
<td>195,302</td>
<td>44,728</td>
<td>240,030</td>
<td></td>
<td>732</td>
<td></td>
</tr>
<tr>
<td>A-F H Villeneuve</td>
<td>54,092</td>
<td>54,092</td>
<td>362</td>
<td></td>
<td>-</td>
<td>Feb 1998</td>
</tr>
<tr>
<td>Restricted shares</td>
<td>55,388</td>
<td>55,388</td>
<td>370</td>
<td></td>
<td>-</td>
<td>Feb 1999</td>
</tr>
<tr>
<td>Share rights</td>
<td>85,822</td>
<td>44,728</td>
<td>130,558</td>
<td></td>
<td>0-873</td>
<td>Feb 2000-Dec 2003</td>
</tr>
<tr>
<td></td>
<td>195,302</td>
<td>44,728</td>
<td>240,030</td>
<td></td>
<td>732</td>
<td></td>
</tr>
</tbody>
</table>

The value of the awards at 31 December 1997 has been based on the day’s closing price of Reuters ordinary shares of 668.5p per share from the Daily Official list.
In 1997 the number of share rights awarded to each senior executive was determined by dividing each executive’s annual salary by the average of the daily closing price of Reuters shares in the year 1996. Commencing with the 1997 awards, the share rights granted in the UK (which includes those granted to the executive directors) are at an exercise price equivalent to the market value of the underlying shares on the date of grant, and are linked with a cash bonus equal to such exercise price. The share rights and linked cash bonus vest and are exercisable only in tandem.

Performance 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. Awards vest only after the expiration of this period. The TSR for each company is determined based on the internal rate of return from cash flows of an investor who bought a share at the beginning of the period, sold it at the end and received dividends and benefited from capital changes during the period. The average of the daily closing prices for the prior calendar year are used as the initial and ending share prices.

Since the 1997 plan was approved by shareholders two changes have been made to the method of determining TSR. Following the UK government budget proposals on 2 July 1997, dividends paid after that date have been included in the calculations net of tax instead of gross, and, from 20 October 1997 when the London Stock Exchange commenced electronic trading in FTSE 100 shares, the daily closing share prices included in the average share price calculations are the price of the last trade, instead of the mid point between the closing best bid and ask quotes.

The companies comprising the comparator group are ranked according to each company’s 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 preset vesting criteria for awards are shown in the table below. Together with the actual ranking for each award as at either the date of vesting or, if not yet vested, at 31 December 1997. Between the two vesting extremes awards vest on a graduated scale. Rankings can change materially during a measurement period.

<table>
<thead>
<tr>
<th>Date Measurement Period Commenced</th>
<th>Rankings for 100% Vesting</th>
<th>Rankings for Zero Vesting</th>
<th>Ranking at Date of Vesting</th>
<th>Ranking at 31 December 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January 1993</td>
<td>1 to 40</td>
<td>75 to 100</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>1 January 1994</td>
<td>1 to 40</td>
<td>75 to 100</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>1 January 1995</td>
<td>1 to 30</td>
<td>70 to 100</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td>1 January 1996</td>
<td>1 to 25</td>
<td>75 to 100</td>
<td>-</td>
<td>70</td>
</tr>
<tr>
<td>1 January 1997</td>
<td>1 to 26</td>
<td>66 to 100</td>
<td>-</td>
<td>96</td>
</tr>
</tbody>
</table>

The three-year measurement period for the 1995 award ended on 31 December 1997. Since the awards did not vest 100% each participant is permitted, in accordance with the plan rules, to either let the lesser number of shares vest (for release in February 2000) or to elect to extend the measurement period for the entire award to the end of 1998 without a change to the preset vesting criteria. A similar election may be made by each executive at the end of 1998. The 1993 and 1994 awards of restricted shares vested 100% at the end of their initial three-year vesting periods and are due for release in February 1996 and February 1999 respectively. The obligations under the plan, and those of the performance-related share plan discussed below, will be met from shares held by Reuters employee share ownership trusts (ESOTs). The costs charged to profit for these plans are based on the cost of shares purchased by the ESOTs. In 1997 the charge for the long-term incentive plan amounted to (pound)1.9 million (1996 - (pound)2.1 million).

PERFORMANCE-RELATED SHARE PLAN - Reuters has another performance-related share plan for senior executives not participating in the long-term incentive plan. Under the performance-related share plan, awards have been made to up to 350 executives each year. The rules for vesting are substantially the same as those currently operating for the long-term incentive plan, except that, after three years, share rights become exercisable immediately upon crystallisation. Accordingly, rights to 452,363 shares (25% of the total grant) relating to the 1995 award, vested on 1 January 1998 and are exercisable through the end of 2001, when they expire.

Participants in the 1997 award received rights to a total of 1.3 million shares (1996 - 1.6 million shares) and the costs
charged against 1997 profit amounted to (pound)1.7 million (1996 - (pound)5.6 million, 1995 - (pound)3.0 million). The 1997 charge is net of a credit of (pound)7.0 million relating to 1995 awards that did not vest and lapsed. Costs are based on the total cost of shares purchased by the ESOTs to match awards.

SUBSIDIARIES' LONG-TERM PLANS - Subsidiaries in the group operate profit-sharing and various share plans and earn-out arrangements which generally result from acquisition negotiations. The most significant have been the stock appreciation rights plans for employees/former shareholders of TIBCO Finance Technology Inc., (TIBCO) negotiated as part of the agreement to acquire TIBCO in 1994. In 1997, 86 (1996 - 246) TIBCO employees were paid (pound)1.0 million (1996 - (pound)73.1 million) under these plans.

Following the creation, in late 1996, of a new subsidiary, TIBCO Software Inc., to market middleware products outside the finance industry, option plans have been established over TIBCO Software shares for both TIBCO and TIBCO Software employees. These options will be satisfied in part by issuing new TIBCO Software shares and in part through existing TIBCO Software shares owned by Reuters such that, in total, employees could own up to approximately 20% of TIBCO Software. As at 31 December 1997 options had been granted equivalent to approximately 20% of TIBCO Software on a fully diluted basis.

Another significant plan is operated by Instinet, which in 1993 began a rolling four-year profit-sharing plan now covering approximately 590 employees. During 1997, (pound)27.7 million was paid to 130 employees and a further (pound)17.9 million has been reserved as at 31 December 1997. Of the total sum reserved (pound)6.3 million relates to the 1994 plan and will be payable in early 1998.

SAVE-AS-YOU-EARN PLAN (SAYE) - All company employees are eligible to save a fixed sum each month and use these funds to exercise options. The exercise price is fixed at 20% below the market price at the start of the savings period. UK legislation limits the amount that can be saved each month and participants can choose between plans having either a five-year or a three-year savings period.

The number of shares issued under share option plans over the 10 years to 31 December 1997, combined with the total of 20,567,784 outstanding options, was approximately 6.8% of issued capital at that date. This compares with a maximum authorised level of 10%. Also at 31 December 1997 the ESOTs held 11,810,274 shares of Reuters Holdings PLC, approximately 0.7% of issued capital. The authorised limit is 5%.

EXECUTIVE OPTIONS - At 31 December 1997 Reuters had vested but unexercised options relating to 3,400,110 shares outstanding to 221 employees under executive option plans that have completed their 10-year term. These plans have been replaced by the performance based plans described above.

Vested options on shares held by directors during 1997, including SAYE options, were all in respect of Reuters Holdings PLC and were as follows:
No. of options

<table>
<thead>
<tr>
<th>Date of Grant</th>
<th>At 1 January 1997</th>
<th>Granted during Year</th>
<th>Exercised during Year</th>
<th>At 31 December 1997</th>
<th>Exercise price pence</th>
<th>Gains on exercise of options (pound)000</th>
<th>Net Value at 31 December 1997 (pound)000</th>
<th>Date from which exercisable</th>
<th>Expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir Christopher Hogg</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sept 1996</td>
<td>1,721</td>
<td>-</td>
<td>1,721</td>
<td>601.2</td>
<td>-</td>
<td>Oct 2001</td>
<td>Apr 2002</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5,117</td>
<td>1,377</td>
<td>3,396</td>
<td>3,098</td>
<td>14</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mar 1991</td>
<td>60,000</td>
<td>-</td>
<td>60,000</td>
<td>192.2</td>
<td>-</td>
<td>Mar 1994</td>
<td>Mar 1998</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>126,516</td>
<td>2,065</td>
<td>26,516</td>
<td>102,065</td>
<td>104</td>
<td>455</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4,256</td>
<td>2,065</td>
<td>3,396</td>
<td>2,925</td>
<td>15</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,396</td>
<td>2,065</td>
<td>3,396</td>
<td>2,065</td>
<td>15</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>163</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Gains on exercise of share options are calculated as at the dates of exercise even though the directors may have retained their shares. The aggregate gain made by directors in 1996 was (pound)180,069 and the gain made by Peter Job, the highest paid director, was (pound)46,069. The net value at 31 December 1997 is the difference between the day’s closing price of Reuters ordinary shares of 668.5p per share and the exercise price of the options. During 1997 the price for Reuters ordinary shares ranged between 555p and 782p.
DIRECTORS' INTERESTS

The interests of directors in the issued share capital of group companies at 31 December 1997 were as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Proforma Holdings</th>
<th>Reuters Holdings</th>
<th>Proforma Group Holdings</th>
<th>Reuters Group Holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>R P Bauman</td>
<td>10,000</td>
<td>8,666</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Sir John Craven</td>
<td>12,400</td>
<td>10,746</td>
<td>4,500</td>
<td></td>
</tr>
<tr>
<td>M P Green</td>
<td>8,000</td>
<td>6,933</td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td>Sir Christopher Hogg</td>
<td>30,800</td>
<td>26,693</td>
<td>58,800</td>
<td></td>
</tr>
<tr>
<td>P Job</td>
<td>128,584</td>
<td>111,438</td>
<td>124,716</td>
<td></td>
</tr>
<tr>
<td>J-C Marchand</td>
<td>3,396</td>
<td>2,943</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>J M C Parcell</td>
<td>-</td>
<td>-</td>
<td>7,316</td>
<td></td>
</tr>
<tr>
<td>R O Rowley</td>
<td>141,876</td>
<td>122,957</td>
<td>138,476</td>
<td></td>
</tr>
<tr>
<td>C J F Sinclair</td>
<td>11,611</td>
<td>10,062</td>
<td>5,556</td>
<td></td>
</tr>
<tr>
<td>D G Ure</td>
<td>359,590</td>
<td>311,644</td>
<td>359,590</td>
<td></td>
</tr>
<tr>
<td>A-F H Villeneuve</td>
<td>119,106</td>
<td>103,223</td>
<td>115,716</td>
<td></td>
</tr>
<tr>
<td>Sir David Walker</td>
<td>3,000</td>
<td>2,600</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>828,363</td>
<td>717,905</td>
<td>833,670</td>
<td></td>
</tr>
</tbody>
</table>

The proforma Reuters Group PLC column indicates the directors' interests immediately following the effective date of the reorganisation. The 1996 column indicates shares held at 31 December 1996 or at the date of appointment, whichever is later.

Directors were the beneficial holders of all shares listed, except certain shares held by, or in trust for the benefit of, family members. These were Sir John Craven 1,500 shares (1,500 at date of appointment); Rob Rowley 5,316 shares (1996 - 5,316); Andre Villeneuve 101,709 shares (1996 - 101,200). At 31 December 1996 Sir Christopher Hogg had an interest in 28,000 shares which were not beneficially owned.

There have been no movements in the interests of the directors in the share capital of the group companies since 31 December 1997.

None of the directors has notified the company of an interest in any other shares, transactions or arrangements which require disclosure.

Following his appointment during 1997 Dick Olver will retire as a director at the annual general meeting and offer himself for election. Other directors proposed for re-election at the forthcoming annual general meeting are Peter Job, David Ure, Andre Villeneuve and Sir David Walker. As executive directors, Peter Job, David Ure and Andre Villeneuve each have service contracts terminable by the company on two years' notice. As non-executive directors, Dick Olver and Sir David Walker do not have service contracts.

On behalf of the Board

Sir Christopher Hogg

Chairman 13 February 1998
With the exception of Michael Green all the non-executive directors, including the Chairman, served on the Audit Committee during 1997. Charles Sinclair chairs the Audit Committee. The Finance Director and the Deputy Finance Director attend its meetings. All executive directors are invited to attend. The Audit Committee meets regularly twice a year, with further meetings as required.

The Audit Committee reviews the half year and annual financial results before they are approved by the Board. In doing so it focuses on any changes in accounting practice, major areas of judgement, the going concern assumption and compliance with accounting principles and regulatory requirements and it ensures that the annual report presents a balanced and understandable assessment of the company’s financial position and prospects.

The committee may examine whatever aspects it deems appropriate of the group’s financial affairs, its internal and external audits and its exposure to risks of a regulatory or legal nature. It keeps under review the effectiveness of Reuters system of accounting and internal financial controls, for which the directors are responsible (see page 34). It also keeps under review the company’s programme to monitor compliance with its legal, regulatory and contractual obligations. This programme was established in 1997 to consolidate and extend separate compliance activities previously undertaken.

The Audit Committee reviews the plans and findings of the internal and external auditors with them each year. The auditors have unrestricted access to the Audit Committee. The Audit Committee recommends the appointment of the company’s external auditors.
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Reuters 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 group as at the end of the financial year and of the profit and cash flows of the group for the period. Reuters is also required to prepare financial statements for US shareholders in accordance with the requirements of the SEC.

Reuters 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 1998 and outline projections for the subsequent four years in the light of the strong financial position and borrowing facilities at 31 December 1997 and after taking into account the effects of the capital reorganisation approved by the shareholders in January 1998. On the basis of this review the directors are satisfied that Reuters is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The directors acknowledge their responsibility for the group's system of internal financial control and confirm that they have reviewed its effectiveness. They consider that it is appropriately designed to provide reasonable but not absolute assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The concept of reasonable assurance recognises that the cost of a control procedure should not exceed the expected benefits. The control system includes written accounting and control policies and procedures, clearly drawn lines of accountability and delegation of authority and comprehensive financial 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 may occur. During 1997 the directors were not aware of any such breakdowns which resulted in a material loss.

The group monitors its internal financial control system through management reviews, detailed representation letters on compliance signed by the Chief Executive and Chief Financial Officer of each significant business unit and a programme of internal audits. The group's external auditors, Price Waterhouse, have audited the financial statements and have reviewed the work of the internal auditors and the internal financial control systems to the extent they considered necessary to support their audit report. The Audit Committee has met the internal auditors and Price Waterhouse to discuss the results of their work, which included an assessment of the relative strengths and weaknesses of business units in key control areas. Further information on the group's monitoring processes is set out in the Report of the Directors on pages 20-21.

By order of the Board

Simon Yencken Company Secretary

13 February 1998
AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND MEMBERS OF REUTERS HOLDINGS PLC

AUDIT REPORT

We have audited the financial statements on pages 48-79 incorporating pages 25-32 which have been prepared under the historical cost convention and the accounting policies set out on pages 78-79 and the summary of differences between UK and US generally accepted accounting principles on pages 80-82.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS - As described on page 34, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION - We conducted our audit in accordance with auditing standards generally accepted in the United Kingdom and 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 as at 31 December 1997 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 1997, 1996 and 1995 and the results of its operations and cash flows for each of the three years in the period ended 31 December 1997 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 1997 and consolidated shareholders' equity all expressed in pounds sterling at 31 December 1997, 1996 and 1995 as shown in the summary of differences between UK and US generally accepted accounting principles set out on pages 80-82.

REPORT ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements we have reviewed the directors' statements on pages 20 - 21 and 34 concerning the group's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and the adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to any non-compliance with Listing Rules 12.43(j) and 12.43(v), if not otherwise disclosed.

BASIS OF OPINION - We carried out our review having regard to guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the group's system of internal financial control or corporate governance procedures nor on the ability of the group to continue in operational existence.

OPINION - In our opinion, the directors' statements on internal financial controls and going concern on page 34 have provided the disclosures required by the Listing Rules referred to above and are consistent with the information which came to our attention as a result of our audit work on the financial statements.

In our opinion, based on enquiry of certain directors and officers of the company and examination of relevant documents, the directors' statement on page 20 appropriately reflects the group's compliance with the other aspects of the Code specified for our review by Listing Rule 12.43(j).

/s/ Price Waterhouse
Chartered Accountants and Registered Auditors
London
13 February 1998
OPERATING AND FINANCIAL REVIEW

The following review has been prepared in accordance with both the recommendations of the UK Accounting Standards Board in their statement entitled ‘Operating and Financial Review’, and the US requirement for a Management’s Discussion and Analysis of Financial Condition and Results of Operations.

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 "Cautionary Statements" 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 are expressly qualified in their entirety by such Cautionary Statements.

FINANCIAL SUMMARY - Reported revenues declined 1% to (pound)2,882 million in 1997 due to the strength of sterling against all major currencies. Stripping out the impact of currency movements, revenues grew 9% at comparable exchange rates, compared with 8% growth in 1996.

Revenue at actual and comparable rates

<table>
<thead>
<tr>
<th>% change</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>(1%)</td>
<td>8%</td>
<td>17%</td>
</tr>
<tr>
<td>Comparable</td>
<td>9%</td>
<td>8%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Fourth quarter revenue growth of 11% at comparable exchange rates was reduced to 3% at actual rates by the strength of sterling.

Operating profit fell 8% to (pound)592 million at actual exchange rates and grew 7% at comparable rates, compared with 8% underlying growth in 1996.

Operating profit at actual and comparable rates

<table>
<thead>
<tr>
<th>% change</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>(8%)</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>Comparable</td>
<td>7%</td>
<td>8%</td>
<td>14%</td>
</tr>
</tbody>
</table>

The operating profit margin was 20.5% compared with 22.0% in 1996, and 20.4% in 1995. The decline in 1997 was due to the net impact of currency, incremental costs of (pound)11 million associated with the Millennium Programme and costs of (pound)8 million related to the capital reorganisation described below.

Earnings before interest, tax, depreciation and amortisation (EBITDA) declined 2% at actual rates to (pound)904 million. It grew 8% at comparable rates compared with 9% in 1996.

As a result of the adoption of UK Financial Reporting Standard 10 (Goodwill and Intangible Assets), amortisation of (pound)51 million has been charged to the 1997 profit and loss account in respect of goodwill arising on acquisitions. Prior period profits have been restated. On a portfolio basis there has been no diminution in the value of Reuters acquisitions compared to their original cost to the business. The amortisation charge does not, therefore, represent an economic cost. Accordingly, an adjusted earnings per share figure has been disclosed which excludes this accounting charge.

As a consequence of the implementation of FRS 16, profits under UK and US generally accepted accounting principles (GAAP) are now more closely aligned.

Net interest receivable increased by 32% in 1997 to (pound)80 million following growth of 2% in 1996. This increase was due to higher net cash balances and yields. Interest income represented 2.8% of revenue in 1997 compared with 2.1% in 1996.

On 19 January 1998, shareholders approved a capital reorganisation under which, subject to final court
approval, (pound)1.5 billion of surplus capital is to be returned to shareholders on 25 February 1998. This will result in the creation of a new holding company, Reuters Group PLC. Further details are given on pages 44 and 71-72. Tax of (pound)23 million and other costs of (pound)8 million in respect of this reorganisation have been charged against 1997 earnings.

Profit before tax of (pound)626 million was 4% lower than 1996. Excluding goodwill amortisation, profit before tax at comparable exchange rates increased 11%.

The effective rate of tax on profit before goodwill amortisation increased to 34.9% from 29.9% in 1996. The increase was primarily due to one-off costs relating to the capital reorganisation. If these were excluded, the underlying effective tax rate was 31% compared with 29.9% in 1996.

Earnings per share declined 12% to 24.0p from 27.3p in 1996. Adjusted earnings per share, which excludes goodwill amortisation and the costs of the capital reorganisation, declined 4% to 29.1p from 30.4p in 1996.

Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share</td>
<td>24.0p</td>
<td>27.3p</td>
<td>23.2p</td>
</tr>
<tr>
<td>Adjusted earnings per share</td>
<td>29.1p</td>
<td>30.4p</td>
<td>25.8p</td>
</tr>
</tbody>
</table>

Dividends per share increased by 11% in 1997 to 13.0p after growth of 20% in 1996. The final dividend is based on the reduced number of shares expected to be in issue following the capital reorganisation.

Earnings and dividends

<table>
<thead>
<tr>
<th>% change</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted earnings per share</td>
<td>(4%)</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>11%</td>
<td>20%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Dividend cover declined to 2.1 in 1997 from 2.3 in 1996. Had the capital reorganisation been effective at the start of 1997, dividend cover on a pro-forma basis would have been 1.9 in 1997.

Free cash flow per share, which represents surplus cash generated after capital expenditure and tax payments, was 27.7p, down 9% from 30.5p in 1996 reflecting sterling's strength.

Sterling continued to strengthen during 1997. If year end exchange rates had prevailed throughout the year, revenue would have been about (pound)83 million lower and operating profit before currency hedging around (pound)39 million lower. At year end exchange rates the value of the currency hedging book is (pound)36 million in respect of 1998 and (pound)3 million in respect of 1999. This compares with currency hedging gains of (pound)56 million in 1997. If sterling's strength persists it will, therefore, continue to restrict prospects for reported revenue and earnings.

Net funds at 31 December 1997 were (pound)1,290 million, an increase of (pound)248 million in the year. Investment in the business continued with (pound)368 million spent on capital expenditure, (pound)235 million on development and (pound)29 million on acquisitions and investments.

MILLENIUM PROGRAMME - In 1996 Reuters established a Millennium Compliance Programme to address the issues arising as a result of the millennium date. Many computer systems store or process date information by the last two digits of the year only, resulting in incorrect or unpredictable treatment of dates after the year 2000 in software applications. The Programme is led by an executive director of Reuters supported by a central group of technical staff and a full-time programme director.

The Programme will certify products, operations and internal processes for millennium compliance and establish safeguards and procedures in respect of third parties from whom Reuters obtains software or services. A key third-party dependency is the external global telecommunications infrastructure which Reuters uses to deliver its products.

Reuter has launched "Millennium Challenge", a global communications exercise for customers and other external audiences to explain the changes to the shape of the Reuters product line over the millennium period. Further information will be made available as the Programme progresses.

In order to underline the importance of the Programme, a series of milestones has been established, and the incentive remuneration of Reuters senior executives is based in part upon achievement of these milestones.
The purpose of the Programme is to determine which software components and systems have to be upgraded and which will need to be replaced. The process will also be used to confirm which products will be discontinued before the millennium.

Reuters is bearing the costs of its Millennium Programme. There may be some instances in which customers will choose upgrades at additional cost to higher product specifications than required for millennium compliance. There may also be cases where customers request high levels of out-of-hours work for which there will be an additional charge. These charges to customers are not expected to be significant and will be in accordance with existing agreements and practices.

The effort associated with the Programme falls into two main categories:

1. The diversion of existing internal resources. This includes development staff who would otherwise be deployed on other projects and operational staff involved in the implementation at customer sites.

2. Incremental external resources, largely contractors and consultants, who will not remain following the completion of the Programme.

Details of the effort incurred in 1997 and budgeted for 1998, together with estimated costs of incremental external resource, are set out below:

<table>
<thead>
<tr>
<th></th>
<th>Man years</th>
<th>Incremental Cost (pound)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1997</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal effort:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>155</td>
<td>n/a</td>
</tr>
<tr>
<td>External effort:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>120</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>275</td>
<td>11</td>
</tr>
<tr>
<td><strong>1998</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal effort:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>325</td>
<td>n/a</td>
</tr>
<tr>
<td>Implementation</td>
<td>440</td>
<td>n/a</td>
</tr>
<tr>
<td>External effort:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>150</td>
<td>16</td>
</tr>
<tr>
<td>Implementation</td>
<td>230</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>1,145</td>
<td>31</td>
</tr>
</tbody>
</table>

The implementation process is complex and reliant upon co-ordination with customers and suppliers. The effort and costs in 1999 will depend upon progress during 1998 and Reuters current assessment is that these will not exceed those incurred in 1998.

The above figures are based on the current status of the Programme and may be subject to change. They include estimates and allocations of time in those cases where Reuters staff have other responsibilities in addition to the Millennium Programme.

EUROPEAN MONETARY UNION - Most financial markets across the world are likely to be affected either directly or indirectly following European Monetary Union which is scheduled to commence on 1 January 1999. Reuters is actively involved in discussions with relevant regulatory bodies and market institutions.

Reuters has established a Euro Programme to handle the product-related issues arising from monetary union and is examining its systems and range of products to identify those areas where changes will be required to meet the demands of the single European currency. The Programme will oversee the testing of all revised products prior to release. Information held on Reuters historical databases may also need to be restated where instruments are denominated in participating currencies.

The Euro Programme is being co-ordinated by a full-time programme director and a series of milestones are being set. These will be linked in part to the incentive remuneration of senior executives.

The overlapping time frames for European Monetary Union and the millennium offer some opportunities for Reuters to combine the two programmes to increase efficiency and reduce customer disruption.

Costs incurred in 1997 on the Euro Programme were not significant. Reuters is still finalising estimates of effort and costs expected to be incurred in 1998 and 1999. However, there are several issues unresolved by the participants of European Monetary Union and it may be difficult to estimate the precise effort involved.

SHAREHOLDER VALUE - Reuters is committed to delivering long-term shareholder value through continued revenue and earnings growth, and adoption of a more efficient capital structure.
Reuters believes that its mix of assets, some of which are unique to the company, will help it to meet this commitment. These assets, which are not included in the consolidated balance sheet, include:

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

Reuters uses a model for measuring and ranking its total shareholder return (TSR) compared with that of the other 99 companies in the Financial Times Stock Exchange 100 index (FTSE 100) at the start of each measurement period. This model is used to determine vesting of awards under the performance-linked share plans (see pages 28-30). Reuters rankings over both completed and three-, two- and one-year ongoing measurement periods are shown below:

**Reuters TSR ranking in FTSE 100**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed</td>
<td>7</td>
<td>18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ongoing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 3 years</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 2 years</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 1 year</td>
<td></td>
<td>96</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reuters believes that its total shareholder return has been depressed by the impact on Reuters results of the strength of sterling and the general weakness of the UK media sector.

**REVENUES BY PRODUCT AND TYPE** - Financial information products continued to account for the most significant part of group revenue, representing 64% of revenues in 1997. Transaction products revenue, including Instinet, continued to grow more quickly than the financial information product line, representing 29% of revenue in 1997 compared with 28% in 1996 and 25% in 1995. Media and professional products accounted for 7% of 1997 revenue.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial information products</td>
<td>1,852</td>
<td>1,892</td>
<td>1,841</td>
</tr>
<tr>
<td>Transaction products</td>
<td>828</td>
<td>813</td>
<td>671</td>
</tr>
<tr>
<td>Media/Professional products</td>
<td>202</td>
<td>209</td>
<td>101</td>
</tr>
<tr>
<td>Total</td>
<td>2,882</td>
<td>2,914</td>
<td>2,703</td>
</tr>
</tbody>
</table>

In 1997, 74% of Reuters revenue was recurring, 18% was derived from usage and 8% came from outright sales. Recurring revenue is derived from sales of subscription services. Usage revenue is based primarily on volume, predominantly from transaction products. Outright sales mainly represent once-off sales of information management systems and risk management software. The proportion of usage-based revenue is increasing as revenues from transaction products continue to grow at above the average for the group as a whole.

**Revenue by type**

<table>
<thead>
<tr>
<th>Type</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurring</td>
<td>2,147</td>
<td>2,232</td>
<td>2,128</td>
</tr>
<tr>
<td>Usage</td>
<td>511</td>
<td>478</td>
<td>356</td>
</tr>
<tr>
<td>Outright sales</td>
<td>224</td>
<td>204</td>
<td>217</td>
</tr>
<tr>
<td>Total</td>
<td>2,882</td>
<td>2,914</td>
<td>2,703</td>
</tr>
</tbody>
</table>

**FINANCIAL INFORMATION PRODUCTS**: Information products deliver realtime and historical news and financial data to customers within the financial markets and provide the software tools to analyse data. Reuters main offerings are the series 2000 and 3000 product lines. Information management systems offer customers the means to integrate and analyse data from a variety of sources for financial management, order handling products and customised solutions from Tibco offer customers the means of managing their own information flows and exposure to risk.

**Financial information revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (£m)</td>
<td>1,852</td>
<td>1,892</td>
<td>1,841</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% change:</th>
<th>actual</th>
<th>comparable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(2%)</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Underlying revenue growth improved to 8% from 4% in 1996 with higher growth achieved in both recurring and outright revenue.
Recurring revenue

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ((pound)m)</td>
<td>1,640</td>
<td>1,703</td>
<td>1,638</td>
</tr>
<tr>
<td>% change:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>actual</td>
<td>(4%)</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>comparable</td>
<td>7%</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

Revenue per access ((pound)000)

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.7</td>
<td>5.6</td>
<td>5.9</td>
</tr>
<tr>
<td>% change:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>actual</td>
<td>(16%)</td>
<td>(5%)</td>
<td></td>
</tr>
<tr>
<td>comparable</td>
<td>(7%)</td>
<td>(4%)</td>
<td></td>
</tr>
</tbody>
</table>

Information product accesses grew by 20% during 1997 to 386,000. This compares to 30% growth of 10% to 21,000 in 1996. Over half of this growth came from off trading floor products with total installed accesses of 49,000 at the year end. Installed 3000 accesses approached 28,000 by the year end (1996 - 1,400 accesses) of which 21,000 were upgrades of existing users.

The rapid growth in lower priced off trading floor product accesses reduced the overall revenue per access in 1997 by 6%. Excluding these accesses the revenue per access at comparable exchange rates was stable.

Outright revenue

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ((pound)m)</td>
<td>212</td>
<td>189</td>
<td>203</td>
</tr>
<tr>
<td>% change:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>actual</td>
<td>12%</td>
<td>(7%)</td>
<td></td>
</tr>
<tr>
<td>comparable</td>
<td>22%</td>
<td>(6%)</td>
<td></td>
</tr>
</tbody>
</table>

Growth in revenue during 1997 came principally from TIBCO and risk management products.

TRANSACTION PRODUCTS - Transaction products principally comprise the Dealing 2000 product line and Instinet. Dealing 2000 products enable foreign exchange professionals to converse electronically with chosen trading partners using Dealing 2000-1 or Reuters automated matching system Dealing 2000-2. Instinet provides agency brokerage services in global equities to securities industry professionals in more than 30 countries.

Transaction revenue

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ((pound)m)</td>
<td>828</td>
<td>813</td>
<td>671</td>
</tr>
<tr>
<td>% change:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>actual</td>
<td>2%</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>comparable</td>
<td>10%</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>

Revenue per access ((pound)000)

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23.4</td>
<td>25.5</td>
<td>24.1</td>
</tr>
<tr>
<td>% change:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>actual</td>
<td>(8%)</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>comparable</td>
<td>(1%)</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

Underlying double-digit revenue growth reflects another good year at Instinet where revenue grew by 17%. This is discussed further on page 42.

Total Dealing 2000 product revenue fell 5% at actual rates to (pound)438 million but grew 5% at comparable rates reflecting the benefit of increased levels of foreign exchange activity in the second half of the year.

Accesses grew by 13% during 1997 to 38,000 at the year end of which 25,000 related to Dealing 2000. This compares to growth of 11% to 33,500 in 1996. Revenue per access at comparable rates was stable.

MEDIA AND PROFESSIONAL PRODUCTS - Media products comprise textual news, television services, pictures and graphics for republication by media customers and also the repackaging and sale of content for on-line services. Professional products provide a range of near real time and historical financial information news products and related technology to the corporate and professional markets. Reuters Business Briefing provides access to 10 years’ business information from one of the world’s most comprehensive databases.

Revenue

<table>
<thead>
<tr>
<th>(pound)million</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media</td>
<td>138</td>
<td>155</td>
<td>153</td>
</tr>
<tr>
<td>Professional</td>
<td>454</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>202</td>
<td>209</td>
<td>191</td>
</tr>
</tbody>
</table>

Revenue

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>% change:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>actual</td>
<td>(11%)</td>
<td>1%</td>
</tr>
<tr>
<td>comparable</td>
<td>(4%)</td>
<td>1%</td>
</tr>
<tr>
<td>Professional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>actual</td>
<td>19%</td>
<td>42%</td>
</tr>
<tr>
<td>comparable</td>
<td>25%</td>
<td>42%</td>
</tr>
</tbody>
</table>
Excluding revenues from the satellite services business sold during the year, media revenue was flat at comparable exchange rates.

Strong growth from professional products reflects the successful penetration of the corporate business information market with the Reuters Business Briefing product range.
SEGMENTAL ANALYSIS OF REVENUE AND CONTRIBUTION

Europe, Middle East and Africa

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,484</td>
<td>1,564</td>
<td>1,475</td>
</tr>
<tr>
<td>Contribution</td>
<td>498</td>
<td>588</td>
<td>511</td>
</tr>
</tbody>
</table>

Revenue and contribution

% change

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue actual</td>
<td>(5%)</td>
<td>6%</td>
</tr>
<tr>
<td>comparable</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Contribution actual</td>
<td>(15%)</td>
<td>15%</td>
</tr>
<tr>
<td>comparable</td>
<td>2%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Revenue growth was highest in eastern Europe and Germany where revenues grew 13% and 12% respectively at comparable rates. In eastern Europe there continues to be a strong demand, particularly for foreign exchange and domestic products. In Germany risk management and information management systems supplemented sales of the 3000 product range. A continuation of consolidation of our major customers restricted revenue growth in Switzerland, France and Benelux and reduced revenue growth in the UK and Ireland to 7% compared to 10% in 1996.

Contribution growth was restrained by continuing investment in the technical infrastructure to support the 3000 product line and the impact of currency. As a result, operating margin reduced to 34% from 38% in 1996.

Asia/Pacific

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>496</td>
<td>504</td>
<td>491</td>
</tr>
<tr>
<td>Contribution</td>
<td>184</td>
<td>193</td>
<td>193</td>
</tr>
</tbody>
</table>

Revenue and contribution

% change

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue actual</td>
<td>(2%)</td>
<td>3%</td>
</tr>
<tr>
<td>comparable</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>Contribution actual</td>
<td>(5%)</td>
<td>-</td>
</tr>
<tr>
<td>comparable</td>
<td>9%</td>
<td>3%</td>
</tr>
</tbody>
</table>

The acquisition of Bisnews, a leading realtime domestic equities information supplier in Thailand, boosted revenue growth in Asia/Pacific. Excluding the impact of Bisnews, revenue grew by 7% at comparable rates.

The highest revenue growth was seen in South East Asia (excluding Bisnews) where sales of the Dealing 2000 products, 3000 series products and information management systems produced growth of 11% at comparable rates.

Revenue in Japan grew by 6% at comparable rates mainly due to sales of information management systems and ReuterFirst, the domestic equities product.

Contribution growth excluding the impact of currency was strong throughout Asia except in Australia where continued contraction in the financial services market was combined with tough price competition. The operating margin reduced from 38% in 1996 to 37% due to currency and the lower margin at Bisnews.

The Americas

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>437</td>
<td>440</td>
<td>417</td>
</tr>
<tr>
<td>Contribution</td>
<td>37</td>
<td>26</td>
<td>31</td>
</tr>
</tbody>
</table>

Revenue and contribution

% change

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue actual</td>
<td>(1%)</td>
<td>6%</td>
</tr>
<tr>
<td>comparable</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Contribution actual</td>
<td>45%</td>
<td>(16%)</td>
</tr>
<tr>
<td>comparable</td>
<td>76%</td>
<td>(20%)</td>
</tr>
</tbody>
</table>

Revenue from the Americas, excluding Instinet and TIBCO, grew 6% at comparable rates.

Revenues grew 11% in Latin America. Revenue growth in Brazil was 30% reflecting the strength of the underlying economy. North American revenues grew 5% with good demand for information products against a background of industry consolidation.

Contribution in 1997 benefited from rationalisation programmes initiated last
year with operating margin increasing from 6% in 1996 to 8% in 1997.
At comparable rates, Instinet revenues grew 15% in the US reflecting growth in volumes traded on the New York Stock Exchange and NASDAQ.

Internationally, Instinet continued to expand trading in all its major financial markets with revenues growing 35% in the year at comparable rates. Growth was driven by increasing liquidity in European equities and expansion in Asia.

Accesses grew 43% to 13,000 at the end of the year compared with growth of 44% in 1996. Revenue per access at comparable rates fell 17%, reflecting lower pricing and lower initial trading volumes from new users.

Contribution grew in line with revenue with the operating margin maintained at 39% despite increased development costs. Capital expenditure increased 74% to (pound)58 million as business growth and regulatory requirements required additional investment in network capacity.

TIBCO is now managed as two units. TIBCO Software was formed in late 1996 to pursue opportunities outside the finance sector. During 1997 Cisco Systems, Inc., and Mayfield Venture Capital acquired minority shareholdings in this company. TIBCO Finance continues to focus on the financial sector. It is extending its product range beyond trading room software toward integrated middle office systems.

Underlying revenue growth of 45% for the two units and strong order books at the end of the year reflected the benefit of higher development spending and associated increases in headcount. However, this has resulted in a slightly lower operating margin of 18% compared with 20% in 1996.

EMERGING MARKETS - Revenue from emerging markets (eastern Europe, Latin America, South East and East Asia, excluding Hong Kong and Singapore) grew 3% to (pound)272 million in 1997 or 15% at comparable rates compared with 28% in 1996.

CONTRIBUTION - Total contribution before central costs fell 7% to (pound)883 million in 1997 after growing 13% in 1996. Excluding the impact of currency, contribution increased 8%.

COSTS - Total costs grew 9% in 1997 at comparable exchange rates, in line with revenue growth. In 1996 cost growth and revenue growth were 8% at comparable rates.

Central costs grew 10% in 1997 at comparable exchange rates reflecting higher levels of central development costs and incremental costs related to the Millennium Programme. 1996 costs increased by 29% due to increased legal costs and development spending.

COSTS BY TYPE

<table>
<thead>
<tr>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
</tr>
<tr>
<td>Services</td>
</tr>
<tr>
<td>Depreciation</td>
</tr>
<tr>
<td>Communications</td>
</tr>
<tr>
<td>Space</td>
</tr>
<tr>
<td>Data</td>
</tr>
</tbody>
</table>
Total staff numbers grew by 4% in 1997 to 16,119 at 31 December 1997. This compares with growth of 8% to 15,478 in 1996. Acquisitions during the year, principally Bisnews, added 358 staff. Excluding acquisitions staff growth was 2%. This reflected the continuing investment in development resources and increases to support business expansion at Instinet and Tibco, offset by reductions in America and Europe from rationalisation programmes.

Salary increases were generally in line with local inflation. Staff costs per head reduced 9%, or 2% at comparable rates, reflecting the benefits of rationalisation programmes initiated in 1996 and lower costs associated with short- and long-term incentive plans.

While cost containment initiatives continued to restrict growth in discretionary spending, there was significant growth in consultancy and contractor costs to support the Millenium Programme and other product development. Legal and professional fees also increased, including the costs of the capital reorganisation.

Double-digit cost growth reflected the high level of capital investment in recent years on both subscriber equipment and technical infrastructure.

Cost growth to accommodate the higher volumes of data in Reuters products and increase in subscribers was partially offset by savings from the sale of the satellite services business and tariff reductions.

No significant expansion or refurbishment costs were incurred in 1997.

The number of equity products liable to exchange fees continued to increase along with growth in royalties and other third-party data costs as Reuters continues to increase the breadth of data in its products.

COSTS BY FUNCTION - Selling, marketing and administrative expenses declined 2% in 1997 to (pound)664 million compared with 13% growth in 1996. The reduction reflected the impact of currency and lower incentive plan costs.

Production and communication costs grew 2% in 1997 to (pound)1,626 million compared with growth of 3% in 1996. This increase was principally due to increased data costs and development spending.

Development expenditure, which excluded the costs associated with the Millenium Programme, increased 17% to (pound)1235 million in 1997, representing 8% of group
revenues. In 1996 development expenditure increased 5% to (pound)202 million which represented 7% of group revenues. The 1997 increase principally reflected continuing enhancements to the 3000 series product line, additional development spending at Instinet and development of services based on Internet technology.

INCOME FROM FIXED ASSET INVESTMENTS AND ASSOCIATES - Income from fixed asset investments of (pound)6 million (1996 - (pound)6 million) included profits from the sale of investments in various US high technology companies.

Losses from associated undertakings were (pound)1 million compared with (pound)7 million in 1996. Independent Television News (ITN) has been accounted for as an associate this year following the purchase of a 2% stake which took Reuters holding up to 20%.
RETURN OF CAPITAL TO SHAREHOLDERS - On 4 December 1997 Reuters announced its intention to implement a capital reorganisation which will return (pound)1.5 billion of surplus capital to shareholders. The reorganisation will involve the creation of a new holding company, Reuters Group PLC, which will acquire Reuters Holdings PLC in a court approved scheme of arrangement.

Ordinary shareholders will receive 13 shares in Reuters Group PLC plus (pound)13.60 in cash for every 15 shares held. Holders of American Depositary Shares (ADSs), each representing six ordinary shares, will receive 13 new ADSs plus the US dollar equivalent of (pound)81.60 in cash for every 15 ADSs held.

Shareholder approval was received in January 1998 and the final court hearing to approve the scheme is scheduled for 16 February 1998. After the transaction Reuters will have approximately (pound)1.5 billion of gross debt and (pound)200 million of net debt.

The return of surplus capital reflects Reuters policy of focusing on the existing business. Reuters continues to believe that its markets, primarily the different segments of the finance industry worldwide, are already sufficiently broad and demanding and that a focused approach remains essential to success. Reuters believes that growth prospects in these markets are good and that it retains sufficient access to funds to allow it to maintain necessary levels of investment, and to increase them if the continuing rapid pace of technological development so demands.

One-off tax and other costs relating to the return of capital to shareholders, principally the cost of remitting funds from overseas subsidiaries, amount to (pound)31 million and have been charged against 1997 earnings. The number of new shares issued is intended to facilitate comparability of past performance of both UK GAAP earnings per share and the ordinary share price. The impact on earnings per share is expected to be broadly neutral.

FINANCIAL NEEDS AND RESOURCES - Reuters funds its business from internally generated cash. Net funds increased by (pound)240 million to (pound)1,290 million at the end of 1997.

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Funds million</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>1,290</td>
</tr>
<tr>
<td>1996</td>
<td>1,050</td>
</tr>
<tr>
<td>1995</td>
<td>850</td>
</tr>
</tbody>
</table>

"Free cash flow" which comprises operating cash flow plus net interest received less tax paid and expenditure on tangible fixed assets was (pound)449 million in 1997, a decrease of 9% on 1996, reflecting the impact of the strength of sterling on trading results. Last year free cash flow was (pound)404 million, an increase of 8% on the previous year.

Capital expenditure was (pound)368 million in 1997 compared with (pound)372 million in 1996. Subscriber equipment expenditure was (pound)132 million in 1997 compared with (pound)139 million in 1996. Reuters spent (pound)29 million on acquisitions and investments in 1997 compared to (pound)19 million in 1996 after taking into account the net cash position of the companies acquired.

Tax payments were (pound)196 million in 1997 down from (pound)197 million in 1996. Dividends paid were (pound)196 million in 1997 against (pound)166 million in 1996.

Reuters expects to be able to finance its current business plans and the return of capital to shareholders from existing resources and facilities. Committed bank borrowing facilities at 31 December 1997 comprised bilateral facilities with 10 banks totalling (pound)150 million, which will be cancelled as a result of the capital reorganisation. These will be replaced by committed bank facilities of (pound)1.5 billion obtained by Reuters Group PLC.

These facilities are conditional on the capital reorganisation becoming effective on or before 31 March 1998. Of the (pound)1.5 billion, (pound)1 billion may be drawn and redrawn until 2 December 1998, at which time Reuters Group PLC may elect to borrow any available amounts for a period of up to 12 months. The remaining (pound)0.5 billion may be drawn and redrawn up to one month prior to its maturity on 4 December 2002. The interest rates payable are between 17.5 and 22.5 basis points per annum above LIBOR, the London Interbank Offered Rate.

TREASURY MANAGEMENT - A substantial portion of Reuters revenue is committed under one-, two- and four-year contracts and approximately 80% is denominated in non-sterling currencies. Reuters also has significant costs denominated in foreign currencies with a different mix from revenue.
Reuters profits are, therefore, exposed to currency fluctuations. The approximate proportion attributable to each key currency group in 1997 was as follows:

Operating profit by currency

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Continental</td>
<td>90%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US dollar</td>
<td>55%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japanese yen</td>
<td>14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sterling depreciation</td>
<td>(52%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(23%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sterling costs exceed sterling revenues due to the UK-based marketing, development, operational and central management costs exceeding sterling revenues and depreciation costs which, with the exceptions of Instinet and TIBCO, are largely accounted for in sterling once an asset has been acquired.

In broad terms using the 1997 mix of profits, the impact of an additional unilateral 1% strengthening of sterling would have been a reduction of approximately (pound)9 million in 1997 trading profits before hedging.

Sterling trade weighted exchange rate index

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>J</td>
<td>94.4</td>
<td>83.3</td>
<td>88.7</td>
</tr>
<tr>
<td>F</td>
<td>98.5</td>
<td>83.5</td>
<td>86.8</td>
</tr>
<tr>
<td>M</td>
<td>98</td>
<td>83.4</td>
<td>85.3</td>
</tr>
<tr>
<td>A</td>
<td>100.1</td>
<td>83.6</td>
<td>84.34</td>
</tr>
<tr>
<td>M</td>
<td>99.3</td>
<td>84.6</td>
<td>83.4</td>
</tr>
<tr>
<td>J</td>
<td>101.2</td>
<td>86.3</td>
<td>84.6</td>
</tr>
<tr>
<td>J</td>
<td>104.6</td>
<td>86.3</td>
<td>84.6</td>
</tr>
<tr>
<td>A</td>
<td>102.2</td>
<td>87</td>
<td>84.7</td>
</tr>
<tr>
<td>O</td>
<td>102.3</td>
<td>90.2</td>
<td>84</td>
</tr>
<tr>
<td>N</td>
<td>105</td>
<td>94</td>
<td>82.5</td>
</tr>
<tr>
<td>D</td>
<td>104.4</td>
<td>96.1</td>
<td>83.1</td>
</tr>
</tbody>
</table>

Sterling has strengthened significantly over the last two years. As a result, trading profits have been adversely affected.

The risk that sterling might strengthen against foreign currencies is hedged within parameters laid down by the Board. The priority in treasury policy is to reduce the risk of earnings volatility to acceptable levels while allowing a degree of flexibility to take advantage of market movements.

The main principles underlying hedging policies are as follows:

- Committed hedging cannot exceed the underlying exposure;
- Options may only be written against an underlying exposure;
- Levels of cover for currency hedging cannot exceed 90% of underlying exposure for the first 12 months and 70% for the following 12 months.

During 1997 the company introduced value at risk (VAR) analysis as a means of quantifying the potential impact of exchange rate volatility on reported earnings. VAR is a measure of the potential loss on a portfolio within a specified time horizon, at a specified confidence interval. Loss is defined, in this instance, as the diminution in value of rolling 12 month forecast group profits denominated in sterling. Due to the approximations used in determining VAR, the theory provides order of magnitude estimates only, but these are useful for comparison purposes.

Reuter estimates that there is currently a 5% chance that 1998 profits will deteriorate by more than (pound)74 million before hedging and (pound)42 million after taking into account hedging at 31 December 1997. These figures represent the value at risk.

During 1997 the average value at risk on profits forecast for the coming 12 months was (pound)72 million before hedging and (pound)36 million after hedging.

Net cash flows are mainly converted into sterling and invested in sterling money market instruments with financial institutions holding strong credit ratings. The use of sterling instruments avoids any currency exposure. Interest rates are hedged using a mix of financial instruments which commence and mature at various dates through April 2000.

Following completion of the capital reorganisation Reuters will be in a net debt position and will be a net payer of interest in 1998 based upon current cash flow forecasts.

In broad terms, using the average net funds position, adjusted on a proforma basis for the return of capital to shareholder return if it had taken place at the beginning of that year, a 1% increase in global interest rates would have reduced proforma profit before tax by approximately (pound)3 million excluding the impact of hedging.

The gain/(loss) on hedging activities for the three years to 31 December 1997 and the fair value of the unrecognised gain on the hedging book at the end of 1997 are summarised below. The interest rate hedging benefit is calculated by comparing the achieved yield with the yield that would have been obtained from three-month sterling certificates of deposit in respect of sterling investments and three-month Treasuries in respect of US dollar investments. The unrecognised gains shown below are based on fair values at the end of 1997 and include...
certain realised items which have been deferred because they relate to future periods.
Recognised gain/(loss)

(pound) million  1997  1996  1995

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency hedging</td>
<td>56</td>
<td>5</td>
<td>(33)</td>
</tr>
<tr>
<td>Interest hedging</td>
<td>4</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>21</td>
<td>(16)</td>
</tr>
</tbody>
</table>

Unrecognised gain/(loss) at 31 December

(pound) million  1997  1996  1995

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency hedging</td>
<td>39</td>
<td>39</td>
<td>(6)</td>
</tr>
<tr>
<td>Interest hedging</td>
<td>2</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>41</td>
<td>45</td>
<td>6</td>
</tr>
</tbody>
</table>


CAUTIONARY STATEMENTS

IMPACT OF CURRENCY MOVEMENTS - Reuters receives revenue and incurs expenses in more than 60 currencies and is thereby exposed to the impact of fluctuations in currency rates. Sterling's strength during 1997 has restricted revenue and earnings. If sterling's current strength continues it will restrict reported revenue and earnings in 1998. Reuters currency exposure is actively hedged. For additional information concerning currency fluctuations see "Treasury Management" above.

STATE OF FINANCIAL MARKETS - Reuters business is dependent upon the health of the financial markets and the participants in those markets. Recent events in the financial sector in Asia have created uncertainty in these markets. Reuters business could also be adversely affected by consolidations and rationalisations among clients in the banking and other industries. Reuters transactions business is particularly dependent upon the level of activity in the foreign exchange and equity markets.

3000 PRODUCT RANGE - Reuters revenue growth and market share in information products depends in part upon the continuing successful rollout and enhancement of the 3000 range of products launched in 1996.

PRODUCT DEVELOPMENT - Products in the information technology industry are becoming increasingly sophisticated. As a result, Reuters, like other information vendors, may encounter difficulties or delays in the development, production, testing, marketing, installation and market acceptance of new products.

ECONOMIC AND MONETARY UNION - The introduction of a single currency in Europe is scheduled to occur in 1999 with up to 12 currencies participating. This may reduce the volume of foreign exchange trading in the near term and hence have an effect on Reuters foreign exchange information and transaction services. In addition Reuters will need to complete a comprehensive programme of adjustments to its products and internal systems to reflect the single currency.

MILLENNIUM ISSUES - Reuters is exposed to various risks arising out of the change of millennium and the impact which this may have on its products and the development and production processes upon which they depend. Also, Reuters product range is dependent on software, hardware, systems and databases supplied by third parties. For additional information concerning Reuters Millennium Programme, including an estimate of associated costs, see "Millennium Programme" on pages 37-38.

BROKER ACTIVITIES - Certain Reuters subsidiaries act as brokers in the financial markets but do not undertake trading on their own account. Instinet Corporation is an agency broker in the equity markets and Reuters Transaction Services Limited (RTSL) operates the Dealing 2000-2 electronic brokerage services for the foreign exchange market. These brokers could incur losses from broken trades and, in respect of equities, the failure of a counterparty. Reuters seeks to mitigate these risks by computerised systems, procedural controls and contractual agreements with customers.

SEC RULES ON ECN USAGE - In January 1997, the US Securities and Exchange Commission (SEC) introduced new rules governing market-maker and exchange specialist usage of electronic communications networks (ECNs). The rules were introduced progressively, with the phase-in of all securities subject to the rules completed as of 15 October 1997. Instinet Corporation and Reuters are closely monitoring the implementation and operation of the rules.

The rules have placed a strain, however, on certain Instinet Corporation resources due, among other things, to the significantly increased volume of message traffic experienced following the rules' implementation, as well as the move by US markets to permit trading in smaller increments. Most recently by letter dated 15 January 1998, the division of Market Regulation ("Division") of the SEC issued an extension, until 15 April 1998, of the Division's no-action position verifying Instinet's status as an ECN. In its letter the Division conditioned its position upon, among other things, Instinet Corporation's representation that it has sufficient capacity to handle the volume of trading reasonably anticipated. Instinet
Corporation has no reason at this time to believe that it will not be able to continue to meet its obligations as an ECN under the SEC's rules.

FURTHER REGULATION OF TRANSACTION PRODUCTS - The increasing use of electronic systems as alternatives to traditional exchange and over-the-counter trading has led authorities in several jurisdictions to explore various methods of regulating such systems, implementation of which could impact Instinet and other transaction products offered by Reuters from time to time. For example, in May 1997 the SEC issued a "concept release" soliciting public comment on a number of issues and proposals concerning oversight of alternative trading systems. At this time Reuters is unable to predict whether and when any rule making will result from the concept release.

KEY SUPPLIERS - Reuters is reasonably dependent on certain hardware and software suppliers, although alternative sources could be found if the need arose. The main suppliers are Intel Corporation, Microsoft Corporation, Digital Equipment Corporation and NCR Corporation.

NETWORKS AND SYSTEMS - Reuters networks and systems risk being impacted by a catastrophic failure of long or short duration due to factors beyond its control. Reuters seeks over time to minimise these risks as far as it can by, inter alia, security controls, systems and communications redundancy and elimination of single points of failure where feasible.

INTERNET - The availability of the public Internet and Internet technology may, over time, reduce barriers to entry for new information providers, creating additional competition and new price/cost dynamics in the industry. It may also increase the availability of commoditised data in cheaper forms and the loss of control over intellectual property. As a new publishing medium, it will also create new outlets for content providers.

GEOGRAPHICAL OPERATIONS - Reuters may suffer discriminatory tariffs or other forms of government intervention due to the nature of its editorial and other reporting activities.

REUTERS ANALYTICS - In January 1998 Reuters was notified that Reuters Analytics Inc. ("Reuters Analytics"), one of its US subsidiaries, is the subject of a grand jury investigation in New York. Reuters understands that the investigation is focused primarily on an arrangement that Reuters Analytics had with a New York-based consultant. The consultant subscribed to Bloomberg L.P.'s service, which included the associated data and analytics. The investigation is focused on, among other things, whether Reuters Analytics improperly induced the consultant to breach certain provisions of the consultant's subscription agreement by arranging for the consultant to provide Bloomberg information to Reuters.

The investigation also is focused on the use by Reuters of the transmitted information - more specifically, for example, whether Bloomberg data obtained from the consultant was improperly incorporated into Reuters products and whether Bloomberg information was used by Reuters Analytics for any improper "reverse engineering" of certain analytics. It is Reuters understanding that the principal focus of the grand jury investigation is on Reuters Analytics and certain of its personnel. However, the investigation will also involve an examination of the activities of other individuals and entities outside Reuters Analytics.

Reuters is co-operating with the investigation and has engaged external legal counsel to conduct a thorough internal inquiry. At this time Reuters is unable to predict the impact the investigation or related events may have on its business or financial condition.

REGULATION OF TRANSACTIONAL ACTIVITIES - Instinet's US business is regulated by the SEC. Instinet's UK business is regulated by the Securities and Futures Authority. Instinet's other operations are subject to local regulatory control. RTSL is subject to supervision by the Bank of England.
The detailed statement showing the movement in capital and reserves is set out in note 26.

Consolidated revenue and operating profit derive from continuing operations in all material respects. Accounting policies are set out on pages 78-79.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December

<table>
<thead>
<tr>
<th>Notes</th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,882</td>
<td>2,914</td>
<td>2,703</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(2,290)</td>
<td>(2,273)</td>
<td>(2,152)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>592</td>
<td>641</td>
<td>551</td>
</tr>
<tr>
<td>Goodwill amortisation</td>
<td>(51)</td>
<td>(49)</td>
<td>(41)</td>
</tr>
<tr>
<td>Loss from associates</td>
<td>541</td>
<td>592</td>
<td>510</td>
</tr>
<tr>
<td>Income from fixed asset investments</td>
<td>6</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Net interest receivable</td>
<td>4</td>
<td>80</td>
<td>61</td>
</tr>
<tr>
<td>Taxation on profit on ordinary activities</td>
<td>626</td>
<td>652</td>
<td>550</td>
</tr>
<tr>
<td>Profit on ordinary activities before taxation</td>
<td>(236)</td>
<td>(210)</td>
<td>(185)</td>
</tr>
<tr>
<td>Profit after taxation attributable to ordinary shareholders</td>
<td>390</td>
<td>442</td>
<td>373</td>
</tr>
<tr>
<td>Dividends</td>
<td>6</td>
<td>190</td>
<td>190</td>
</tr>
<tr>
<td>Retained profit</td>
<td>260</td>
<td>252</td>
<td>215</td>
</tr>
<tr>
<td>EPS Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital reorganisation costs</td>
<td>1.9p</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Goodwill amortisation</td>
<td>2.2p</td>
<td>3.1p</td>
<td>2.6p</td>
</tr>
<tr>
<td>Adjusted earnings per ordinary share</td>
<td>24.0p</td>
<td>27.3p</td>
<td>23.2p</td>
</tr>
<tr>
<td>Profit attributable to ordinary shareholders</td>
<td>390</td>
<td>442</td>
<td>373</td>
</tr>
<tr>
<td>Translation differences credited/(debited) directly to reserves</td>
<td>2</td>
<td>(28)</td>
<td>3</td>
</tr>
<tr>
<td>Total recognised gains and losses relating to the year</td>
<td>392</td>
<td>414</td>
<td>376</td>
</tr>
<tr>
<td>Dividends</td>
<td>(190)</td>
<td>(190)</td>
<td>(158)</td>
</tr>
<tr>
<td>Shares issued during the year</td>
<td>22</td>
<td>23</td>
<td>19</td>
</tr>
<tr>
<td>Shares repurchased during the year</td>
<td>(21)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net addition to shareholders' equity</td>
<td>203</td>
<td>247</td>
<td>237</td>
</tr>
<tr>
<td>Opening shareholders' equity (restated)</td>
<td>1,540</td>
<td>1,293</td>
<td>1,056</td>
</tr>
<tr>
<td>Closing shareholders' equity</td>
<td>1,743</td>
<td>1,540</td>
<td>1,293</td>
</tr>
</tbody>
</table>

Opening shareholders' equity has been restated to reflect a change in the method of accounting for goodwill following the introduction of UK Financial Reporting Standard 18 (see note 1). The cumulative effect of the restatement as at 31 December 1996 was due to the capitalisation of goodwill of (pound)464 million less cumulative amortisation of (pound)266 million resulting in an increase in shareholders' equity of (pound)198 million.

The detailed statement showing the movement in capital and reserves is set out in note 26.
NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

1. PRIOR YEAR ADJUSTMENT

In 1997 the UK Accounting Standards Board issued Financial Reporting Standard 18

Goodwill and Intangible Assets. Reuters has implemented this Standard which
requires purchased goodwill and intangible assets to be capitalised and
amortised through the profit and loss account over their useful economic lives.
All goodwill previously eliminated against reserves has been reinstated as an
asset on the balance sheet by way of a prior year adjustment and cumulative
amortisation as at 31 December 1994 has been written-off against brought forward
profit and loss account reserves at that date. Goodwill capitalisation includes
(pound)48 million arising on the acquisition of Rich Inc., in 1985 which was not
previously eliminated against reserves but was accounted for as a merger.
Previously reported profit after taxation attributable to shareholders in 1996
and 1995 has been reduced by (pound)49 million and (pound)41 million
respectively. This change in accounting policy has had no impact on net funds.

2. SEGMENTAL ANALYSIS

<table>
<thead>
<tr>
<th>Segment</th>
<th>1997 (pound)m</th>
<th>% change</th>
<th>Restated 1996 (pound)m</th>
<th>% change</th>
<th>Restated 1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe, Middle East and Africa (see note below)</td>
<td>1,484</td>
<td>(5)</td>
<td>1,564</td>
<td>6</td>
<td>1,475</td>
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<tr>
<td>Asia/Pacific</td>
<td>496</td>
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<td>504</td>
<td>3</td>
<td>491</td>
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<tr>
<td>The Americas</td>
<td>437</td>
<td>(1)</td>
<td>440</td>
<td>6</td>
<td>417</td>
</tr>
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<td></td>
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<td></td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,417</td>
<td>(4)</td>
<td>2,508</td>
<td>5</td>
<td>2,383</td>
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<tr>
<td>Instinet</td>
<td>383</td>
<td>11</td>
<td>346</td>
<td>42</td>
<td>243</td>
</tr>
<tr>
<td>TIBCO</td>
<td>82</td>
<td>37</td>
<td>60</td>
<td>(23)</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,882</td>
<td>(1)</td>
<td>2,914</td>
<td>8</td>
<td>2,703</td>
</tr>
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</table>

Operating costs where incurred:

<table>
<thead>
<tr>
<th>Segment</th>
<th>1997 (pound)m</th>
<th>% change</th>
<th>Restated 1996 (pound)m</th>
<th>% change</th>
<th>Restated 1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe, Middle East and Africa (see note below)</td>
<td>(986)</td>
<td>1</td>
<td>(976)</td>
<td>1</td>
<td>(964)</td>
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<tr>
<td>Asia/Pacific</td>
<td>(312)</td>
<td>-</td>
<td>(311)</td>
<td>5</td>
<td>(298)</td>
</tr>
<tr>
<td>The Americas</td>
<td>(488)</td>
<td>(3)</td>
<td>(414)</td>
<td>7</td>
<td>(386)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1,698)</td>
<td>-</td>
<td>(1,701)</td>
<td>3</td>
<td>(1,648)</td>
</tr>
<tr>
<td>Instinet</td>
<td>(234)</td>
<td>11</td>
<td>(211)</td>
<td>24</td>
<td>(170)</td>
</tr>
<tr>
<td>TIBCO</td>
<td>(87)</td>
<td>40</td>
<td>(48)</td>
<td>7</td>
<td>(44)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1,999)</td>
<td>2</td>
<td>(1,968)</td>
<td>5</td>
<td>(1,862)</td>
</tr>
</tbody>
</table>

Contribution:

<table>
<thead>
<tr>
<th>Segment</th>
<th>1997 (pound)m</th>
<th>% change</th>
<th>Restated 1996 (pound)m</th>
<th>% change</th>
<th>Restated 1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe, Middle East and Africa (see note below)</td>
<td>498</td>
<td>(15)</td>
<td>588</td>
<td>15</td>
<td>511</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>184</td>
<td>(5)</td>
<td>193</td>
<td>-</td>
<td>193</td>
</tr>
<tr>
<td>The Americas</td>
<td>37</td>
<td>45</td>
<td>26</td>
<td>(16)</td>
<td>31</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>719</td>
<td>(11)</td>
<td>807</td>
<td>10</td>
<td>735</td>
</tr>
<tr>
<td>Instinet</td>
<td>149</td>
<td>11</td>
<td>135</td>
<td>87</td>
<td>73</td>
</tr>
<tr>
<td>TIBCO</td>
<td>15</td>
<td>23</td>
<td>12</td>
<td>(64)</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>883</td>
<td>(7)</td>
<td>954</td>
<td>13</td>
<td>841</td>
</tr>
<tr>
<td>Central costs</td>
<td>(347)</td>
<td>7</td>
<td>(324)</td>
<td>10</td>
<td>(250)</td>
</tr>
<tr>
<td>Net currency gain/(loss)</td>
<td>56</td>
<td>-</td>
<td>11</td>
<td>(40)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>502</td>
<td>(8)</td>
<td>641</td>
<td>16</td>
<td>551</td>
</tr>
</tbody>
</table>

United Kingdom and Ireland revenue was (pound)589 million (1996 - (pound)477
million, 1995 - (pound)435 million). Instinet's and TIBCO's operations are
predominantly based in the Americas.
The above table is a segmental analysis of revenue, costs and contribution. Central costs comprise the costs of corporate administration and the centrally controlled elements of development, marketing and technical operations. The table does not purport to show geographical profitability but reflects how Reuters controls costs and monitors contribution including the worldwide activities of Instinet and TIBCO which are managed separately. Because of the interactive nature of the worldwide operations of Reuters, Instinet and TIBCO costs incurred in one location often relate to revenues earned in other locations. Central costs and the segmental contribution have been restated to reflect organisational changes involving greater central direction of the risk management product line.

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 main exception is TIBCO, where a substantial proportion of revenue billed by the Americas is from customers located elsewhere. In 1997, 42% (1996 - 42%, 1995 - 38%) of TIBCO’s revenue was generated from customers in the Americas, 43% (1996 - 39%, 1995 - 42%) from customers located in Europe, Middle East and Africa and 15% (1996 - 19%, 1995 - 20%) from customers in Asia/Pacific.

<table>
<thead>
<tr>
<th>Revenue by product category</th>
<th>1997 (pound)m</th>
<th>% change</th>
<th>1996 (pound)m</th>
<th>% change</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe, Middle East and Africa</td>
<td>1,087</td>
<td>(5)</td>
<td>1,145</td>
<td>5</td>
<td>1,090</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>369</td>
<td>(2)</td>
<td>365</td>
<td>1</td>
<td>361</td>
</tr>
<tr>
<td>The Americas</td>
<td>324</td>
<td>1</td>
<td>322</td>
<td>3</td>
<td>313</td>
</tr>
<tr>
<td>TIBCO</td>
<td>82</td>
<td>37</td>
<td>60</td>
<td>(23)</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>1,852</td>
<td>(2)</td>
<td>1,892</td>
<td>3</td>
<td>1,841</td>
</tr>
<tr>
<td>Transaction products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe, Middle East and Africa</td>
<td>266</td>
<td>(7)</td>
<td>286</td>
<td>9</td>
<td>263</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>107</td>
<td>(1)</td>
<td>108</td>
<td>7</td>
<td>101</td>
</tr>
<tr>
<td>The Americas</td>
<td>72</td>
<td>(1)</td>
<td>73</td>
<td>14</td>
<td>64</td>
</tr>
<tr>
<td>Instinet</td>
<td>363</td>
<td>11</td>
<td>346</td>
<td>42</td>
<td>243</td>
</tr>
<tr>
<td></td>
<td>828</td>
<td>2</td>
<td>813</td>
<td>21</td>
<td>671</td>
</tr>
<tr>
<td>Media and professional products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe, Middle East and Africa</td>
<td>131</td>
<td>(1)</td>
<td>133</td>
<td>9</td>
<td>122</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>30</td>
<td>(3)</td>
<td>31</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>The Americas</td>
<td>41</td>
<td>(9)</td>
<td>45</td>
<td>11</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>202</td>
<td>(3)</td>
<td>209</td>
<td>9</td>
<td>191</td>
</tr>
<tr>
<td></td>
<td>2,882</td>
<td>(1)</td>
<td>2,914</td>
<td>8</td>
<td>2,703</td>
</tr>
</tbody>
</table>

Reuters operates in a single class of business: the provision of news and financial information and related services. With the exception of Instinet and TIBCO, Reuters products are delivered and sold through a common network and geographical infrastructure.
2. SEGMENTAL ANALYSIS continued

<table>
<thead>
<tr>
<th>Revenue by type</th>
<th>1997 (pound)m</th>
<th>% change</th>
<th>1996 (pound)m</th>
<th>% change</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurring</td>
<td>2,147</td>
<td>(4)</td>
<td>2,232</td>
<td>5</td>
<td>2,128</td>
</tr>
<tr>
<td>Usage</td>
<td>511</td>
<td>7</td>
<td>478</td>
<td>34</td>
<td>358</td>
</tr>
<tr>
<td>Outright sales</td>
<td>224</td>
<td>10</td>
<td>204</td>
<td>(6)</td>
<td>217</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2,882</td>
<td>(1)</td>
<td>2,914</td>
</tr>
</tbody>
</table>

Recurring revenue is derived from the sale of subscription services, including maintenance contracts. Usage revenue is based on volume and primarily relates to transaction products, including Instinet and certain activities of Reuters Television. Outright sales mainly represents once-off sales of information management systems.

3. OPERATING COSTS

<table>
<thead>
<tr>
<th>Costs by type</th>
<th>1997 (pound)m</th>
<th>% change</th>
<th>1996 (pound)m</th>
<th>% change</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages, salaries, commission and allowances</td>
<td>729</td>
<td>(2)</td>
<td>748</td>
<td>12</td>
<td>666</td>
</tr>
<tr>
<td>Social security costs</td>
<td>62</td>
<td>(3)</td>
<td>64</td>
<td>5</td>
<td>61</td>
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<tr>
<td>Other pension costs (see note 24)</td>
<td>44</td>
<td>1</td>
<td>44</td>
<td>10</td>
<td>39</td>
</tr>
<tr>
<td>Staff costs</td>
<td>835</td>
<td>(2)</td>
<td>856</td>
<td>12</td>
<td>766</td>
</tr>
<tr>
<td>Services</td>
<td>585</td>
<td>9</td>
<td>539</td>
<td>5</td>
<td>512</td>
</tr>
<tr>
<td>Depreciation</td>
<td>312</td>
<td>10</td>
<td>283</td>
<td>13</td>
<td>250</td>
</tr>
<tr>
<td>Communications</td>
<td>201</td>
<td>-</td>
<td>202</td>
<td>4</td>
<td>194</td>
</tr>
<tr>
<td>Space</td>
<td>142</td>
<td>(6)</td>
<td>150</td>
<td>8</td>
<td>140</td>
</tr>
<tr>
<td>Data</td>
<td>207</td>
<td>6</td>
<td>195</td>
<td>16</td>
<td>168</td>
</tr>
<tr>
<td>Other</td>
<td>64</td>
<td>9</td>
<td>59</td>
<td>(28)</td>
<td>82</td>
</tr>
<tr>
<td>Currency hedging activities - net (gain)/loss</td>
<td>(56)</td>
<td>-</td>
<td>(5)</td>
<td>-</td>
<td>33</td>
</tr>
<tr>
<td>Foreign currency translation - net (gain)/loss</td>
<td>-</td>
<td>-</td>
<td>(6)</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2,290</td>
<td>1</td>
<td>2,273</td>
</tr>
</tbody>
</table>

Services costs include equipment hire and bought-in services, including consultancy and contractors, advertising and publicity, professional fees and staff-related expenses.

<table>
<thead>
<tr>
<th>Costs by function</th>
<th>1997 (pound)m</th>
<th>% change</th>
<th>1996 (pound)m</th>
<th>% change</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production and communications costs</td>
<td>1,626</td>
<td>2</td>
<td>1,597</td>
<td>3</td>
<td>1,552</td>
</tr>
<tr>
<td>Selling, marketing and administrative expenses</td>
<td>664</td>
<td>(2)</td>
<td>676</td>
<td>13</td>
<td>600</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2,290</td>
<td>1</td>
<td>2,273</td>
</tr>
</tbody>
</table>

51
3. OPERATING COSTS continued

<table>
<thead>
<tr>
<th>Costs include:</th>
<th>1997 (pound)m</th>
<th>% change</th>
<th>1996 (pound)m</th>
<th>% change</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Hirengeal equipment</td>
<td>235</td>
<td>17</td>
<td>202</td>
<td>5</td>
<td>191</td>
</tr>
<tr>
<td>Operating lease expenditure:</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hire of equipment</td>
<td>14</td>
<td>(4)</td>
<td>14</td>
<td>(17)</td>
<td>17</td>
</tr>
<tr>
<td>Other, principally property</td>
<td>72</td>
<td>(4)</td>
<td>75</td>
<td>3</td>
<td>73</td>
</tr>
<tr>
<td>Advertising costs</td>
<td>17</td>
<td>(15)</td>
<td>21</td>
<td>26</td>
<td>16</td>
</tr>
</tbody>
</table>

Fees payable to Price Waterhouse were as follows:

Audit fees:

<table>
<thead>
<tr>
<th>Location</th>
<th>1997 (pound)m</th>
<th>% change</th>
<th>1996 (pound)m</th>
<th>% change</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>0.9</td>
<td>-</td>
<td>0.9</td>
<td>(1)</td>
<td>0.9</td>
</tr>
<tr>
<td>Overseas</td>
<td>1.0</td>
<td>(9)</td>
<td>1.1</td>
<td>7</td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td>1.9</td>
<td>(82)</td>
<td>2.0</td>
<td>64</td>
<td>3</td>
</tr>
</tbody>
</table>

Non-audit services:

<table>
<thead>
<tr>
<th>Location</th>
<th>1997 (pound)m</th>
<th>% change</th>
<th>1996 (pound)m</th>
<th>% change</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>0.9</td>
<td>10</td>
<td>0.9</td>
<td>80</td>
<td>0.5</td>
</tr>
<tr>
<td>Overseas</td>
<td>5.3</td>
<td>10</td>
<td>4.8</td>
<td>194</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td>6.2</td>
<td>9</td>
<td>5.7</td>
<td>159</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td>8.1</td>
<td>5</td>
<td>7.7</td>
<td>88</td>
<td>4.1</td>
</tr>
</tbody>
</table>

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

4. NET INTEREST RECEIVABLE

<table>
<thead>
<tr>
<th>Interest receivable:</th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed investments</td>
<td>14</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Unlisted investments</td>
<td>68</td>
<td>59</td>
<td>59</td>
</tr>
</tbody>
</table>

Interest payable:

<table>
<thead>
<tr>
<th>Interest payable:</th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term borrowings</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>Bank borrowings repayable in five years or more</td>
<td>-</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>(2)</td>
<td>(3)</td>
<td>(5)</td>
</tr>
<tr>
<td></td>
<td>80</td>
<td>61</td>
<td>60</td>
</tr>
</tbody>
</table>
### 5. Taxation on Profit on Ordinary Activities

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK corporation tax</td>
<td>97</td>
<td>146</td>
<td>125</td>
</tr>
<tr>
<td>Credit for overseas taxation</td>
<td>(9)</td>
<td>(16)</td>
<td>(9)</td>
</tr>
<tr>
<td>Overseas taxation</td>
<td>135</td>
<td>61</td>
<td>75</td>
</tr>
<tr>
<td>Taxes on return of capital to shareholders</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>246</td>
<td>191</td>
<td>191</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>(10)</td>
<td>19</td>
<td>(6)</td>
</tr>
<tr>
<td></td>
<td>236</td>
<td>210</td>
<td>185</td>
</tr>
<tr>
<td>Reconciliation to the UK nominal tax rate:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>37.7%</td>
<td>32.2%</td>
<td>33.2%</td>
</tr>
<tr>
<td>Effective tax rate before non-deductible goodwill amortisation</td>
<td>34.9%</td>
<td>29.9%</td>
<td>30.9%</td>
</tr>
<tr>
<td>UK nominal tax rate</td>
<td>31.5%</td>
<td>33.0%</td>
<td>33.6%</td>
</tr>
<tr>
<td>Taxes as shown in these financial statements</td>
<td>236</td>
<td>210</td>
<td>185</td>
</tr>
<tr>
<td>Corporation tax on pre-tax profit at UK nominal rate</td>
<td>197</td>
<td>215</td>
<td>184</td>
</tr>
<tr>
<td>Difference</td>
<td>39</td>
<td>(5)</td>
<td>1</td>
</tr>
</tbody>
</table>

The difference is principally due to:
- Non-tax deductible amortisation of goodwill: 16, 16, 14
- Taxes on return of capital to shareholders: -
- Other differences: 23, - (21), (13)

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim</td>
<td>50</td>
<td>45</td>
<td>37</td>
</tr>
<tr>
<td>Final (1997 proposed)</td>
<td>140</td>
<td>145</td>
<td>121</td>
</tr>
<tr>
<td></td>
<td>190</td>
<td>190</td>
<td>158</td>
</tr>
</tbody>
</table>

### 6. Dividends

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per ordinary share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim</td>
<td>3.1</td>
<td>2.75</td>
<td>2.3</td>
</tr>
<tr>
<td>Final (1997 proposed)</td>
<td>9.9</td>
<td>9.0</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td>13.0</td>
<td>11.75</td>
<td>9.8</td>
</tr>
</tbody>
</table>

The other differences are primarily due to overseas profits taxed at rates differing from those in the UK. Significantly higher US profits subject to higher tax rates have largely eliminated the difference in 1997.

The cost of the 1997 final proposed dividend is based on 1,487 million shares which are expected to be in issue following the capital reorganisation (see note 30).
7. EARNINGS PER ORDINARY SHARE

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 and ranking for dividend. The weighted average number of shares in issue may be reconciled to the number used in the earnings per ordinary share calculation as follows:

<table>
<thead>
<tr>
<th>Weighted average number in millions</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares in issue</td>
<td>1,692</td>
<td>1,684</td>
<td>1,672</td>
</tr>
<tr>
<td>Reuters interest in ordinary shares held by:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telfer Investments (Australia) Pty Limited</td>
<td>(55)</td>
<td>(55)</td>
<td>(55)</td>
</tr>
<tr>
<td>Instinet Corporation</td>
<td>(4)</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>Shares held by employee share ownership trusts</td>
<td>(11)</td>
<td>(9)</td>
<td>(8)</td>
</tr>
<tr>
<td></td>
<td>1,622</td>
<td>1,616</td>
<td>1,605</td>
</tr>
</tbody>
</table>

The adjusted earnings per share calculations are based on profit attributable to ordinary shareholders excluding amortisation of goodwill and capital reorganisation costs.

8. REMUNERATION OF DIRECTORS

The report of the Remuneration Committee on pages 25-32 includes details of directors' emoluments and forms part of these financial statements.

9. EMPLOYEE INFORMATION

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

<table>
<thead>
<tr>
<th>Segmental analysis</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe, Middle East and Africa</td>
<td>6,708</td>
<td>6,432</td>
<td>6,170</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>2,547</td>
<td>2,088</td>
<td>1,993</td>
</tr>
<tr>
<td>The Americas</td>
<td>2,737</td>
<td>2,790</td>
<td>2,840</td>
</tr>
<tr>
<td>Instinet</td>
<td>1,086</td>
<td>906</td>
<td>774</td>
</tr>
<tr>
<td>TIBCO</td>
<td>473</td>
<td>390</td>
<td>321</td>
</tr>
<tr>
<td>Central</td>
<td>2,454</td>
<td>2,311</td>
<td>2,084</td>
</tr>
<tr>
<td></td>
<td>16,005</td>
<td>14,917</td>
<td>14,182</td>
</tr>
</tbody>
</table>

Analysis by function

| Production and communications                   | 9,347| 8,636| 8,085|
| Selling, marketing and administration           | 6,658| 6,281| 6,097|
|                                                | 16,005| 14,917| 14,182|

The above include:

| Development staff | 2,510 | 2,348 | 2,046 |
| Journalists       | 1,990 | 1,920 | 1,778 |
CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December

<table>
<thead>
<tr>
<th>Notes</th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow from operating activities</td>
<td>10</td>
<td>936</td>
<td>995</td>
</tr>
<tr>
<td>Returns on investments and servicing of finance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>(79)</td>
<td>65</td>
<td>63</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(3)</td>
<td>(3)</td>
<td>(5)</td>
</tr>
<tr>
<td>Income from fixed asset investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash inflow from returns on investments and servicing of finance</td>
<td>77</td>
<td>68</td>
<td>58</td>
</tr>
<tr>
<td>Taxation paid</td>
<td>(196)</td>
<td>(197)</td>
<td>(161)</td>
</tr>
<tr>
<td>Capital expenditure and financial investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of tangible fixed assets</td>
<td>(369)</td>
<td>(374)</td>
<td>(304)</td>
</tr>
<tr>
<td>Sale of tangible fixed assets</td>
<td>1</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Purchase of fixed asset investments</td>
<td>(21)</td>
<td>(23)</td>
<td>(4)</td>
</tr>
<tr>
<td>Sale of fixed asset investments</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>(378)</td>
<td>(395)</td>
<td>(390)</td>
</tr>
<tr>
<td>Acquisitions including associates</td>
<td>11</td>
<td>(22)</td>
<td>(106)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(196)</td>
<td>(166)</td>
<td>(135)</td>
</tr>
<tr>
<td>Management of liquid resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase in short-term investments</td>
<td>11</td>
<td>(255)</td>
<td>(172)</td>
</tr>
<tr>
<td>Financing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issue of shares</td>
<td>22</td>
<td>23</td>
<td>19</td>
</tr>
<tr>
<td>Proceeds from issue of non-equity shares in TIBCO Software Inc</td>
<td>27</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td>Shares repurchased</td>
<td>(21)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net (decrease)/increase in borrowings</td>
<td>11</td>
<td>(15)</td>
<td>2</td>
</tr>
<tr>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash inflow from financing</td>
<td>3</td>
<td>25</td>
<td>37</td>
</tr>
<tr>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease)/increase in cash</td>
<td>12</td>
<td>(31)</td>
<td>52</td>
</tr>
</tbody>
</table>

Reconciliation of net cash flow to movement in net funds

<table>
<thead>
<tr>
<th>Notes</th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Decrease)/increase in cash</td>
<td>31</td>
<td>52</td>
<td>(18)</td>
</tr>
<tr>
<td>Cash outflow/(inflow) from movement in borrowings</td>
<td>15</td>
<td>(2)</td>
<td>(18)</td>
</tr>
<tr>
<td>Cash outflow from movement in liquid resources</td>
<td>255</td>
<td>172</td>
<td>352</td>
</tr>
<tr>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net cash resulting from cash flows</td>
<td>239</td>
<td>222</td>
<td>316</td>
</tr>
<tr>
<td>Translation differences</td>
<td>1</td>
<td>(22)</td>
<td>-</td>
</tr>
<tr>
<td>Movement in net funds</td>
<td>240</td>
<td>200</td>
<td>316</td>
</tr>
<tr>
<td>Opening net funds</td>
<td>1,950</td>
<td>850</td>
<td>534</td>
</tr>
<tr>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing net funds</td>
<td>12</td>
<td>1,290</td>
<td>1,050</td>
</tr>
</tbody>
</table>

55
10. NET CASH INFLOW FROM OPERATING ACTIVITIES

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

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>592</td>
<td>641</td>
<td>551</td>
</tr>
<tr>
<td>Depreciation</td>
<td>312</td>
<td>283</td>
<td>250</td>
</tr>
<tr>
<td>Decrease/(increase) in stocks</td>
<td>10 (1)</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Increase in debtors</td>
<td>(36)</td>
<td>(36)</td>
<td>(36)</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>43</td>
<td>57</td>
<td>75</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>10</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation of interests in own shares</td>
<td>4</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous, principally translation differences</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Net cash inflow from operating activities 936 995 854

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

Acquisitions including associates

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary undertakings (see note 34)</td>
<td>(17)</td>
<td>(17)</td>
<td>(5)</td>
</tr>
<tr>
<td>Associated undertakings (see note 34)</td>
<td>(3)</td>
<td>(7)</td>
<td>(11)</td>
</tr>
<tr>
<td>Deferred payments for acquisitions in prior years</td>
<td>(3)</td>
<td>(82)</td>
<td>(3)</td>
</tr>
</tbody>
</table>

Less cash acquired (23) (106) (19)

Management of liquid resources

Increase in term deposits (5,826) (6,110) (3,495)
Decrease in term deposits 5,739 5,982 3,304
Purchase of certificates of deposit (842) (433) (386)
Sale of certificates of deposit 940 432 240
Purchase of listed/unlisted securities (771) (74) (89)
Sale of listed/unlisted securities 505 31 68

Financing

(Decrease)/increase in short-term borrowings (12) 6 8
(Decrease)/increase in long-term borrowings (3) (4) 10

Net cash inflow from operating activities (15) 2 18
12. ANALYSIS OF NET FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Cash at bank and in hand (pound)m</th>
<th>Overdrafts (pound)m</th>
<th>Total cash and overdrafts (pound)m</th>
<th>Short-term investments (pound)m</th>
<th>Falling due within one year (pound)m</th>
<th>Falling due after more than one year (pound)m</th>
<th>Total (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 1995</td>
<td>61</td>
<td>(34)</td>
<td>27</td>
<td>867</td>
<td>(10)</td>
<td>(34)</td>
<td>850</td>
</tr>
<tr>
<td>Cash flow</td>
<td>25</td>
<td>27</td>
<td>52</td>
<td>172</td>
<td>(6)</td>
<td>4</td>
<td>222</td>
</tr>
<tr>
<td>Non-cash movements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(4)</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Exchange movements</td>
<td>(9)</td>
<td>-</td>
<td>(8)</td>
<td>(28)</td>
<td>2</td>
<td>4</td>
<td>(22)</td>
</tr>
<tr>
<td>31 December 1996</td>
<td>77</td>
<td>(6)</td>
<td>71</td>
<td>1,019</td>
<td>(18)</td>
<td>(22)</td>
<td>1,050</td>
</tr>
<tr>
<td>Cash flow</td>
<td>7</td>
<td>(38)</td>
<td>(31)</td>
<td>255</td>
<td>12</td>
<td>3</td>
<td>239</td>
</tr>
<tr>
<td>Non-cash movements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exchange movements</td>
<td>(3)</td>
<td>2</td>
<td>(1)</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>31 December 1997</td>
<td>81</td>
<td>(42)</td>
<td>39</td>
<td>1,275</td>
<td>(6)</td>
<td>(18)</td>
<td>1,290</td>
</tr>
</tbody>
</table>

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

A substantial portion of Reuters revenue is receivable in foreign currencies and committed under one-, two- or four-year contracts with terms of payment up to six months in advance. As such, Reuters is subject to currency exposure from committed revenue. In addition, Reuters is subject to interest rate risk from 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, swaps and forward rate agreements.

If the derivative financial instruments were considered separately from the underlying future revenue and interest income, 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.

Reuters may also purchase options to hedge translation exposure arising on the conversion of the results of subsidiaries whose functional currency is not sterling - principally Instinet and Tibco. In such cases the maximum cash outflow from this activity is the cost of the option premia.

57
Derivative instruments held at 31 December were:

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contract</td>
<td>Carrying</td>
<td>Fair</td>
</tr>
<tr>
<td></td>
<td>amounts</td>
<td>value</td>
<td>value</td>
</tr>
<tr>
<td>Currency management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>forward contracts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts in profit</td>
<td>324</td>
<td>-</td>
<td>39</td>
</tr>
<tr>
<td>Contracts in loss</td>
<td>59</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>53</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>options</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>436</td>
<td>2</td>
<td>41</td>
</tr>
</tbody>
</table>

Interest rate management

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contract</td>
<td>Carrying</td>
<td>Fair</td>
</tr>
<tr>
<td></td>
<td>amounts</td>
<td>value</td>
<td>value</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>140</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Forward rate</td>
<td>50</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>agreements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>190</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

Carrying values are amounts recorded in the balance sheet and comprise deferred option premia, which are recognised over the period to which the option relates, and certain locked in profits on swap contracts which have been recognised for accounting purposes but where settlement in cash has not yet occurred. Fair values represent the mark to market value of contracts at the balance sheet date.

The foreign exchange forward contracts are held 56% in continental European currencies (1996 - 74%, 1995 - 72%). The remaining contracts were principally in Japanese yen and US dollars.

Foreign exchange forward contracts and options mature at dates up to 23 months from the balance sheet date. Interest forward rate agreements, swaps and options on swaps commence and mature at various dates through April 2000.

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

The weighted average fixed rate receivable on the interest rate swaps at 31 December 1997 was 8% (1996 - 9%, 1995 - 9%) and the weighted average variable rate payable was 7% (1996 - 7%, 1995 - 6%). 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 credit ratings of "A" or higher.
13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

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

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying value</td>
<td>Fair value</td>
<td>Carrying value</td>
</tr>
<tr>
<td></td>
<td>(pound)m</td>
<td>(pound)m</td>
<td>(pound)m</td>
</tr>
<tr>
<td>Derivative instruments</td>
<td>3</td>
<td>44</td>
<td>5</td>
</tr>
<tr>
<td>Other assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interests in own shares</td>
<td>39</td>
<td>79</td>
<td>28</td>
</tr>
<tr>
<td>Other fixed asset investments</td>
<td>19</td>
<td>33</td>
<td>22</td>
</tr>
<tr>
<td>Debtors (see note below)</td>
<td>267</td>
<td>267</td>
<td>230</td>
</tr>
<tr>
<td>Short-term investments and cash</td>
<td>1,356</td>
<td>1,356</td>
<td>1,096</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities (see note below)</td>
<td>(359)</td>
<td>(359)</td>
<td>(321)</td>
</tr>
<tr>
<td>Long-term liabilities (see note below)</td>
<td>(18)</td>
<td>(18)</td>
<td>(22)</td>
</tr>
</tbody>
</table>

Financial instruments exclude prepayments and accrued income and taxation classified within debtors and accruals, deferred income and taxation classified within creditors.

Net assets by currency at 31 December were:

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net operating assets (excluding net funds) (pound)m</td>
<td>Net funds (see note 12) (pound)m</td>
<td>Net assets 1997 (pound)m</td>
</tr>
<tr>
<td>Sterling</td>
<td>407</td>
<td>1,019</td>
<td>1,426</td>
</tr>
<tr>
<td>US dollar</td>
<td>48</td>
<td>224</td>
<td>272</td>
</tr>
<tr>
<td>Other</td>
<td>(66)</td>
<td>47</td>
<td>(19)</td>
</tr>
<tr>
<td></td>
<td>389</td>
<td>1,290</td>
<td>1,679</td>
</tr>
</tbody>
</table>

Sterling net operating assets include capitalised goodwill, net of accumulated amortisation.
### 13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

The currency and interest rate profile of the group’s short-term investments at 31 December 1997 was:

<table>
<thead>
<tr>
<th></th>
<th>Short-term investments</th>
<th>Fixed rate investments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Floating rate investments</td>
<td>Weighted average interest rate at 31 December %</td>
</tr>
<tr>
<td></td>
<td>Total (pound)m</td>
<td>Fixed rate investments (pound)m</td>
</tr>
<tr>
<td>Sterling</td>
<td>1,020</td>
<td>1,015</td>
</tr>
<tr>
<td>US dollar</td>
<td>182</td>
<td>126</td>
</tr>
<tr>
<td>Other</td>
<td>73</td>
<td>71</td>
</tr>
<tr>
<td><strong>Total short-term investments</strong></td>
<td><strong>1,275</strong></td>
<td><strong>1,212</strong></td>
</tr>
<tr>
<td>31 December 1997</td>
<td>1,275</td>
<td>1,212</td>
</tr>
<tr>
<td>31 December 1996</td>
<td>1,019</td>
<td>979</td>
</tr>
<tr>
<td>31 December 1995</td>
<td>867</td>
<td>827</td>
</tr>
</tbody>
</table>

Sterling and US dollar floating rate investments include (pound)789 million of money market deposits and (pound)265 million of equity based investments which mature within three months of the balance sheet date.

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

The currency and interest rate profile of the group’s total borrowings at 31 December 1997 was:

<table>
<thead>
<tr>
<th></th>
<th>Borrowings</th>
<th>Fixed rate borrowings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Floating rate borrowings (pound)m</td>
<td>Weighted average interest rate at 31 December %</td>
</tr>
<tr>
<td></td>
<td>Total (pound)m</td>
<td>Fixed rate borrowings (pound)m</td>
</tr>
<tr>
<td>French franc</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Swiss franc</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Deutschmark</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Japanese yen</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Sterling</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total borrowings</strong></td>
<td><strong>66</strong></td>
<td><strong>58</strong></td>
</tr>
<tr>
<td>31 December 1997</td>
<td>66</td>
<td>58</td>
</tr>
<tr>
<td>31 December 1996</td>
<td>46</td>
<td>35</td>
</tr>
<tr>
<td>31 December 1995</td>
<td>78</td>
<td>58</td>
</tr>
</tbody>
</table>

The floating rate borrowings comprise bank loans and overdrafts bearing interest at rates based on LIBOR in the case of the Swiss franc and based on local money market rates in the case of the French franc and deutschmark overdrafts.
Total borrowings are repayable as follows:

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>48</td>
<td>24</td>
<td>44</td>
</tr>
<tr>
<td>Between one and two years</td>
<td>18</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Between two and five years</td>
<td>-</td>
<td>18</td>
<td>25</td>
</tr>
</tbody>
</table>

The weighted average interest rate on bank borrowings at 31 December 1997 was 4% (1996 - 4%, 1995 - 5%).

In December 1994 Reuters obtained a series of bilateral loan facilities with some of its close relationship banks. A total commitment of (pound)150 million was put in place, reducing to (pound)50 million in December 1999. The facilities which were floating rate based on money market rates were terminated on 6 February 1998 in anticipation of the capital reorganisation described in note 30. In addition, at 31 December 1997 Reuters had unused, short-term, uncommitted bank borrowing facilities denominated in various currencies, the sterling equivalent of which was approximately (pound)432 million, at money market rates varying principally between 2% and 10%, depending on the currency.

14. CONCENTRATION OF CREDIT RISK

Reuters is exposed to concentrations of credit risk. Reuters 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. Reuters is also exposed to credit risk from its trade debtors which are concentrated in the financial community. Reuters estimates that approximately 50% of its subscribers are financial institutions, 20% are corporations in other sectors of the business community, 5% are from the news media and 9% are government institutions and individuals worldwide (1996 - 57%, 28%, 6% and 9% respectively).

Instinet is exposed to the possibility of trades between its counterparties failing to settle. Due to the settlement mechanism 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 1997.
<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notes</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(pound)m</td>
<td>(pound)m</td>
<td>(pound)m</td>
</tr>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets: Goodwill</td>
<td>16</td>
<td>157</td>
<td>198</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>17</td>
<td>816</td>
<td>775</td>
</tr>
<tr>
<td>Investments</td>
<td>18</td>
<td>73</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,046</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,026</td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>19</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>Debtors (see note below)</td>
<td>20</td>
<td>421</td>
<td>392</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>21</td>
<td>1,275</td>
<td>1,019</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td></td>
<td>81</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,790</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,550</td>
</tr>
<tr>
<td>Debtors: Amounts falling due within one year</td>
<td>22</td>
<td>1,790 (1,076)</td>
<td>1,550 (985)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>714</td>
<td>525</td>
<td>387</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td>1,760</td>
<td>1,551</td>
<td>1,386</td>
</tr>
<tr>
<td>Creditors: Amounts falling due after more than one year</td>
<td>23</td>
<td>(37)</td>
<td>(41)</td>
</tr>
<tr>
<td>Provisions for liabilities and charges:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pensions and similar obligations</td>
<td>24</td>
<td>(28)</td>
<td>(30)</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>25</td>
<td>(16)</td>
<td>(21)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,679</td>
<td>1,459</td>
<td>1,212</td>
</tr>
<tr>
<td>Capital and reserves</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Called-up share capital</td>
<td>42</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Capital redemption reserve</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Share premium account</td>
<td>156</td>
<td>121</td>
<td>76</td>
</tr>
<tr>
<td>Profit and loss account reserve</td>
<td>1,543</td>
<td>1,375</td>
<td>1,173</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>1,743</td>
<td>1,540</td>
<td>1,283</td>
</tr>
<tr>
<td>Interest in shares of Reuters Holdings PLC</td>
<td>(82)</td>
<td>(82)</td>
<td>(82)</td>
</tr>
<tr>
<td>Minority interests - equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- non-equity</td>
<td>27</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td>Capital employed</td>
<td>1,661</td>
<td>1,459</td>
<td>1,211</td>
</tr>
</tbody>
</table>

Debtors and net current assets include amounts due after more than one year of (pound)57 million (1996 - (pound)39 million, 1995 - (pound)77 million).

The balance sheet of Reuters Holdings PLC is shown on page 76.

The financial statements on pages 48-79 were approved by the directors on 13 February 1998.

/s/ Peter Job  
Peter Job Chief Executive

/s/ Rob Rowley  
Rob Rowley Finance Director
NOTES ON THE CONSOLIDATED BALANCE SHEET

15. SEGMENTAL ANALYSIS

The tables below show net assets and total assets by location on a basis consistent with the segmental analysis of profit in note 2. For the reasons discussed in that note, the assets in any location are not matched with the revenue earned in that location. Central net assets and total assets have been restated to include capitalised goodwill.

<table>
<thead>
<tr>
<th>Location of net assets</th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-interest bearing assets/(liabilities):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe, Middle East and Africa</td>
<td>301</td>
<td>295</td>
<td>267</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>101</td>
<td>98</td>
<td>105</td>
</tr>
<tr>
<td>The Americas</td>
<td>53</td>
<td>80</td>
<td>46</td>
</tr>
<tr>
<td>Instinet</td>
<td>114</td>
<td>37</td>
<td>43</td>
</tr>
<tr>
<td>TIBCO</td>
<td>6</td>
<td>6</td>
<td>(6)</td>
</tr>
<tr>
<td>Central</td>
<td>(180)</td>
<td>(98)</td>
<td></td>
</tr>
<tr>
<td>Non-interest bearing net assets</td>
<td>395</td>
<td>416</td>
<td>452</td>
</tr>
<tr>
<td>Interest bearing net assets</td>
<td>1,284</td>
<td>1,043</td>
<td>760</td>
</tr>
<tr>
<td></td>
<td>1,679</td>
<td>1,459</td>
<td>1,212</td>
</tr>
</tbody>
</table>

Central non-interest bearing liabilities consist principally of dividend and taxation liabilities partially offset by unamortised goodwill. Interest bearing net assets are stated after deducting deferred consideration which has been discounted for accounting purposes.

<table>
<thead>
<tr>
<th>Location of total assets</th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe, Middle East and Africa</td>
<td>644</td>
<td>584</td>
<td>583</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>224</td>
<td>206</td>
<td>205</td>
</tr>
<tr>
<td>The Americas</td>
<td>178</td>
<td>195</td>
<td>189</td>
</tr>
<tr>
<td>Instinet</td>
<td>423</td>
<td>316</td>
<td>235</td>
</tr>
<tr>
<td>TIBCO</td>
<td>56</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Central</td>
<td>1,311</td>
<td>1,202</td>
<td>1,124</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>1,846</td>
<td>1,026</td>
<td>999</td>
</tr>
<tr>
<td>Current assets</td>
<td>1,790</td>
<td>1,510</td>
<td>1,370</td>
</tr>
<tr>
<td></td>
<td>2,836</td>
<td>2,536</td>
<td>2,369</td>
</tr>
</tbody>
</table>

Central assets consist principally of purchased goodwill net of accumulated amortisation, short-term investments and cash.
### 16. INTANGIBLE ASSETS: GOODWILL

<table>
<thead>
<tr>
<th>Date</th>
<th>Cost (pound)m</th>
<th>Amortisation (pound)m</th>
<th>Net Book Amount (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 1994</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As previously reported</td>
<td>411 (176)</td>
<td></td>
<td>235</td>
</tr>
<tr>
<td>Prior year adjustment</td>
<td>411 (176)</td>
<td></td>
<td>235</td>
</tr>
<tr>
<td>Restated</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation charged in year</td>
<td>- (41)</td>
<td></td>
<td>(41)</td>
</tr>
<tr>
<td>Additions</td>
<td>70</td>
<td></td>
<td>70</td>
</tr>
<tr>
<td>31 December 1995</td>
<td>481 (217)</td>
<td></td>
<td>264</td>
</tr>
<tr>
<td>Additions</td>
<td>(17)</td>
<td></td>
<td>(17)</td>
</tr>
<tr>
<td>Amortisation charged in year</td>
<td>(49)</td>
<td></td>
<td>(49)</td>
</tr>
<tr>
<td>31 December 1996</td>
<td>464 (266)</td>
<td></td>
<td>198</td>
</tr>
<tr>
<td>Additions</td>
<td>10</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Amortisation charged in year</td>
<td>(51)</td>
<td></td>
<td>(51)</td>
</tr>
<tr>
<td>31 December 1997</td>
<td>474 (317)</td>
<td></td>
<td>157</td>
</tr>
</tbody>
</table>

### 17. TANGIBLE ASSETS

<table>
<thead>
<tr>
<th>Date</th>
<th>Freehold property (pound)m</th>
<th>Leasehold property (pound)m</th>
<th>Computer systems equipment (pound)m</th>
<th>Office equipment and motor vehicles (pound)m</th>
<th>Total (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>165</td>
<td>118</td>
<td>1,493</td>
<td>119</td>
<td>1,967</td>
</tr>
<tr>
<td>Translation differences</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Additions</td>
<td>11</td>
<td>21</td>
<td>295</td>
<td>34</td>
<td>361</td>
</tr>
<tr>
<td>Owned by subsidiaries acquired</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(4)</td>
<td>(168)</td>
<td>(19)</td>
<td>(180)</td>
</tr>
<tr>
<td>31 December 1997</td>
<td>176</td>
<td>137</td>
<td>1,623</td>
<td>208</td>
<td>2,144</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 December 1996</td>
<td>48</td>
<td>59</td>
<td>972</td>
<td>113</td>
<td>1,192</td>
</tr>
<tr>
<td>Translation differences</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Charged in the year</td>
<td>10</td>
<td>13</td>
<td>258</td>
<td>31</td>
<td>312</td>
</tr>
<tr>
<td>Owned by subsidiaries acquired</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>On disposals</td>
<td>-</td>
<td>(4)</td>
<td>(161)</td>
<td>(15)</td>
<td>(180)</td>
</tr>
<tr>
<td>31 December 1997</td>
<td>58</td>
<td>68</td>
<td>1,071</td>
<td>131</td>
<td>1,328</td>
</tr>
<tr>
<td>Net book amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 December 1997</td>
<td>118</td>
<td>69</td>
<td>552</td>
<td>77</td>
<td>816</td>
</tr>
<tr>
<td>31 December 1996</td>
<td>117</td>
<td>69</td>
<td>521</td>
<td>78</td>
<td>775</td>
</tr>
</tbody>
</table>
### 17. TANGIBLE ASSETS continued

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net book amount of leasehold property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term leaseholds</td>
<td>16</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>Short-term leaseholds</td>
<td>53</td>
<td>44</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>69</td>
<td>59</td>
<td>56</td>
</tr>
<tr>
<td>Capital commitments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracted for</td>
<td>47</td>
<td>52</td>
<td>64</td>
</tr>
</tbody>
</table>

### 18. INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>Interests in own shares (pound)m</th>
<th>Interests in associates (pound)m</th>
<th>Other investments (pound)m</th>
<th>Total (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost less amounts written off 31 December 1996</td>
<td>28</td>
<td>10</td>
<td>22</td>
<td>60</td>
</tr>
<tr>
<td>Net additions</td>
<td>11</td>
<td>10</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(1)</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td>Reclassification</td>
<td>-</td>
<td>3</td>
<td>(3)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>31 December 1997</td>
<td>39</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>Share of post-acquisition losses 31 December 1996</td>
<td>-</td>
<td>(7)</td>
<td>-</td>
<td>(7)</td>
</tr>
<tr>
<td>Arising in the year</td>
<td>-</td>
<td>(1)</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>31 December 1997</td>
<td>-</td>
<td>(7)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>39</td>
<td>15</td>
<td>19</td>
<td>73</td>
</tr>
</tbody>
</table>

The reclassification reflects the purchase of an additional 2% of Independent Television News Limited. This takes Reuters equity stake to 20% and it is now treated as an associate.

Interests in own shares represents the cost less amounts written off of 11.8 million ordinary shares held by employee share ownership trusts (ESOTs). These were acquired in 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 pages 28-30). The market value of these shares at 31 December 1997 was (pound)79 million. The ESOTs have waived dividend and voting rights on these shares. This presentation accords with that required by the Urgent Issues Task Force abstracts 13 and 17. Should the shares held by the ESOTs become material this treatment may be reviewed.

Other investments consist principally of US technology stocks, a number of which are listed with a market value of (pound)23 million, and Stock Exchange seats.
19. STOCKS

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract work in progress</td>
<td>15</td>
<td>22</td>
<td>18</td>
</tr>
<tr>
<td>Less progress payments     (11)</td>
<td>(13)</td>
<td>(11)</td>
<td></td>
</tr>
<tr>
<td>Equipment stocks</td>
<td>9</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>22</td>
<td>21</td>
</tr>
</tbody>
</table>

20. DEBTORS

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>176</td>
<td>166</td>
<td>167</td>
</tr>
<tr>
<td>Less allowance for doubtful accounts        (27)</td>
<td>(24)</td>
<td>(28)</td>
<td></td>
</tr>
<tr>
<td>Other debtors</td>
<td>149</td>
<td>142</td>
<td>139</td>
</tr>
<tr>
<td>Prepayments and accrued income              74</td>
<td>69</td>
<td>97</td>
<td></td>
</tr>
<tr>
<td>Advance corporation tax recoverable         7</td>
<td>23</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td></td>
<td>421</td>
<td>392</td>
<td>421</td>
</tr>
</tbody>
</table>

Amounts falling due after more than one year:

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other debtors</td>
<td>15</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>74</td>
<td>65</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>57</td>
<td>39</td>
<td>77</td>
</tr>
</tbody>
</table>

21. SHORT-TERM INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government securities: UK</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Overseas</td>
<td>88</td>
<td>54</td>
<td>55</td>
</tr>
<tr>
<td>Other investments:</td>
<td>265</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Overseas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>350</td>
<td>54</td>
<td>56</td>
</tr>
</tbody>
</table>

Unlisted

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit</td>
<td>144</td>
<td>242</td>
<td>241</td>
</tr>
<tr>
<td>Term deposits:</td>
<td>647</td>
<td>594</td>
<td>474</td>
</tr>
<tr>
<td>UK</td>
<td>73</td>
<td>39</td>
<td>43</td>
</tr>
<tr>
<td>Overseas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other investments:</td>
<td>61</td>
<td>90</td>
<td>53</td>
</tr>
<tr>
<td>Overseas</td>
<td>925</td>
<td>985</td>
<td>811</td>
</tr>
<tr>
<td></td>
<td>1,275</td>
<td>1,019</td>
<td>867</td>
</tr>
</tbody>
</table>
## 22. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>135</td>
<td>122</td>
<td>144</td>
</tr>
<tr>
<td>Accruals</td>
<td>374</td>
<td>362</td>
<td>333</td>
</tr>
<tr>
<td>Deferred income</td>
<td>38</td>
<td>43</td>
<td>36</td>
</tr>
<tr>
<td>Other creditors</td>
<td>36</td>
<td>30</td>
<td>36</td>
</tr>
<tr>
<td>Other taxation and social security</td>
<td>36</td>
<td>25</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>619</td>
<td>582</td>
<td>578</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>42</td>
<td>6</td>
<td>34</td>
</tr>
<tr>
<td>Bank loans</td>
<td>6</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>Current UK corporation and overseas taxation</td>
<td>269</td>
<td>234</td>
<td>240</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>140</td>
<td>145</td>
<td>121</td>
</tr>
<tr>
<td></td>
<td>1,076</td>
<td>985</td>
<td>983</td>
</tr>
</tbody>
</table>

Current UK corporation and overseas taxation comprises:

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK corporation tax:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance corporation tax</td>
<td>47</td>
<td>22</td>
<td>75</td>
</tr>
<tr>
<td>Mainstream corporation tax</td>
<td>134</td>
<td>163</td>
<td>93</td>
</tr>
<tr>
<td>Overseas taxes</td>
<td>88</td>
<td>49</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>269</td>
<td>234</td>
<td>240</td>
</tr>
</tbody>
</table>

## 23. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank borrowings</td>
<td>18</td>
<td>22</td>
<td>34</td>
</tr>
<tr>
<td>Other creditors</td>
<td>19</td>
<td>19</td>
<td>101</td>
</tr>
<tr>
<td></td>
<td>37</td>
<td>21</td>
<td>44</td>
</tr>
<tr>
<td>Bank borrowings secured against freehold property</td>
<td>15</td>
<td>19</td>
<td>24</td>
</tr>
</tbody>
</table>

Bank borrowings at 31 December 1997 included loans denominated in Swiss francs and sterling, secured on freehold property held at a cost of (pound)116 million. The interest rate payable on the Swiss franc loan was 1.75% and 8.81% on the sterling loan.

## 24. PENSIONS AND SIMILAR OBLIGATIONS

Reuters 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 company and are independently administered.

**DEFINED CONTRIBUTION PLANS** - Reuters operates 27 defined contribution plans covering approximately 68% of its employees, of which the largest plan, the Reuters Pension Fund, covers approximately 27% 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.
24. PENSIONS AND SIMILAR OBLIGATIONS continued

DEFINED BENEFIT PLANS - Reuters also operates 34 defined benefit plans covering approximately 17% 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, Reuters provides unfunded post-retirement medical benefits to certain US employees. The principal assumptions used in the most recent actuarial valuation undertaken at 31 December 1997 were that health care costs would increase by 8% per annum per head over the next year decreasing to 6% over the following two years and remain at 6% thereafter.

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

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>30</td>
<td>27</td>
<td>22</td>
</tr>
<tr>
<td>Profit and loss account (see note 3):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined contribution plans</td>
<td>32</td>
<td>29</td>
<td>26</td>
</tr>
<tr>
<td>Defined benefit plans</td>
<td>11</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>Post-retirement medical benefits</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Utilised in the year</td>
<td>(44)</td>
<td>(44)</td>
<td>(39)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>28</td>
<td>30</td>
<td>27</td>
</tr>
</tbody>
</table>

25. DEFERRED TAXATION LIABILITIES/(ASSETS)

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>(48)</td>
<td>(85)</td>
<td>(46)</td>
</tr>
<tr>
<td>Arising on acquisitions</td>
<td>-</td>
<td>18</td>
<td>(33)</td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>(19)</td>
<td>19</td>
<td>(6)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>(58)</td>
<td>(48)</td>
<td>(85)</td>
</tr>
</tbody>
</table>

The closing balance is analysed below:

Timing differences:

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed asset related</td>
<td>(1)</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Other</td>
<td>(57)</td>
<td>(61)</td>
<td>(98)</td>
</tr>
<tr>
<td></td>
<td>(58)</td>
<td>(48)</td>
<td>(85)</td>
</tr>
</tbody>
</table>
25. DEFERRED TAXATION LIABILITIES/(ASSETS) continued

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 earnings by overseas subsidiary undertakings. Reuters has not provided for deferred UK income and foreign withholding taxes relating to unremitting earnings where remittance of these earnings is not currently anticipated in the foreseeable future. Reuters estimates that these unrecognised taxes total approximately (pound)114 million at 31 December 1997.

Total timing differences at 31 December 1997

<table>
<thead>
<tr>
<th></th>
<th>Assets (pound)m</th>
<th>Valuation allowance (pound)m</th>
<th>Liabilities (pound)m</th>
<th>Net (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed asset related</td>
<td>(36)</td>
<td>7</td>
<td>28</td>
<td>(1)</td>
</tr>
<tr>
<td>Unrecognised tax losses</td>
<td>(18)</td>
<td>17</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>(84)</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(138)</td>
<td>44</td>
<td>36</td>
<td>(58)</td>
</tr>
</tbody>
</table>

The valuation allowance increased by (pound)10 million during 1997. Where appropriate deferred tax assets and liabilities are netted for balance sheet presentation purposes. The net deferred tax balance has been analysed as:

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax debtor</td>
<td>(74)</td>
<td>(69)</td>
<td>(97)</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>16</td>
<td>21</td>
<td>12</td>
</tr>
</tbody>
</table>

26. CAPITAL AND RESERVES

<table>
<thead>
<tr>
<th></th>
<th>Called-up share capital (pound)m</th>
<th>Capital redemption reserve (pound)m</th>
<th>Share premium account (pound)m</th>
<th>Profit and loss reserve (pound)m</th>
<th>Goodwill elimination reserve (pound)m</th>
<th>Shareholders' equity (pound)m</th>
<th>Interest in shares of Reuters Holdings PLC (pound)m</th>
<th>Total (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 1994</td>
<td>42</td>
<td>2</td>
<td>57</td>
<td>1,083</td>
<td>(363)</td>
<td>821</td>
<td>(82)</td>
<td>739</td>
</tr>
<tr>
<td>As previously reported</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior year adjustment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(see note 1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restated</td>
<td>42</td>
<td>2</td>
<td>57</td>
<td>955</td>
<td></td>
<td>1,056</td>
<td>(82)</td>
<td>974</td>
</tr>
<tr>
<td>Shares issued during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation differences</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings for the year (restated)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| 31 December 1995            | 42                                | 2                                   | 76                            | 1,173                           | -                                     | 1,293           | (82)                                             | 1,211        |
| Shares issued during the year|                                  |                                     |                               |                                 |                                       |                 |                                                  |              |
| Translation differences      |                                  |                                     |                               |                                 |                                       |                 |                                                  |              |
| Retained earnings for the year (restated) |                                  |                                     |                               |                                 |                                       |                 |                                                  |              |

| 31 December 1996            | 42                                | 2                                   | 121                           | 1,375                           | -                                     | 1,540           | (82)                                             | 1,458        |
| Shares issued during the year|                                  |                                     |                               |                                 |                                       |                 |                                                  |              |
| Shares repurchased during the year (see note 29) |                                  |                                     |                               |                                 |                                       |                 |                                                  |              |
| Translation differences      |                                  |                                     |                               |                                 |                                       |                 |                                                  |              |
| Retained earnings for the year |                                  |                                     |                               |                                 |                                       |                 |                                                  |              |

| 31 December 1997            | 42                                | 2                                   | 156                           | 1,543                           | -                                     | 1,743           | (82)                                             | 1,661        |

Interest in shares of Reuters Holdings PLC comprises Reuters interest in 55.6 million ordinary shares owned by Telfer Investments (Australia) Pty Limited and 3.7 million ordinary shares owned by Instinet Corporation which were originally acquired prior to 31 December 1989. The economic substance is that the shares have been retired; no dividends are paid outside the group in respect of them and, therefore, they have been excluded from the earnings per share calculation. They are included in the consolidated balance sheet as a deduction from shareholders’ equity at original cost. Treating them as an asset would not reflect the substance of the original transactions and would not give a true and fair view. The treatment adopted is consistent with US GAAP but could be considered a departure from the presentation required by the UK Companies Act 1985 which, except for the overriding requirement to show a true and fair view, would otherwise require these shares to be shown as a fixed asset investment.

During 1997 Reuters Holdings PLC received (£35 million on the issue of shares in respect of the exercise of options awarded under various share option plans. Employees paid (£22 million to the group for the issue of these shares and the balance of (£13 million comprised contributions to the qualifying employee share trust (QUEST) from subsidiary undertakings.

### 27. NON-EQUITY MINORITY INTERESTS

Non-equity minority interests comprise convertible preferred stock issued by TIBCO Software Inc., a US subsidiary. The holders of these securities, which are non-redeemable, have no rights against group undertakings other than the issuing entity. Dividends on the preferred stock are only payable when declared.

### 28. SHARE CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authorised</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One Founders Share of (£1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,100 million ordinary shares of 2.5p each</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>53</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td><strong>Allotted and called-up</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One Founders Share of (£1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares of 2.5p each</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>42</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td><strong>Number of ordinary shares of 2.5p each (millions)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,694.2</td>
<td>1,688.6</td>
<td>1,677.1</td>
</tr>
<tr>
<td><strong>Shares allotted/(repurchased) during the year in millions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued for cash under employee share schemes at prices ranging from 117p to 601p per share in 1997</td>
<td>8.6</td>
<td>11.5</td>
<td>9.0</td>
</tr>
<tr>
<td>Repurchased at prices ranging from 689p to 694p per share and cancelled in 1997</td>
<td>(3.0)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>5.6</td>
<td>11.5</td>
<td>9.0</td>
</tr>
</tbody>
</table>
29. SHARE REPURCHASE

During 1997 Reuters carried out an on market share repurchase programme to acquire, and subsequently cancel, 3.0 million of its ordinary shares at prices ranging from 689p to 694p. The total cost of the repurchase programme including expenses was (£)21 million, which has been charged against distributable reserves.

30. POST BALANCE SHEET EVENT

An extraordinary general meeting of Reuters Holdings PLC was held on 19 January 1998 at which a capital reorganisation was approved by the shareholders. The reorganisation, which is subject to approval of the High Court, returns (£)1,482 million of surplus capital in the form of cash to shareholders and involves the creation of a new holding company Reuters Group PLC which will acquire Reuters Holdings PLC.

The reorganisation will be effected by a scheme of arrangement under which Reuters Holdings PLC shareholders will receive 13 shares in Reuters Group PLC plus (£)13.60 in cash in return for every 15 shares held. ADS holders will receive 13 ADSs in Reuters Group PLC plus the US dollar equivalent of (£)81.60 in cash in return for every 15 ADSs held.

The number of new shares in Reuters Group PLC to be received has been set to facilitate comparability of earnings per share under UK GAAP with existing Reuters Holdings PLC shares. UK GAAP will treat the reorganisation as a share consolidation together with a special dividend and accordingly will require earnings per share to be restated in historical periods for the reduced number of shares.

One-off tax and other costs relating to the return of capital to shareholders, principally the cost of remitting funds from overseas subsidiaries, amounted to (£)31 million. These costs, which were charged against 1997 earnings, comprised (£)23 million included within taxation on profit on ordinary activities and (£)8 million of advisers’ fees included within operating costs.

On 4 December 1997, Reuters Group PLC entered into syndicated credit facilities for (£)1.5 billion to cover the payment to shareholders under the scheme of arrangement. The facilities are with a number of Reuters close relationship banks at variable interest rates based on LIBOR, the London Interbank Offered Rate. The (£)1.0 billion facility may be drawn and redrawn until 2 December 1998 at which time Reuters Group PLC may elect to borrow any available amounts for a period of up to 12 months. The remaining (£)0.5 billion may be drawn and redrawn up to one month prior to its maturity on 4 December 2002.

Reuters has put forward proposals to the participants in the Reuters Holdings PLC share plans which are intended to preserve the value of their rights after the scheme has come into effect. This will mean in most instances the exercise of existing options on their existing terms but with arrangements for option holders to receive shares in Reuters Group PLC in exchange for shares in Reuters Holdings PLC.

An international SAYE plan, a performance-related share plan and a long-term incentive plan, each on substantially the same terms as the corresponding plans in Reuters Holdings PLC, and unapproved executive share option plans, one for use in the US and the other for use in the rest of the world, have been adopted by Reuters Group PLC and approved by Reuters Holdings PLC shareholders at the extraordinary general meeting on 19 January 1998.
The proforma consolidated balance sheet of Reuters Group PLC at 31 December 1997 is set out below for illustrative purposes only. The movements between this balance sheet and the audited consolidated balance sheet of Reuters Holdings PLC are as follows:

<table>
<thead>
<tr>
<th></th>
<th>As reported (pound)m</th>
<th>Adjustments (pound)m</th>
<th>Proforma (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>1,046</td>
<td>-</td>
<td>1,046</td>
</tr>
<tr>
<td>Net funds</td>
<td>1,290</td>
<td>(1,513)</td>
<td>(223)</td>
</tr>
<tr>
<td>Net liabilities</td>
<td>(576)</td>
<td>31</td>
<td>(545)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(81)</td>
<td>(81)</td>
</tr>
<tr>
<td>Net assets</td>
<td>1,679</td>
<td>(1,482)</td>
<td>197</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>1,661</td>
<td>(1,482)</td>
<td>179</td>
</tr>
<tr>
<td>Minority interests</td>
<td>18</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>Capital and reserves</td>
<td>1,679</td>
<td>(1,482)</td>
<td>197</td>
</tr>
</tbody>
</table>

Net funds reduce by (pound)1,513 million due to the return of surplus capital to shareholders of (pound)1,482 million which is reflected in shareholders' equity and (pound)31 million of costs which were accrued at 31 December 1997.

On a proforma basis, assuming the (pound)1,482 million had been paid to shareholders on 1 January 1997 and funded at an interest rate of 7.5%, group profit before tax in 1997 would have been (pound)113 million lower at (pound)513 million.

31. CONTINGENT LIABILITY

In January 1998 Reuters was notified that Reuters Analytics Inc. ("Reuters Analytics"), one of its US subsidiaries, is the subject of a grand jury investigation in New York. Reuters understands that the investigation is focused primarily on an arrangement that Reuters Analytics had with a New York-based consultant. The consultant subscribed to Bloomberg L.P.'s service, which included the associated data and analytics. The investigation is focused on, among other things, whether Reuters Analytics improperly induced the consultant to breach certain provisions of the consultant's subscription agreement by arranging for the consultant to provide Bloomberg information to Reuters. The investigation also is focused on the use by Reuters of the transmitted information - more specifically, for example, whether Bloomberg data obtained from the consultant was improperly incorporated into Reuters products and whether Bloomberg information was used by Reuters Analytics for any improper "reverse engineering" of certain analytics. It is Reuters understanding that the principal focus of the grand jury investigation is on Reuters Analytics and certain of its personnel. However, the investigation will also involve an examination of the activities of other individuals and entities outside Reuters Analytics. Reuters is co-operating with the investigation and has engaged external legal counsel to conduct a thorough internal inquiry. At this time Reuters is unable to predict the impact the investigation or related events may have on its business or financial condition, and accordingly, no provision has been made in these financial statements.
32. EMPLOYEE SHARE OPTION PLANS

Reuters operates share plans for the benefit of employees as explained in the report on remuneration. Since the flotation in 1984, Reuters has issued 84 million shares under these plans.

Share option activity for the two years ended 31 December 1997 was as follows:

<table>
<thead>
<tr>
<th>Weighted average exercise price (pound)</th>
<th>Ordinary shares under option in millions (including ADSs):</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 December 1995</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31 December 1996</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31 December 1997</td>
<td></td>
</tr>
<tr>
<td>Ordinary shares under option in millions (including ADSs):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 December 1995</td>
<td>27.4</td>
<td>10.1</td>
</tr>
<tr>
<td>Granted</td>
<td>3.7</td>
<td>-</td>
</tr>
<tr>
<td>Exercised</td>
<td>(7.7)</td>
<td>(3.7)</td>
</tr>
<tr>
<td>Expired, cancelled or lapsed</td>
<td>(1.7)</td>
<td>-</td>
</tr>
<tr>
<td>31 December 1996</td>
<td>21.7</td>
<td>6.4</td>
</tr>
<tr>
<td>Granted</td>
<td>4.8</td>
<td>-</td>
</tr>
<tr>
<td>Exercised</td>
<td>(5.9)</td>
<td>(2.7)</td>
</tr>
<tr>
<td>Expired, cancelled or lapsed</td>
<td>(3.4)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>31 December 1997</td>
<td>17.2</td>
<td>3.4</td>
</tr>
</tbody>
</table>

The following table summarises information relating to the number of shares under option and those which were exercisable at 31 December 1997.

<table>
<thead>
<tr>
<th>Range of exercise prices</th>
<th>Weighted average exercise price (pound)</th>
<th>Shares exercisable at 31 December 1997 (millions)</th>
<th>Weighted average exercise price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares</td>
<td>1.00 - 3.00</td>
<td>(2.59)</td>
<td>(2.17)</td>
</tr>
<tr>
<td>ADSs</td>
<td>$0.01 - $20.00</td>
<td>$14.12</td>
<td>$14.12</td>
</tr>
<tr>
<td>$20.01 - $40.00</td>
<td>$43.72</td>
<td>$43.72</td>
<td>$43.72</td>
</tr>
<tr>
<td>$40.01 - $60.00</td>
<td>0.2</td>
<td>0.2</td>
<td>$14.12</td>
</tr>
<tr>
<td></td>
<td>1.2</td>
<td>0.4</td>
<td>$28.43</td>
</tr>
<tr>
<td></td>
<td>2.0</td>
<td>0.2</td>
<td>$43.72</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>0.2</td>
<td>-</td>
</tr>
</tbody>
</table>

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 off-shore subsidiary of Reuters, is being managed under contract by an independent management company. Shares purchased by the trusts will be used to meet obligations under the company’s restricted share plans described in the report on remuneration on pages 28-31. Shares may also be used to satisfy the exercise of options granted, or to be granted, under the employee share option plans. Alternatively, new shares may be issued to satisfy these option obligations.
33. OPERATING LEASES

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

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>-</td>
<td>-</td>
<td>70</td>
</tr>
<tr>
<td>1997</td>
<td>-</td>
<td>62</td>
<td>57</td>
</tr>
<tr>
<td>1998</td>
<td>62</td>
<td>58</td>
<td>43</td>
</tr>
<tr>
<td>1999</td>
<td>60</td>
<td>47</td>
<td>34</td>
</tr>
<tr>
<td>2000</td>
<td>51</td>
<td>42</td>
<td>28</td>
</tr>
<tr>
<td>2001</td>
<td>45</td>
<td>35</td>
<td>24</td>
</tr>
<tr>
<td>2002</td>
<td>38</td>
<td>30</td>
<td>23</td>
</tr>
<tr>
<td>Thereafter</td>
<td>149</td>
<td>144</td>
<td>102</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>405</td>
<td>418</td>
<td>381</td>
</tr>
</tbody>
</table>

At 31 December Reuters had commitments to make payments during the following year under non-cancellable operating leases as follows:

<table>
<thead>
<tr>
<th>Land and buildings</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1997 (pound)m</td>
<td>1996 (pound)m</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Operating leases which expire:</td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td>5</td>
</tr>
<tr>
<td>In the second to fifth years</td>
<td>26</td>
</tr>
<tr>
<td>Over five years</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>26</td>
</tr>
</tbody>
</table>

34. ACQUISITIONS

<table>
<thead>
<tr>
<th>Consideration:</th>
<th>(pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid in the year in respect of subsidiaries and associates (see note 11)</td>
<td>20</td>
</tr>
<tr>
<td>Contingent/deferred</td>
<td>6</td>
</tr>
<tr>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total consideration</td>
<td>26</td>
</tr>
<tr>
<td>Total net assets acquired</td>
<td>12</td>
</tr>
<tr>
<td>Goodwill arising on acquisitions in the year</td>
<td>14</td>
</tr>
<tr>
<td>Goodwill written back</td>
<td>(4)</td>
</tr>
<tr>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Goodwill capitalised in the year (see note 16)</td>
<td>10</td>
</tr>
</tbody>
</table>

During 1997 Reuters acquired Bisnews Limited, Hardwick Stafford Wright Limited and Marvin SA.

Contribution to group revenue of acquisitions made during 1997 was immaterial.

Had these companies been acquired on 1 January 1997, their impact on the group’s results would have been immaterial.
The principal subsidiary undertakings at 31 December 1997, all of which are included in the consolidated financial statements, are shown below. The shares in Reuters Limited are held by Reuters Holdings PLC. The shares in the other companies are held by Reuters Limited or its wholly-owned subsidiaries.

<table>
<thead>
<tr>
<th>Subsidiary undertakings</th>
<th>Country of incorporation</th>
<th>Principal area of operation</th>
<th>Percentage of equity shares held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instinet Corporation</td>
<td>USA</td>
<td>USA</td>
<td>100</td>
</tr>
<tr>
<td>Reuters AG</td>
<td>Germany</td>
<td>Germany</td>
<td>100</td>
</tr>
<tr>
<td>Reuters America Inc</td>
<td>USA</td>
<td>USA</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Asia Pte Limited</td>
<td>Singapore</td>
<td>Asia/Pacific</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Australia Pty Limited</td>
<td>Australia</td>
<td>Australia</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Eastern Europe Limited</td>
<td>Great Britain</td>
<td>Russia</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Espana SA</td>
<td>Spain</td>
<td>Spain</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Hong Kong Limited</td>
<td>Cook Islands</td>
<td>Hong Kong</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Italia SpA</td>
<td>Italy</td>
<td>Italy</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Japan Kabushiki Kaisha</td>
<td>Japan</td>
<td>Japan</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Limited</td>
<td>Great Britain</td>
<td>Worldwide</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Nederland BV</td>
<td>Netherlands</td>
<td>Netherlands</td>
<td>100</td>
</tr>
<tr>
<td>Reuters SA</td>
<td>Switzerland</td>
<td>Continental Europe</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Services SARL</td>
<td>France</td>
<td>France</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Singapore Pte Limited</td>
<td>Singapore</td>
<td>Singapore</td>
<td>100</td>
</tr>
<tr>
<td>Reuters Transaction Services Limited</td>
<td>Great Britain</td>
<td>Worldwide</td>
<td>100</td>
</tr>
<tr>
<td>TIBCO Finance Technology Inc</td>
<td>USA</td>
<td>Worldwide</td>
<td>100</td>
</tr>
<tr>
<td>TIBCO Software Inc</td>
<td>USA</td>
<td>Worldwide</td>
<td>100</td>
</tr>
</tbody>
</table>

The activities of the subsidiary undertakings listed above are set out on page 5. The financial years for the above subsidiary undertakings end on 31 December. Associated undertakings are not listed as their carrying value is only (£)15 million.

*Excludes the impact of non-equity stock issued during the year (see note 27).
## BALANCE SHEET OF REUTERS HOLDINGS PLC at 31 December

<table>
<thead>
<tr>
<th>Notes</th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed asset investment</td>
<td>36</td>
<td>165</td>
<td>165</td>
</tr>
<tr>
<td>Amounts owed by group undertakings</td>
<td>536</td>
<td>545</td>
<td>582</td>
</tr>
<tr>
<td>Advance corporation tax recoverable</td>
<td>5</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proposed dividends</td>
<td>(140)</td>
<td>(145)</td>
<td>(121)</td>
</tr>
<tr>
<td>Net assets</td>
<td>406</td>
<td>400</td>
<td>467</td>
</tr>
</tbody>
</table>

- Net assets: 571 565 632

### Capital and reserves

<table>
<thead>
<tr>
<th>Notes</th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Called-up share capital</td>
<td>42</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Capital redemption reserve</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Share premium account</td>
<td>156</td>
<td>121</td>
<td>76</td>
</tr>
<tr>
<td>Profit and loss account reserve</td>
<td>334</td>
<td>363</td>
<td>475</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>37</td>
<td>37</td>
<td>37</td>
</tr>
</tbody>
</table>

### Capital employed

- Capital employed: 571 565 632

### Profit attributable to shareholders

- Profit attributable to shareholders is: 182 78 292

This balance sheet was approved by the directors on 13 February 1998.

/s/ Peter Job  /s/ Rob Rowley
Peter Job Chief Executive  Rob Rowley Finance Director

Advantage has been taken of the provisions of section 230(3) of the Companies Act 1985 not to produce a separate profit and loss account for Reuters Holdings PLC.
NOTES ON THE BALANCE SHEET OF REUTERS HOLDINGS PLC

36. FIXED ASSET INVESTMENT

The investment represents the shareholding of Reuters Holdings PLC in Reuters Limited. It is stated at valuation based on the net asset values at 31 December 1983, adjusted for the subsequent conversion of Reuters Limited E shares, and additional investment of (pound)91 million in 1989.

37. CAPITAL AND RESERVES

<table>
<thead>
<tr>
<th>Called-up share capital (pound)m</th>
<th>Capital redemption reserve (pound)m</th>
<th>Share premium account (pound)m</th>
<th>Profit and loss account reserve (pound)m</th>
<th>Revaluation reserve (pound)m</th>
<th>Total (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares issued during the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shares repurchased during the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retained loss for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The retained loss for the year represents dividends paid to shareholders and certain administrative costs less dividends from Reuters Limited.
ACCOUNTING POLICIES

ACCOUNTING BASIS - The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. As set out in note 26 the treatment of interest in shares of Reuters Holdings PLC has been varied from that set out in Schedule 4 of the Companies Act 1985 in order to show a true and fair view.

BASIS OF CONSOLIDATION - The consolidated financial statements include:

a. The financial statements of Reuters Holdings 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.

b. Reuters share of the post-acquisition results of associated undertakings. Investments in associated undertakings are included at Reuters share of the tangible net assets 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:

a. 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.

b. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the foreign exchange rates ruling at the balance sheet date.

c. 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.

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:

a. 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.

b. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the foreign exchange rates ruling at the balance sheet date.

c. 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.

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 Reuters capital expenditure programme are adjusted against the cost of the assets to which they relate.

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 Reuters capital expenditure programme are adjusted against the cost of the assets to which they relate.

REVENUE - Revenue represents the turnover, net of discounts, derived from services provided to subscribers and sales of equipment applicable to the year. Short-term contracts are accounted for on a completed contract basis.

INSTINET TRANSACTIONS - Securities transactions between Instinet counterparties which pass through Instinet in its role as an agency broker 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:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold land</td>
<td>Not depreciated</td>
</tr>
<tr>
<td>Freehold buildings</td>
<td>Normally 50 years</td>
</tr>
<tr>
<td>Leasehold property</td>
<td>Over the term of the lease</td>
</tr>
<tr>
<td>Computer systems equipment, office equipment and motor vehicles</td>
<td>3-5 years</td>
</tr>
</tbody>
</table>

STOCKS - Stocks and contract work in progress are valued at the lower of cost and net realizable 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 are reported as part of profit.

Interest on certificates of deposit is calculated at the yield at which the certificate was purchased and is reported as part of profit over the life of the certificate. Certificates of deposit are stated in the balance sheet at the lower of cost plus accrued interest and market value.

Movements in short-term investments are reported under the heading of management of liquid resources in the cash flow statement.

LEASING - Assets acquired under a finance lease are recorded in the balance sheet as tangible fixed assets with corresponding obligations to pay future rentals. The assets are valued at the present value of the minimum lease payments at the rate implicit in the lease.

Rentals payable are apportioned between a finance charge and a reduction of the outstanding obligation for future amounts payable. The total finance charge is allocated to accounting periods during the lease term so as to produce a constant periodic rate of charge on the outstanding obligation throughout the lease.

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 it is considered probable that a liability or asset will crystallise in the foreseeable future. The only exception to this is in respect of deferred tax assets relating to provisions for pensions and other post-retirement benefits which are recognised in full.

GOODWILL AND INTANGIBLE ASSETS - Purchased goodwill and intangible assets are capitalised and amortised through the profit and loss account over their estimated lives which are between five and 20 years.

INTEREST IN SHARES OF REUTERS HOLDINGS PLC - Shares held by subsidiary undertakings are recorded in the balance sheet as a deduction from shareholders' equity at cost including expenses. 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.
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:

GOODWILL AND OTHER ACQUISITION ACCOUNTING ADJUSTMENTS - UK GAAP require purchased goodwill to include an estimate of the fair value of any deferred consideration. Under US GAAP, contingent consideration is recognised as a component of goodwill when the contingency is resolved.

SOFTWARE DEVELOPMENT COSTS - Under UK GAAP, costs of developing computer software products are 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. The amortisation of the capitalised costs is based on the estimated future revenues or remaining estimated useful economic lives of the products involved.

EMPLOYEE COSTS - Since 1990, options have been granted under Reuters 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.

TAXES ON INCOME - 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 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.

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 the related advance corporation tax are given effect only in the period in which dividends are formally declared.

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.

FIXED ASSET INVESTMENTS - Under UK GAAP, fixed asset investments are held in the balance sheet at the lower of cost or net realisable value. Under US GAAP, fixed asset investments which are available for sale are stated at fair value with unrealised gains or losses included in shareholders' equity.

The effects of these differing accounting principles are shown in notes 38-40.

CASH FLOW STATEMENTS - The cash flow statement set out on pages 55-57 has been prepared in conformity with UK Financial Reporting Standard 1 (Revised) Cash Flow Statements. The principal differences between this statement and cash flow statements presented in accordance with US Financial Accounting Standard 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 are classified separately while under US GAAP, dividends 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:

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow from operating activities</td>
<td>817</td>
<td>866</td>
<td>751</td>
</tr>
<tr>
<td>Net cash outflow from investing activities</td>
<td>(400)</td>
<td>(501)</td>
<td>(319)</td>
</tr>
<tr>
<td>Net cash outflow from financing activities</td>
<td>(85)</td>
<td>(5)</td>
<td>(249)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents under US GAAP</td>
<td>332</td>
<td>366</td>
<td>183</td>
</tr>
</tbody>
</table>

Net (decrease)/increase in cash under UK GAAP (see notes 4-5 above) | (31)           | 52            | (18)          |
### 38. Adjustments to Net Income

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit attributable to ordinary shareholders in accordance with UK GAAP</td>
<td>390</td>
<td>442</td>
<td>373</td>
</tr>
<tr>
<td>US GAAP adjustments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition accounting adjustments (see note below)</td>
<td>(3)</td>
<td>2</td>
<td>(6)</td>
</tr>
<tr>
<td>Software development costs</td>
<td>(2)</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Employee costs</td>
<td>(3)</td>
<td>(7)</td>
<td>(6)</td>
</tr>
<tr>
<td>Taxes</td>
<td>4</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Approximate net income in accordance with US GAAP</td>
<td>386</td>
<td>440</td>
<td>366</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1997 pence</th>
<th>1996 pence</th>
<th>1995 pence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per ADS in accordance with US GAAP</td>
<td>142.6</td>
<td>163.2</td>
<td>136.9</td>
</tr>
<tr>
<td>Diluted earnings per ADS in accordance with US GAAP</td>
<td>141.6</td>
<td>161.0</td>
<td>134.9</td>
</tr>
<tr>
<td>Dividends paid per ADS (including UK advance corporation tax credit)</td>
<td>90.8</td>
<td>76.9</td>
<td>63.0</td>
</tr>
</tbody>
</table>

In 1997 the UK Accounting Standards Board issued Financial Reporting Standard 10, Goodwill and Intangible Assets. Reuters has adopted this Standard in 1997 and, in line with its transition arrangements, has, by way of a prior year adjustment, capitalised and amortised all goodwill previously written off against reserves. Amortisation periods are in line with those used under US GAAP. 1995 and 1996 profit attributable to ordinary shareholders in accordance with UK GAAP has been restated and goodwill ceases to be a US GAAP adjustment except where affected by timing differences in the recognition of deferred consideration.

The company has complied with Financial Accounting Standard 123, Accounting for Stock-Based Compensation (FAS 123). 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 1995, 1996 and 1997 under these plans consistent with the alternative methodology set out in FAS 123, net income and earnings per ADS in accordance with US GAAP would not have been materially different from those shown above. This position may not be representative of future disclosures since the estimated fair value of share options is amortised to expense over the vesting period and additional options may be granted in future years.
### 39. Adjustments to Shareholders' Equity

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>Restated 1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital employed before minority interest in accordance with UK GAAP</td>
<td>1,661</td>
<td>1,458</td>
<td>1,211</td>
</tr>
<tr>
<td><strong>US GAAP adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition accounting adjustments</td>
<td>11</td>
<td>8</td>
<td>(35)</td>
</tr>
<tr>
<td>Capitalised software development costs net of amortisation</td>
<td>8</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Fixed asset investments</td>
<td>14</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shares held by employee share ownership trusts</td>
<td>(39)</td>
<td>(28)</td>
<td>(26)</td>
</tr>
<tr>
<td>Liabilities</td>
<td>(25)</td>
<td>(19)</td>
<td>53</td>
</tr>
<tr>
<td>Taxes</td>
<td>(16)</td>
<td>(13)</td>
<td>(37)</td>
</tr>
<tr>
<td>Dividends not formally declared or paid during the year</td>
<td>140</td>
<td>145</td>
<td>121</td>
</tr>
<tr>
<td><strong>Shareholders' equity in accordance with US GAAP</strong></td>
<td>1,754</td>
<td>1,561</td>
<td>1,299</td>
</tr>
</tbody>
</table>

### 40. Summarised Balance Sheet (US GAAP Basis)

<table>
<thead>
<tr>
<th></th>
<th>1997 (pound)m</th>
<th>1996 (pound)m</th>
<th>1995 (pound)m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed tangible assets</td>
<td>858</td>
<td>800</td>
<td>709</td>
</tr>
<tr>
<td>Current assets</td>
<td>1,732</td>
<td>1,467</td>
<td>1,292</td>
</tr>
<tr>
<td>Other assets</td>
<td>58</td>
<td>40</td>
<td>46</td>
</tr>
<tr>
<td>Software development costs</td>
<td>8</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Goodwill and other intangibles</td>
<td>174</td>
<td>286</td>
<td>229</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,830</td>
<td>2,523</td>
<td>2,288</td>
</tr>
<tr>
<td><strong>Liabilities and shareholders' equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>940</td>
<td>845</td>
<td>866</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>86</td>
<td>84</td>
<td>105</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>32</td>
<td>32</td>
<td>17</td>
</tr>
<tr>
<td>Minority interest</td>
<td>18</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Shareholders' equity before deductions</strong></td>
<td>1,889</td>
<td>1,684</td>
<td>1,414</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(82)</td>
<td>(82)</td>
<td>(82)</td>
</tr>
<tr>
<td>Shares held by employee share ownership trusts</td>
<td>(53)</td>
<td>(41)</td>
<td>(33)</td>
</tr>
<tr>
<td><strong>Total shareholders' equity</strong></td>
<td>1,754</td>
<td>1,561</td>
<td>1,299</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders' equity</strong></td>
<td>2,830</td>
<td>2,523</td>
<td>2,288</td>
</tr>
</tbody>
</table>

Goodwill and other intangibles are net of accumulated amortisation of (pound)322 million (1996 - (pound)270 million, 1995 - (pound)221 million). Software development costs are net of accumulated amortisation of (pound)11 million (1996 - (pound)9 million, 1995 - (pound)7 million).
OTHER INFORMATION FOR SHAREHOLDERS

ORDINARY SHARES - A register of shareholders' interests is kept at the company's head office and is available for inspection on request. The register includes information on nominee accounts and their beneficial owners.

A newspaper for investors, 'News from Reuters', is published several times a year. To obtain copies, contact the Investor Relations department in London, Geneva or New York (addresses on page 90).

Hoare Govett and Cazenove & Co. offer a low cost share dealing service for existing and potential Reuters shareholders. Further information can be obtained from Hoare Govett Corporate Finance Limited's Low Cost Share Dealing Department, 4 Broadgate, London EC2M 7LE (Tel: 0171 601 0191) and Mrs Nancy Young, Postal Dealing Department Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN (Tel: 0171 606 1768).

Reuters offers a single company Personal Equity Plan (PEP) and a general PEP for UK residents wishing to hold Reuters shares in such plans. The plan manager, Bank of Scotland, is regulated in the conduct of PEP investment business by the Investment Management Regulatory Organisation (IMRO). Further information can be obtained from Bank of Scotland, Personal Equity Plans, 101 George Street, Edinburgh EH2 2JH (Tel: 0131 243 8053).

DIVIDENDS AND EARNINGS - Ordinary shareholders have received the following dividends in respect of each financial year:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim</td>
<td>3.1p</td>
<td>2.75p</td>
<td>2.3p</td>
<td>1.9p</td>
<td>1.55p</td>
</tr>
<tr>
<td>Final (1997 proposed)</td>
<td>9.9p</td>
<td>9.0p</td>
<td>7.5p</td>
<td>6.1p</td>
<td>4.95p</td>
</tr>
<tr>
<td>13.0p</td>
<td>11.75p</td>
<td>9.8p</td>
<td>8.0p</td>
<td>6.50p</td>
<td></td>
</tr>
</tbody>
</table>

Earnings per ordinary share: 24.8p, 27.3p, 23.2p, 19.9p, 16.9p
Adjusted earnings per ordinary share: 29.1p, 30.4p, 25.8p, 21.7p, 18.0p

Ordinary shareholders living in selected countries outside the United Kingdom can have their dividends paid directly into their bank accounts in local currency through Bank of Scotland’s transcontinental automated payment service. Any shareholders interested in this service, for which there is a small charge, should write to Bank of Scotland (address on page 90).

ANALYSIS OF SHAREHOLDINGS AT 31 DECEMBER 1997 - Excluding Reuters interest in its own shares (see note 7 on page 54), there were 1,623 million shares in issue, analysed as in the chart below. There were 25,769 shareholders on the ordinary share register.

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension funds</td>
<td>30</td>
</tr>
<tr>
<td>American Depositary Shares</td>
<td>23</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>15</td>
</tr>
<tr>
<td>Investment funds and trusts1</td>
<td>9</td>
</tr>
<tr>
<td>Individuals</td>
<td>5</td>
</tr>
<tr>
<td>Foreign governments</td>
<td>2</td>
</tr>
<tr>
<td>Corporate holdings</td>
<td>2</td>
</tr>
<tr>
<td>Other2</td>
<td>14</td>
</tr>
</tbody>
</table>

(1) including UK unit trusts and US mutual funds.
(2) including all holdings below 100,000 shares, except for individuals, whose holdings are analysed below this level.
AMERICAN DEPOSITARY SHARES (ADSs) - Each ADS represents six ordinary shares.

ADS holders receive the annual and half-yearly reports issued by Reuters Holdings PLC.

Reuters Holdings PLC is subject to the informational requirements of the US securities laws applicable to foreign companies and in accordance therewith files an annual report on Form 20-F and other information with the US Securities and Exchange Commission. Form 20-F is also available from the Investor Relations departments in London or New York.

ADS DIVIDENDS - ADS holders are eligible for all stock dividends or other entitlements accruing on the underlying Reuters Holdings PLC shares and receive all cash dividends in US dollars. These are normally paid twice a year.

Dividend cheques are mailed directly to the ADS holder on the payment date if ADSs are registered with Reuters US depositary. Dividends on ADSs that are registered with brokers are sent to the brokers, who forward them to ADS holders. Reuters US depositary is Morgan Guaranty Trust Company of New York (address on page 90).

ADS holders should be aware of tax refunds that increase the cash dividends paid to qualifying US residents. Dividends per ADS, including UK tax refunds but before US tax credits, in respect of each financial year are set out below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In sterling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim</td>
<td>19.8p</td>
<td>17.5p</td>
<td>14.7p</td>
<td>12.1p</td>
<td>9.9p</td>
</tr>
<tr>
<td>Final (1997 proposed)</td>
<td>63.1p</td>
<td>57.4p</td>
<td>47.8p</td>
<td>38.9p</td>
<td>31.6p</td>
</tr>
<tr>
<td></td>
<td>82.9p</td>
<td>74.9p</td>
<td>62.5p</td>
<td>51.0p</td>
<td>41.5p</td>
</tr>
<tr>
<td>In dollars</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim</td>
<td>31.2c</td>
<td>27.3c</td>
<td>22.7c</td>
<td>18.9c</td>
<td>15.3c</td>
</tr>
<tr>
<td>Final (1997 proposed)</td>
<td>'*'</td>
<td>93.1c</td>
<td>72.2c</td>
<td>62.6c</td>
<td>47.5c</td>
</tr>
</tbody>
</table>

* Final 1997 dividend will be converted to US dollars from sterling at the rate prevailing on 1 May 1998.

The figures above include a refund of UK tax, less a UK withholding tax of 15% of the total of the dividend and the tax credit. Since 1993 the tax credit has been one-quarter of the amount of the dividends on the ordinary shares. Prior to 1993 it was one-third. For 1997 the total of the declared dividends per ADS is 78.0p, the related tax credit per ADS is 19.5p and the withholding tax per ADS is 14.6p, giving a net UK tax refund of 4.9p per ADS and a total cash payment of 82.9p per ADS.

ADS holders who are US residents for tax purposes may normally credit the withholding tax against their federal income tax liabilities. The UK net tax refund together with the US tax credit can, therefore, effectively increase the value of the gross dividends paid to qualifying ADS holders by up to 25% in sterling terms over the amount of the declared dividends on the underlying ordinary shares. The amount of the credit is specified on Internal Revenue Service Form 1099, which is provided to ADS holders automatically by the depositary agent.

Dollar amounts paid to ADS holders depend on the sterling/dollar exchange rate at the time of payment.
PRESERVING REUTERS INDEPENDENCE

Customers in all parts of the world depend on Reuters to provide them with reliable and objective news and information.

Reuters therefore has a special need to safeguard its independence and integrity and avoid any bias which may stem from control by any particular individuals or interests. Reuters share structure includes two mechanisms specifically designed to prevent this happening:

No shareholder may own 15% or more shares.

There is a single Founders Share, in addition to the publicly traded ordinary shares. This 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 shares.

The Reuter Trust Principles, which are protected by the Founders Share, also impose further obligations. The Principles and a list of the trustees are printed on page 86.

FINANCIAL DIARY FOR 1998

Monday 19 January    Extraordinary general meeting at Merchant Taylors' Hall
                     30 Threadneedle Street, London EC2R
                     8AY (Tel: 0171 588 7606)
Tuesday 10 February  Results for year 1997 announced
Friday 6 March       Annual report posted to shareholders
Monday 16 March      Ordinary shares go ex-dividend
Wednesday 18 March  ADSs go ex-dividend
Tuesday 21 April    First quarter trading statement issued
                     Annual general meeting at Stationers' Hall, Ave Maria
                     Lane, London EC4M 7DD
                     (Tel: 0171 248 2934)
Monday 27 April     Final dividend for 1997 payable to ordinary
                     shareholders on the register as at 20 March 1998
Friday 1 May        Final dividend payable to ADS holders on the register
                     as at 20 March 1998
Wednesday 22       Results for the first six months of 1998 announced
Monday 3 August     Ordinary shares go ex-dividend
Wednesday 5 August  ADSs go ex-dividend
Tuesday 8 September Interim dividend for 1998 payable to ordinary
                     shareholders on the register as at 7 August 1998
Monday 14 September Interim dividend payable to ADS holders on the register
                     as at 7 August 1998
Thursday 22 October Third quarter trading statement issued
THE REUTER TRUST PRINCIPLES

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, of which all Reuter trustees are directors, was established to safeguard those qualities. The trustees have a duty to ensure that, as far as they are able by the proper exercise of the powers vested in them, the Reuter Trust Principles are observed. These are:

- 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.

If the trustees believe that any person, together with any associates, is seeking to obtain or has obtained control of Reuters Holdings PLC, a majority of the Reuter trustees may require the votes attaching to the Founders Share to be exercised. "Control" means the ability to control the exercise of 30% or more of the votes which may be cast on a poll at general meetings of Reuters Holdings PLC. In such circumstances, the Founders Share Company has the right at any general meeting of Reuters Holdings PLC to cast sufficient votes to pass any resolution supported by, and to defeat any resolution opposed by, the Founders Share Company.

Any two Reuter trustees may require the votes attaching to the Founders Share to be cast against any resolution which would alter any of the articles of association of Reuters Holdings PLC relating to the Reuter Trust Principles and the rights of the Founders Share. In such circumstances, the Founders Share confers upon the Founders Share Company the right to cast sufficient votes to defeat that resolution.

The Reuter trustees are: Sir Frank Rogers (Chairman); The Rt Hon the Lord Browne-Wilkinson; Sir Michael Checkland; David Cole CBE; Christopher Dicks; Pehr Gyllenhammar; Sir Gordon Linacre CBE AFC DFM; Kenneth Morgan OBE; The Rt Hon the Viscount Rothermere; Arthur Ochs Sulzberger; Lyle Turnbull AO; Richard Winfrey.

Following the capital reorganisation the existing Founders Share in Reuters Holdings PLC will be cancelled and a Founders Share with like rights will be issued by Reuters Group PLC to the Reuters Founders Share Company Limited.
<table>
<thead>
<tr>
<th>Term Used in Annual Report</th>
<th>US Equivalent or Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance corporation tax</td>
<td>No direct US equivalent. Tax paid on company distributions recoverable from UK taxes due on income</td>
</tr>
<tr>
<td>Allotted</td>
<td>Issued</td>
</tr>
<tr>
<td>Associated undertakings</td>
<td>Affiliates accounted for under the equity method</td>
</tr>
<tr>
<td>Cadbury Committee</td>
<td>UK committee set up in 1991 to address the financial aspects of corporate governance</td>
</tr>
<tr>
<td>Called-up share capital</td>
<td>Ordinary shares, issued and fully paid</td>
</tr>
<tr>
<td>Capital allowances</td>
<td>Tax term equivalent to US tax depreciation allowances</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>Cash</td>
</tr>
<tr>
<td>Class of business</td>
<td>Industry segment</td>
</tr>
<tr>
<td>Creditors</td>
<td>Accounts payable</td>
</tr>
<tr>
<td>Creditors: Amounts falling due after more than one year</td>
<td>Long-term debt</td>
</tr>
<tr>
<td>Creditors: Amounts falling due within one year</td>
<td>Current liabilities</td>
</tr>
<tr>
<td>Debtors</td>
<td>Accounts receivable</td>
</tr>
<tr>
<td>Destination (of revenue)</td>
<td>The geographical area to which goods or services are supplied</td>
</tr>
<tr>
<td>Finance lease</td>
<td>Capital lease</td>
</tr>
<tr>
<td>Freehold</td>
<td>Ownership with absolute rights in perpetuity</td>
</tr>
<tr>
<td>Greenbury Committee</td>
<td>UK committee set up in 1995 to address the issue of directors' remuneration</td>
</tr>
<tr>
<td>Hampel Committee</td>
<td>UK committee set up in 1995 to review implementation of the recommendations made by the Cadbury and Greenbury Committees.</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>Interest income</td>
</tr>
<tr>
<td>Interest in shares of Reuters Holdings PLC</td>
<td>Treasury stock</td>
</tr>
<tr>
<td>Origin (of revenue)</td>
<td>The geographical area from which goods or services are supplied to a third party or another geographical area</td>
</tr>
<tr>
<td>Profit</td>
<td>Income</td>
</tr>
<tr>
<td>Profit and loss account (statement)</td>
<td>Income statement</td>
</tr>
<tr>
<td>Profit and loss account reserve (under &quot;capital and reserves&quot;)</td>
<td>Retained earnings</td>
</tr>
<tr>
<td>Profit attributable to ordinary shareholders</td>
<td>Net income</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>Dividend declared by directors but not yet approved by shareholders</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>No direct US equivalent. Represents the increase in the valuation of Reuters Limited net assets as compared with historical cost at 31 December 1983 to the extent that it is attributable to the parent company, Reuters Holdings PLC</td>
</tr>
<tr>
<td>Share capital</td>
<td>Ordinary shares, capital stock or common stock issued and fully paid</td>
</tr>
<tr>
<td>Share premium account</td>
<td>Additional paid-in capital or paid-in surplus (not distributable)</td>
</tr>
<tr>
<td>Shares in issue</td>
<td>Shares outstanding</td>
</tr>
<tr>
<td>Stocks</td>
<td>Inventories</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>Property and equipment</td>
</tr>
</tbody>
</table>
## Ordinary Shares Highs/Lows 1997 (pence)

<table>
<thead>
<tr>
<th>Year</th>
<th>Lowest</th>
<th>Highest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>650</td>
<td>755</td>
</tr>
<tr>
<td>1996</td>
<td>599.8</td>
<td>685</td>
</tr>
<tr>
<td>1995</td>
<td>598</td>
<td>662</td>
</tr>
<tr>
<td>1994</td>
<td>576</td>
<td>632.5</td>
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<tr>
<td>1993</td>
<td>636</td>
<td>707</td>
</tr>
<tr>
<td>1992</td>
<td>606</td>
<td>767</td>
</tr>
<tr>
<td>1991</td>
<td>555</td>
<td>692</td>
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<tr>
<td>1990</td>
<td>623.3</td>
<td>696.5</td>
</tr>
<tr>
<td>1989</td>
<td>629</td>
<td>740</td>
</tr>
<tr>
<td>1988</td>
<td>599</td>
<td>782</td>
</tr>
<tr>
<td>1987</td>
<td>629</td>
<td>787</td>
</tr>
</tbody>
</table>

The highest price in 1997 was 782p, the lowest 555p.

## Ads Highs/Lows 1997 (US Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Lowest</th>
<th>Highest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>62-1/4</td>
<td>76-3/4</td>
</tr>
<tr>
<td>1996</td>
<td>60-7/8</td>
<td>65-7/8</td>
</tr>
<tr>
<td>1995</td>
<td>58</td>
<td>62</td>
</tr>
<tr>
<td>1994</td>
<td>63-7/8</td>
<td>68-3/4</td>
</tr>
<tr>
<td>1993</td>
<td>62-3/4</td>
<td>69-1/2</td>
</tr>
<tr>
<td>1992</td>
<td>56-3/4</td>
<td>65-3/4</td>
</tr>
<tr>
<td>1991</td>
<td>58-1/2</td>
<td>66-5/8</td>
</tr>
<tr>
<td>1990</td>
<td>59-7/8</td>
<td>71-1/2</td>
</tr>
<tr>
<td>1989</td>
<td>60</td>
<td>75-5/8</td>
</tr>
<tr>
<td>1988</td>
<td>62-11/16</td>
<td>71-7/16</td>
</tr>
</tbody>
</table>

The highest price in 1997 was $76-3/4, the lowest $56.

## Revenue per Employee (pounds)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>180</td>
<td>195</td>
<td>191</td>
<td>182</td>
<td>173</td>
<td>151</td>
<td>136</td>
<td>129</td>
<td>118</td>
<td>101</td>
<td>101</td>
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</tbody>
</table>

ELEVEN YEAR CONSOLIDATED FINANCIAL SUMMARY for the year ended 31 December

### Results

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,882</td>
<td>2,914</td>
<td>2,703</td>
<td>2,399</td>
<td>1,874</td>
<td>1,568</td>
<td>1,467</td>
<td>1,369</td>
<td>1,107</td>
<td>1,003</td>
<td>867</td>
</tr>
<tr>
<td>Net interest receivable</td>
<td>626</td>
<td>652</td>
<td>558</td>
<td>516</td>
<td>449</td>
<td>383</td>
<td>349</td>
<td>320</td>
<td>283</td>
<td>208</td>
<td>179</td>
</tr>
<tr>
<td>Taxation</td>
<td>236</td>
<td>210</td>
<td>185</td>
<td>162</td>
<td>140</td>
<td>123</td>
<td>110</td>
<td>112</td>
<td>102</td>
<td>81</td>
<td>69</td>
</tr>
<tr>
<td>Profit attributable to ordinary shareholders</td>
<td>390</td>
<td>442</td>
<td>373</td>
<td>347</td>
<td>299</td>
<td>236</td>
<td>230</td>
<td>207</td>
<td>181</td>
<td>126</td>
<td>109</td>
</tr>
</tbody>
</table>

### Net assets

<table>
<thead>
<tr>
<th></th>
<th>1,046</th>
<th>1,026</th>
<th>999</th>
<th>687</th>
<th>687</th>
<th>499</th>
<th>488</th>
<th>531</th>
<th>484</th>
<th>488</th>
<th>281</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets/ (liabilities)</td>
<td>714</td>
<td>525</td>
<td>387</td>
<td>176</td>
<td>151</td>
<td>419</td>
<td>289</td>
<td>81</td>
<td>33</td>
<td>46</td>
<td>45</td>
</tr>
<tr>
<td>Long-term creditors</td>
<td>37</td>
<td>41</td>
<td>135</td>
<td>87</td>
<td>32</td>
<td>19</td>
<td>11</td>
<td>77</td>
<td>19</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Provisions</td>
<td>44</td>
<td>51</td>
<td>39</td>
<td>36</td>
<td>32</td>
<td>23</td>
<td>25</td>
<td>30</td>
<td>20</td>
<td>11</td>
<td>2</td>
</tr>
</tbody>
</table>

### Tangible fixed assets

<table>
<thead>
<tr>
<th></th>
<th>1,679</th>
<th>1,459</th>
<th>1,212</th>
<th>740</th>
<th>658</th>
<th>869</th>
<th>722</th>
<th>555</th>
<th>409</th>
<th>274</th>
<th>215</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions</td>
<td>361</td>
<td>372</td>
<td>304</td>
<td>319</td>
<td>268</td>
<td>199</td>
<td>159</td>
<td>196</td>
<td>193</td>
<td>229</td>
<td>152</td>
</tr>
<tr>
<td>Depreciation</td>
<td>312</td>
<td>283</td>
<td>250</td>
<td>221</td>
<td>204</td>
<td>186</td>
<td>193</td>
<td>140</td>
<td>110</td>
<td>95</td>
<td>78</td>
</tr>
<tr>
<td>Development expenditure</td>
<td>235</td>
<td>202</td>
<td>191</td>
<td>159</td>
<td>110</td>
<td>79</td>
<td>67</td>
<td>62</td>
<td>60</td>
<td>55</td>
<td>48</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>449</td>
<td>494</td>
<td>455</td>
<td>321</td>
<td>224</td>
<td>276</td>
<td>339</td>
<td>227</td>
<td>54</td>
<td>30</td>
<td>53</td>
</tr>
</tbody>
</table>

### Ratios

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per ordinary share</td>
<td>24.0p</td>
<td>27.3p</td>
<td>23.2p</td>
<td>21.7p</td>
<td>18.0p</td>
<td>14.8p</td>
<td>13.7p</td>
<td>12.4p</td>
<td>10.9p</td>
<td>7.6p</td>
<td>6.5p</td>
</tr>
<tr>
<td>Adjusted earnings per ordinary share (1)</td>
<td>29.1p</td>
<td>36.4p</td>
<td>25.8p</td>
<td>21.7p</td>
<td>18.0p</td>
<td>14.8p</td>
<td>13.7p</td>
<td>12.4p</td>
<td>10.9p</td>
<td>7.6p</td>
<td>6.5p</td>
</tr>
<tr>
<td>Dividends per ordinary share</td>
<td>13.0p</td>
<td>11.75p</td>
<td>9.8p</td>
<td>8.0p</td>
<td>6.5p</td>
<td>5.3p</td>
<td>4.25p</td>
<td>3.75p</td>
<td>3.25p</td>
<td>2.25p</td>
<td>1.83p</td>
</tr>
<tr>
<td>Cash flow per ordinary share (2)</td>
<td>61.0p</td>
<td>69.7p</td>
<td>52.7p</td>
<td>45.6p</td>
<td>46.3p</td>
<td>33.6p</td>
<td>31.7p</td>
<td>27.4p</td>
<td>23.6p</td>
<td>18.3p</td>
<td>15.3p</td>
</tr>
<tr>
<td>Book value per ordinary share (3)</td>
<td>99.9p</td>
<td>88.3p</td>
<td>73.7p</td>
<td>44.7p</td>
<td>46.6p</td>
<td>51.2p</td>
<td>42.7p</td>
<td>32.9p</td>
<td>24.5p</td>
<td>16.4p</td>
<td>12.8p</td>
</tr>
<tr>
<td>Cash flow/book value (4)</td>
<td>61.0%</td>
<td>68.8%</td>
<td>71.5%</td>
<td>102.0%</td>
<td>99.2%</td>
<td>65.7%</td>
<td>74.2%</td>
<td>83.5%</td>
<td>96.2%</td>
<td>111.4%</td>
<td>119.7%</td>
</tr>
</tbody>
</table>

### UK corporation tax rate

|          | 31.5% | 33.0% | 33.0% | 33.0% | 33.0% | 33.0% | 33.0% | 33.0% | 33.0% | 35.0% | 35.0% |

### Infrastructure

| Shares issued (millions) | 1,694 | 1,689 | 1,677 | 1,668 | 1,662 | 1,753 | 1,735 | 1,724 | 1,686 | 1,683 |

The highest price in 1997 was 782p, the lowest 555p.
Employees                           16,119   15,478   14,348   13,548   11,306   10,393   10,450   10,731   10,071   10,064    9,586
User accesses                      435,000  362,000  327,100  296,700  227,400  200,800  201,800  200,900  194,800  169,100  141,300

====================================================================================================================================

NOTES.

1987 to 1994 have not been restated to reflect the effect of FRS 10, issued in 1997, which requires purchased goodwill and intangible assets to be capitalised and amortised through the profit and loss account.
1987 to 1988 have not been restated to reflect the effects of the prior year adjustment for pensions made in 1989.
1987 to 1991 have not been restated to reflect the effects of the prior year adjustment for post-retirement medical benefits made in 1992.
1987 to 1991 have not been restated to reflect the change to reporting user accesses in 1994.
1987 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.
1988 has been restated to reflect the cost of discontinuing operations at IDR Inc. as an exceptional item rather than an extraordinary item.
1990 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.

(1) Adjusted earnings per share are based on profit attributable to ordinary shareholders excluding capital reorganisation costs and goodwill amortisation.
(2) Cash flow per ordinary share represents profit before taxation, goodwill amortisation and depreciation divided by the number of shares in issue after deducting shares of Reuters Holdings PLC held by group companies and by employee share ownership trusts.
(3) Book value per ordinary share represents adjusted shareholders' equity divided by the number of shares in issue after deducting shares of Reuters Holdings PLC held by group companies and by employee share ownership trusts. Adjusted shareholders' equity is calculated after deducting the carrying value of interests in shares of Reuters Holdings PLC.
(4) Cash flow/book value represents profit before taxation, goodwill amortisation and depreciation as a percentage of adjusted shareholders' equity.
(5) 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.
(6) 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.
WHERE TO FIND US

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http://www.reuters.com

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CHANGES

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Apex House
9 Haddington Place
Edinburgh EH7 4AL
Tel: 44 (0) 870 601 5366
Fax: 44 (0131) 243 5327

AMERICAN DEPOSITARY SHARES
Morgan Guaranty Trust Company
of New York
PO Box 8205
Boston, MA 02266-8205
Tel: 1 (781) 575 4328
Fax: 1 (781) 575 4088

LISTINGS - London Stock Exchange Limited and NASDAQ (American Depositary Share
symbol RTRSY).
Options on ordinary shares are traded on the London International Financial Futures and Options Exchange. The American Stock Exchange in New York lists options on American Depositary Shares of Reuters.

SHARE PRICE INFORMATION - Share price information about Reuters Holdings PLC is available on the Reuters Securities 3000, Securities 2000, Equity Focus and Quotron products. Reuters Instrument Codes (RICs) and Quotron codes are as follows:

<table>
<thead>
<tr>
<th>Equity Focus</th>
<th>Quotron</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities 2000</td>
<td>RTR.L</td>
</tr>
<tr>
<td>Securities 3000</td>
<td>RTRU.EU</td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>RTRSY.O</td>
</tr>
<tr>
<td>ADSs traded on NASDAQ</td>
<td>RTRSY</td>
</tr>
<tr>
<td>ADSs traded on the London Stock Exchange Limited</td>
<td>RTRSy.L</td>
</tr>
</tbody>
</table>

Within the UK, information on ordinary shares is available by telephone. Dial 0839 500 233 for the mid-market price quoted on the London Stock Exchange Limited. There is a charge of approximately 13p per call.

This annual report is available on the Internet at http://www.reuters.com/ar1997/


Ric Gemmell took the photographs on pages 12, 14, 18 and 19.

Lance Bell, Reuters News Graphics, drew the cartoon opposite.

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Instinet is a registered trade mark of Instinet Corporation. Quotron is a registered trade mark of Quotron Systems, Inc. Reuters is a registered trademark in more than 25 countries.
Rome, June 12 (Reuters) - Italy has made huge strides towards satisfying criteria for the European single currency, Prime Minister Romano Prodi said on Thursday.

He said he had been particularly satisfied to have been able to tell this to leaders of mainly Christian Democrat parties at a meeting in Strasbourg earlier this week.

"At this meeting with European party leaders," Prodi said, "I told them; you haven't understood anything. For a year I've been running a government with a Reuters screen for the markets on my right and Bertinotti on my left, and everything's fine."

Prodi was referring to Fausto Bertinotti, leader of the hard-left Communist Refoundation which fiercely opposes Prodi's attempts to cut back on social spending. The party lies outside the centre-left government but guarantees its majority in the lower house of parliament.
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS CONTAINED IN THE BODY OF THE ACCOMPANYING FORM 20-F AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000
UK STERLING

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