

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended **December 31, 2000**

OR

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

For the transition period from _____ to _____

Commission file number **0-13456**

Reuters Group PLC

(Exact Name of Registrant as Specified in Its Charter)

(Translation of Registrant's Name Into English)

England

(Jurisdiction of Incorporation or Organization)

85 Fleet Street, London EC4P 4AJ, England

(Address of Principal Executive Offices)

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

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

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

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

Ordinary Shares of 25 p each..... **1,429,147,519**

Founders Share of £1..... **1**

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

Yes ☒

No

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

Item 17__

Item 18 ☒



Focus and vision for 150 years.....



REUTERS MARKS ITS 150TH ANNIVERSARY IN 2001. THOUGH THE WORLD HAS CHANGED, OUR FOCUS HAS NOT. WE ARE AN AGENT OF CHANGE, USING THE LATEST MEANS OF COMMUNICATION TO INFORM AND CONNECT OUR CUSTOMERS. IN 1850 PAUL JULIUS REUTER USED PIGEONS TO FLY STOCK MARKET PRICES BETWEEN BRUSSELS AND AACHEN, BRIDGING THE LAST GAP IN THE EUROPEAN TELEGRAPH SYSTEM. THE FOLLOWING YEAR HE MOVED TO LONDON TO TRANSMIT NEWS AND PRICES TO EUROPE VIA THE NEWLY OPENED DOVER-CALAIS SUBMARINE CABLE.

TODAY, WE USE INTERNET-BASED TECHNOLOGIES TO SATISFY THE WORLD'S THIRST FOR INFORMATION. OUR BLEND OF CONTENT, TECHNOLOGY AND CONNECTIVITY IS UNIQUE. WE USE THIS WINNING COMBINATION TO SERVE CUSTOMERS AND, IN SO DOING, TO CREATE VALUE FOR SHAREHOLDERS.

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FINANCIAL HIGHLIGHTS

	2000 £M	1999 £M	% CHANGE
Revenue	3,592	3,125	15%
Earnings before interest, tax, depreciation and amortisation (EBITDA)†	1,001	1,008	(1%)
Operating profit	411	549	(25%)
Profit before tax	657	632	4%
Pre-tax profit margin	18.3%	20.2%	
Taxation	125	207	(40%)
Profit after tax	532	425	25%
Post-tax profit margin	14.8%	13.6%	
Return on tangible fixed assets	79.9%	57.5%	
Return on equity	71.4%	102.0%	
Free cash flow	434	402	8%
Net (debt)/funds	(34)	41	

Basic earnings per ordinary share	37.9p	30.2p	26%
Earnings per ADS*‡	\$ 3.39	\$ 2.70	26%
Dividends per ordinary share	16.0p	14.65p	9%
Dividends per ADS*	96.0p	87.9p	9%

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

* Each ADS represents six ordinary shares.

‡ A nominal exchange rate of US\$1.49 = £1 has been used for convenience.

The following supplementary information is provided for those who track Reuters performance on a pre-goodwill basis.

	2000 £M	1999 £M	% CHANGE
Pre-tax profit excluding goodwill amortisation	728	693	5%
Adjusted earnings per ordinary share excluding goodwill amortisation	43.0p	34.5p	24%

This report comprises the annual report of Reuters in accordance with the United Kingdom requirements and its annual report on Form 20-F in accordance with the requirements of the United States Securities and Exchange Commission (SEC) for 2000. A cross reference guide setting out the information in this report that corresponds to the Form 20-F items is provided on pages 98-99.

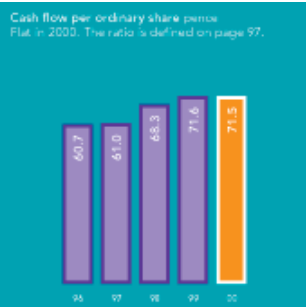
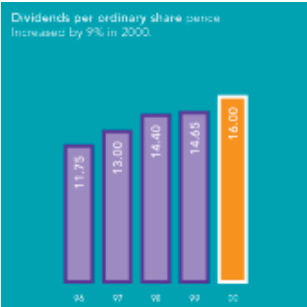
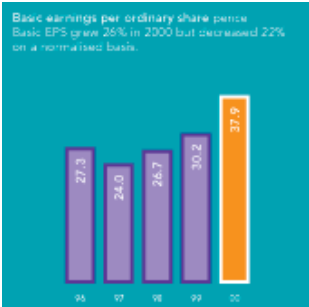
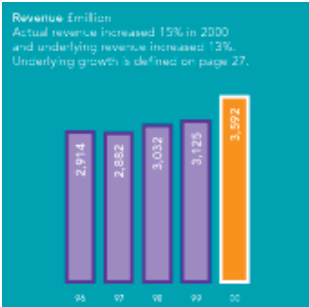
The consolidated financial statements of Reuters Group PLC included in this report are presented in pounds sterling (£). On 29 December 2000, the noon buying rate in New York City for cable transfers in foreign currencies as announced for customs purposes by the Federal Reserve Bank of New York (Noon Buying Rate) was \$1.50 = £1: on 16 February 2001 the Noon Buying Rate was \$1.45 = £1. For additional information on exchange rates between the pound sterling and the US dollar, see exchange rates on page 87.

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 material differences between UK GAAP and US GAAP relevant to Reuters are explained on pages 74-75.

This report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Reuters financial condition, results of operations and business and management strategy, plans and objectives for the company. For a discussion of risks associated with these statements see risk factors on pages 36-38.

FIVE YEAR SUMMARY



FOUR YEAR DIVISIONAL REVENUE SUMMARY



SELECTED FINANCIAL DATA

The selected financial data set forth below is derived, in part from, and should be read in conjunction with, the

consolidated financial statements and related notes, as well as the operating and financial review. For a summary of the material differences between UK and US GAAP, see pages 74-78.

CONSOLIDATED PROFIT AND LOSS ACCOUNT DATA for the year ended 31 December

	NOTES BELOW	2000	1999	1998	1997	1996
Amounts in accordance with UK GAAP:						
Revenue		3,592	3,125	3,032	2,882	2,914
Operating profit		411	549	550	541	592
Profit on ordinary activities before taxation		657	632	580	626	652
Profit after taxation attributable to ordinary shareholders		532	425	384	390	442
Basic earnings per ordinary share		37.9p	30.2p	26.7p	24.0p	27.3p
Diluted earnings per ordinary share		37.3p	29.7p	26.6p	23.8p	27.0p
Basic earnings per ADS		227.4p	180.9p	160.3p	144.2p	164.0p
Diluted earnings per ADS		223.5p	178.4p	159.7p	143.1p	161.7p
Dividends declared per ordinary share (including UK tax credit)	1	17.8p	16.3p	16.5p	16.3p	14.7p
Dividends declared per ADS (including UK tax credit)	1					
Expressed in UK currency		106.7p	97.7p	98.8p	97.5p	88.1p
Expressed in US currency	2	154.5c	154.6c	159.6c	160.3c	141.6c
Weighted average number of ordinary shares (in millions)		1,404	1,409	1,438	1,623	1,616
Amounts in accordance with US GAAP:						
Revenue		3,586	3,127	3,030	2,882	2,914
Income before taxes on income		652	622	572	618	645
Net income		534	451	392	386	440
Basic earnings per ordinary share	3	38.0p	32.0p	27.8p	27.4p	31.4p
Diluted earnings per ordinary share	3	37.4p	31.6p	27.7p	27.2p	31.0p
Basic earnings per ADS	3	228.1p	192.1p	166.6p	164.5p	188.3p
Diluted earnings per ADS	3	224.3p	189.5p	166.0p	163.4p	185.8p
Dividends paid per ordinary share (including UK tax credit)	1,3	16.3p	16.3p	121.3p	17.5p	14.8p
Dividends paid per ADS (including UK tax credit)	1,3					
Expressed in UK currency		97.7p	97.7p	727.5p	104.7p	88.7p
Expressed in US currency	2	150.8c	156.4c	1,190.0c	168.7c	135.0c
Weighted average number of ordinary shares (in millions)	3	1,404	1,409	1,411	1,407	1,401

CONSOLIDATED BALANCE SHEET DATA at 31 December

Amounts in accordance with UK GAAP:						
Total assets		3,819	2,652	2,705	2,913	2,575
Long-term debt and provisions for charges		394	349	118	141	154
Net assets		1,102	601	389	1,679	1,459
Capital employed before minority interest		1,102	601	372	1,661	1,458
Share capital		357	355	354	408	408
Amounts in accordance with US GAAP:						
Total assets		3,783	3,173	2,722	2,907	2,562
Long-term debt		458	362	75	86	84
Net assets/shareholders' equity		1,186	1,109	504	1,754	1,561

- (1) Under UK GAAP dividends declared are those declared in respect of the year for which selected financial data is presented. Under US GAAP dividends declared are those formally declared within each calendar twelve month period. For further information relating to dividends and the UK taxation of dividends see pages 81 and 88.
- (2) Dividends expressed in US currency have been converted at the actual exchange rates used in the payment of dividends to US shareholders, except that the final dividend declared in respect of 2000, payable to US shareholders on 3 May 2001, has been converted at the noon buying rate on 16 February 2001 for convenience.
- (3) In 1998 Reuters Holdings PLC consummated a court approved capital reorganisation in which shares of Reuters Holdings were exchanged for a combination of shares of Reuters Group and approximately £1.5 billion in cash (see note 26). Under US GAAP this transaction was deemed a share consolidation combined with a special dividend and, accordingly, earnings per share and per ADS and dividends per share and per ADS amounts were retrospectively restated. Under UK GAAP no restatement was deemed appropriate as the cash payment was considered a repurchase of shares and the number of new shares in Reuters Group was set to facilitate comparability of per share amounts with those of Reuters Holdings.

DESCRIPTION OF BUSINESS

Reuters position as a leading global information news and technology group is founded on its reputation for speed, accuracy, integrity and impartiality combined with continuous technological innovation. Reuters strength is based

on its unique ability to offer customers around the world a combination of content, technology and connectivity. Reuters reaches over 558,000 subscribers in 50,600 locations and makes extensive use of internet technologies for the widest distribution of information and news. Around 73 million visitors per month access Reuters content on some 1,400 internet websites. Reuters is the world's largest international text and television news agency with 2,157 journalists, photographers and camera operators in 190 bureaux, serving 151 countries. On 31 December 2000, Reuters employed 18,082 staff in 204 cities in 100 countries.

In February 2000 Reuters announced a range of major initiatives designed to accelerate its use of internet technologies and open new markets. Reuters believes that internet technologies present two principal opportunities: they enable Reuters to start serving a much wider market, including individuals making financial decisions at work and at home, and they allow Reuters to adopt a more cost-effective model for its core professional financial business.

Reuters Group PLC, whose predecessors have conducted operations in London since 1851, was incorporated in England and Wales on 24 December 1996 and became the parent company to the Reuters Group's operations on 18 February 1998. Information regarding Reuters Group's significant subsidiaries is provided in note 32. As used in this report, 'Reuters' or 'Group' refer collectively to Reuters Group PLC and its consolidated subsidiaries. The 'company' refers to the parent Reuters Group PLC. Reuters corporate headquarters are located at 85 Fleet Street, London EC4P 4AJ and its telephone number is +44 (0)20 7250 1122.

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 263 exchanges and over-the-counter markets. The information is normally transmitted electronically to Reuters databases by a direct feed from the computerised reporting system maintained by an exchange. Some 5,000 dealers and brokers in financial markets contribute their latest quotations to Reuters databases. 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 agreements with certain brokers, electronic communications networks (ECNs) 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 specialised Reuters staff.

Reuters staff also report and edit general and specialised news for business and media subscribers in textual, video, photo and audio form. 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 10 years old.

Reuters is committed to taking an active part in the development of a variety of standards based on the internet standard for information known as XML (Extensible Markup Language). Reuters is participating in the development of a number of industry standards such as NewsML for multi-media news, FpML (Financial Products Markup Language) for derivatives, XBRL (Extensible Business Reporting Language) for business reporting, and others. Reuters is also using XML internally as part of its next generation architecture to enable more intelligent processing and distribution of information across a variety of devices as well as enabling superior integration of online information and transactions.

PRINCIPAL PRODUCTS

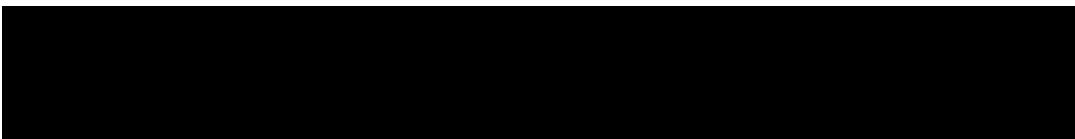
Reuters is focused on three business areas. The first, Reuters Financial (RF), includes the content, technology and trading operations of Reuters for financial services clients. The second, Reuterspace, is the vehicle for development of new businesses outside the core financial markets. The third, Instinet, is Reuters electronic brokerage business.

Reuters Financial (RF)

RF is now managed as one integrated unit. In 2000 it consisted of two separately managed divisions, Reuters Information (RI) and Reuters Trading Solutions (RTS).

Reuters Information

RI products include real-time information and historical information databases focused on four main markets: foreign exchange and money; commodities (including energy); fixed income; and equities. These products are delivered to subscribers through personal computer-based Reuters Terminals (RTs) or other Reuters workstation display software, through industry standard internet browsers and through Reuters-supplied or third-party information management systems. Reuters databases carry around two million individual instruments. RI's goal is to provide a wide range of information services addressing segmented user needs. To this end, RI offers high tier international products, middle tier domestic products and lower tier off-trading floor products.



RI's high tier information products include 3000 Xtra and the 3000 range of products. 3000 Xtra, RI's flagship international product, enables users, among other things, to personalise displays, integrate in-house data sources, carry out complex analytics in Microsoft Excel, extract data for in-house use, access rich content via Reuters own extranet and receive Reuters TV. Reuters 3000 range of information products combine the real-time features of its 2000 series with access to historical data, analytics and graphing capabilities and news. The 2000 series of products is formed from a number of content building blocks, each containing relevant real-time prices and related data on a particular market. Both the 3000 and 2000 series of products are grouped in different combinations to allow subscribers to select the product or products specific to their needs.

Reuters middle tier information products primarily focus on the needs of customers relating to individual geographic or asset-class markets. Reuters Plus, an advanced equities trading and analytics tool for US equities, includes real-time and historical data, time and sales, charting, Reuters news and internet access. In 2000, Reuters launched Reuters Pro, a research tool focused on the needs of US institutional equities professionals supporting buy-side institutions, and Reuters Credit, which provides credit information on the world's top publicly rated issuers of debt and unrated loan obligors.

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

A range of optional products produced by third parties to augment Reuters news and market data is also available to subscribers. Reuters also provides funds information, shareholder and benchmarking analysis under its Lipper brand. At 31 December 2000 Lipper tracked over 60,000 funds domiciled in 45 countries with assets in excess of US\$10.8 trillion. Historical performance data goes back to 1959 and includes open-ended (mutual) funds, closed-ended funds and variable annuity (unit-linked) funds.

Editorial. The news content for all Reuters products is gathered by Reuters editorial operations. Reuters delivers financial and media news worldwide, generally producing more than 10,000 news reports a day in over 20 languages. In addition to its textual news, Reuters provides television and news pictures coverage, news graphics and operates a global financial television news channel (RTV) for its clients in the financial markets.

Reuters Trading Solutions

RTS provides financial customers with technology and solutions to improve operating efficiency and facilitate trading throughout the enterprise. To this end it develops infrastructure applications and trade execution facilities that enable connectivity to a variety of information sources. RTS encompasses three business groupings, Transactions, Applications and Enterprise Solutions and Retail Solutions.

Transactions. The Transactions business develops financial communities through the provision of managed transaction services across a range of financial instruments.

Dealing 2000-1 enables fast electronic communication among dealers to negotiate and conclude trades in foreign exchange and other instruments. Dealing 2000-2, an electronic brokerage service for interbank spot and forward foreign exchange dealers, automatically and anonymously matches bid and offer orders using central computers, verifying that the counterparties have sufficient and mutually acceptable credit. In 2000 Reuters launched the next generation of transaction products, Dealing 3000, a full replacement for the Dealing 2000 product suite. Dealing 3000 uses Windows NT technology and allows traders to run complementary applications alongside the dealing application.

Other transaction products include Reuters InterTrade Direct, a fully managed, open order routing service facilitating straight through processing in the global securities markets and automated dealing systems which enable banks to provide their treasury clients with an integrated, online trading service.

In October 2000 Reuters and three of its major clients formed Atrix to create an electronic marketplace for the provision of information and executable prices to enable foreign exchange trading amongst financial and corporate institutions. At 31 December 2000 Atrix included over 50 banks as members but the trading facility is not yet available.

Applications and Enterprise Solutions. The Applications and Enterprise Solutions business provides technology and solutions from pre-trade analytics to transaction management and processing, to multiple communities. The product range includes market data systems, Reuters internet finance platforms, the active enterprise product suite, trade and risk management systems and exchange automation systems.

Market data systems, which are marketed primarily under the TIB and Triarch names, facilitate access to information and other services via the customers' own in-house computer facilities and enable the capture and management of financial transactions. Reuters is in the process of rolling out a new Trading Systems Architecture (TSA) which provides more sophisticated delivery of information and other services to the client's site, integrates them into the client's business flow and facilitates further distribution over the internet. Incorporated into the TSA are Reuters internet finance platforms which offer clients a powerful set of infrastructure and development components for reaching target communities over the internet.

The active enterprise product suite allows automation of businesses by creating an integrated network of applications, databases

DESCRIPTION OF BUSINESS *continued*

and information. Trade and risk management systems provide dealing rooms and operational management with deal capture, real-time position keeping, decision support tools and tactical risk management; local and global credit and limit management; enterprise-wide risk analysis and integrated advanced order management capabilities. Exchange automation systems provide distributed components for routing, management and execution of orders or quotes for the financial markets and for clients who require flexible and scaleable transaction systems.

Retail Solutions. The Retail Solutions business focuses on selling solutions of content, technology and transaction capabilities to financial services institutions seeking to use the internet to service retail customers.

Reuters Consulting. Reuters Consulting was formed in 2000 to complement the three RTS business groupings in order to focus on the provision of fully integrated and customised technology solutions that meet the individual needs of Reuters clients. In 2000, Reuters Consulting unveiled its Global Integration Laboratory, a facility for demonstrating the future of enterprise-wide, e-business solutions in the financial markets.

Reuterspace

Reuterspace is focused on bringing the skills of the Group in content, technology and distribution to new communities outside the wholesale financial markets. The division aims to develop opportunities in the business and consumer markets through internally generated initiatives, partnerships, stakeholdings and acquisitions.

Consumer market activities include the following:

Reuters Media is a world leader in the growing online news distribution business, currently reaching 15% of internet users through a worldwide set of news and information products available through more than 900 internet websites and in 14 languages. Reuters Media also provides video news services and traditional news wire services for print and broadcast media globally.

Reuters Personal Finance is developing a new range of web-based products and finance portals targeted at private investors. Products will include access to Reuters content, a number of analytical tools and a wide range of supplementary content and commentary.

Business market activities include the following:

Reuters Enterprise provides high value research/advisory information and news to information intensive business audiences in specific industry sectors, including financial services, telecommunications and healthcare, as well as more generally targeted company information and news. These services are provided through subsidiaries and partners such as APM International SA, Reuters Health Information (RHI), Tower Group, O R Telematique SA, and Yankee Group.

Reuters Mobile was established to co-ordinate the development of mobile strategy, to promote awareness of, and facilitate exchange of, mobile technology and to co-ordinate the development of a Reuters-wide infrastructure featuring core mobile capabilities.

The Greenhouse Fund typically makes minority investments in start-up companies whose technology or business models are of relevance to Reuters. At 31 December 2000, the Greenhouse Fund held investments in 90 companies, representing a total investment of £243 million. While an IPO is no longer intended for the Greenhouse Fund, Reuters anticipates bringing in strategic investors.

Instinet

Instinet is the world's largest electronic agency securities broker and has created and operates an e-financial marketplace. Through its electronic platforms, Instinet brings buyers and sellers worldwide together so that they can trade different types of securities, such as equity securities and fixed income (or debt) securities, and access research products, providing them with price improvement for their trades, as well as information, reporting and decision-making tools. Instinet's customers can trade directly and anonymously with each other, thereby creating an internal liquidity pool, as well as with other investors in more than 40 established securities markets throughout the world. Affiliates of Instinet are members of 20 securities exchanges. Instinet's customers consist of institutional investors, such as mutual funds, pension funds, insurance companies and hedge funds, as well as securities brokers and dealers.

In addition to execution of their equity securities trades on a global basis, Instinet offers its customers services that enhance their ability to achieve their trading objectives, including 24-hour trading, crossing services, block trading and program trading, as well as global clearance and settlement of trades and access to Instinet's proprietary research and analytics services and those of other providers. In February 2000, Instinet acquired Lynch, Jones & Ryan, a US broker-dealer focused on the plan sponsor and commission recapture business.

In 2000, Instinet introduced its new global electronic platform for trading fixed income securities. At present, Instinet is providing brokerage, execution and clearance and settlement services to many of the largest banks and securities dealers in approximately 750 US government, euro-denominated government and German mortgage bond (*Pfandbriefe*) securities. Instinet has also begun providing its execution and clearing services on a wholesale basis primarily to securities brokers and dealers. Purchasers of its wholesale services can provide their customers with access to Instinet's global institutional equities trading platform and, in the US, to its correspondent clearing services as well.

To expand the scope of its e-financial marketplace, Instinet has made a number of strategic investments in companies with operations or technologies that Instinet believes

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will enable investors and issuers to better achieve their trading and capital-raising objectives.

On 8 February 2001, Instinet filed a Registration Statement with the US SEC for the initial public offering (IPO) of shares of its common stock.

TIBCO Software Inc.

In 1999, Reuters subsidiary, TIBCO Software Inc. (TSI) completed an IPO of its common stock on the Nasdaq Stock Market. At 31 December 2000 Reuters held approximately 57% of the outstanding shares of TSI but its voting rights were restricted to 49% (and, accordingly, TSI is accounted for as an associated undertaking). If all outstanding employee options were exercised Reuters diluted shareholding of TSI would be about 42%. Reuters has the right to nominate four TSI directors (out of a total of 11) for so long as Reuters holds 40% or more of TSI's outstanding voting shares, three directors if it holds between 25% and 40% of the outstanding voting shares, and two directors if it holds between 10% and 25% of the outstanding voting shares.

Reuters owns the underlying TIB intellectual property and technology that was in existence at 31 December 1996 and that is incorporated into many of TSI's products, and licenses this technology to TSI pursuant to a licence agreement. TSI owns all technology and related intellectual property rights independently developed by TSI since 1 January 1997, including enhancements and improvements to the licensed TIB technology, which TSI licenses to Reuters pursuant to the licence agreement. TIB technology is incorporated into the TIB market data distribution systems offered by RTS.

PRINCIPAL CAPITAL EXPENDITURES

Over the last three years, Reuters has made a number of acquisitions, invested in several associated undertakings and other investments, established some joint ventures and continued to invest in its Greenhouse Fund. The principal acquisitions and investments (none of which exceeded a cost of £50 million) were:

- O R Telematique SA, a leading online provider of company information;
- Yankee Group Research Inc., an international technology research and advisory firm specialising in sectors essential to e-business: the internet, e-commerce, telecommunications and wireless services;
- Lynch, Jones & Ryan Inc., (acquired by Instinet) a provider of specialised brokerage, research and commission

recapture services to pension plan sponsors and managers;

- Tower Group Inc., (84%), a US research and advisory firm specialising on the impact of information technology in the financial industry;
- Liberty SA (now known as Reuters InterTrade Direct), a provider of electronic links for the global securities markets, offering order routing and order management services and links to other trading processes such as clearing and settlement;
- Lipper Analytical Services Inc., a provider of US mutual fund and global fund data;
- GL Trade (33.5%), a developer of interactive software which link equities traders to electronic exchanges in order to monitor the market and enter orders; and
- Diagram fip SA, acquired early in 2001, a major European provider of financial software solutions for the capital markets. Products include software packages and value-added services such as consulting, training and integration for banks, brokers, fund and asset managers and insurance companies. It also offers integrated corporate treasury systems.

In May 2000 Reuters and Equant Finance BV (Equant), established a joint venture company, Radianz Limited (Radianz), to develop a secure internet protocol network for use by the financial services industry, including Instinet. Reuters owns 51% of the new company but shares voting control and does not consolidate Radianz for accounting purposes. Under the terms of agreement, on 1 July 2000 Reuters transferred £63 million of telecommunications network assets into the new entity, along with approximately 400 staff, and sold its existing telecommunications business, Reuters Connect Services, to the new company for £17 million in cash.

In February 2000 Reuters and Multex.com Inc., a leading internet online intermediary for the financial services marketplace, agreed to form a joint venture, Multex Investor Europe, to provide dedicated broker research and investment information to European private investors. The joint venture combines Multex.com's global research base and Reuters information and news. Both parties own 50% of the venture. Early in 2001 Multex Investor Japan was formed to provide similar services in Japan. A total of £21 million has been invested in these ventures.

In mid-1999 Reuters and Dow Jones & Co. formed a joint venture, Factiva, to develop a new web-based global service, to provide corporate news, information and research data for many categories of business professionals. By December 2000 Factiva was selling information from 7,000 sources to 1.5 million users. Information sources include Reuters and Dow Jones news wires in addition to national, regional and local newspapers and trade publications. The content includes information in 22 languages. Factiva also provides technology solutions to integrate content into companies' intranets or information portals. Reuters has invested approximately £20 million in this venture.

Total capital expenditure for acquisitions, investments in associates and other investments, excluding joint ventures, during 2000 was £242 million (1999: £76 million; 1998: £141 million). Additional investment in the Greenhouse Fund during 2000 totalled £184 million (1999: £61 million; 1998: £10 million).

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DESCRIPTION OF BUSINESS *continued*

Further information relating to investments, acquisitions, joint ventures and disposals in 2000 is provided in notes 16 and 31.

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 utilised in the Reuters web communications network.

Reuters has two global technical centres, two main technical centres and a number of smaller local data centres. Reuters data centres are linked by communications services provided by Radianz using dedicated international communications circuits that rely on satellite links, optical fibre cables and coaxial cables. These circuits are leased by Radianz from various governmental and private telecommunications operators including Equant. Communications between data centres and Reuters subscribers are provided by Radianz in 11 countries and by Reuters directly or third parties elsewhere; they mainly use dedicated terrestrial circuits which are leased from telecommunications operators and are supplemented by a variety of other transmission systems. These include satellite-based networks for delivery of services to small dish receivers on customer premises. For further information regarding Radianz and the relationship between Radianz and Reuters, see pages 79 and 87.

PRINCIPAL GEOGRAPHIC MARKETS

Reuters products are distributed to 151 countries. Within business divisions, products are divided for financial reporting purposes into three principal geographic areas: Europe, Middle East and Africa (including the United Kingdom and Ireland); Asia/Pacific (including Japan); and The Americas. An analysis of revenue, costs, contribution, and assets by these markets is provided under the heading operating and financial review and in notes 1 and 13.

SUBSCRIBERS AND MARKETING

In general, Reuters information products are billed by number of user accesses. User accesses include terminals, accesses to datafeeds, slave screens and portable devices. The number of user accesses at the end of each of the last three years is set forth below.

000's	AT 31 DECEMBER		
	2000	1999	1998
Information products	507	477	429
Dealing	21	23	24
Instinet	30	21	16
Total	558	521	469

Information relating to user accesses and an analysis of revenue and subscribers by type are provided under the heading operating and financial review and in note 22.

The majority of Reuters revenue is recurring and generally covered by contracts of indefinite period, terminable on one or two years' notice. Individual services within a contract may be cancelled on twelve, six or three months' notice. In general, 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 Instinet, Dealing 2000-2, Dealing 3000 Spot Matching and certain information products.

Under its agreements with Dealing 2000-2 and Dealing 3000 Spot Matching subscribers, Reuters 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 wilful misconduct of Reuters. Reuters only accepts this liability in full for trades with a value of up to \$15 million; for trades above \$15 million, Reuters agreements with subscribers provide that Reuters liability is limited on a pro rata basis.

Reuters sells its products through a variety of channels. At 31 December 2000, Reuters sales and marketing force consisted of 5,141 persons. To support the Reuters brand, which Reuters believes to be of significant value, Reuters increased its investment in advertising in 2000, using television for the first time as a medium to reach a wider public.

EQUIPMENT SUPPLY AND SERVICING

Reuters central computers are presently supplied principally by Sun Microsystems and Compaq Computer Corporation (Compaq), with a smaller number of computers from International Business Machines Corporation (IBM), Sequent Information Systems and other manufacturers. Reuters central computers are installed and normally maintained by the supplier and operated by Reuters personnel.

Radianz's communications network uses equipment supplied and supported by Cisco Systems Inc., and Nortel Networks Corporation which is installed and operated by Radianz staff in 11 countries and by Reuters staff elsewhere. Database application software is supplied by Oracle Corporation. Tivoli Systems, a subsidiary of IBM, supplies software for network and system management requirements.

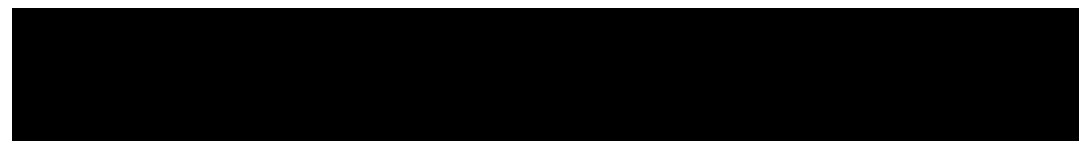
Reuters installs and provides first level maintenance for the majority of its client sites either directly or in some countries via sub-contractors. These installations are usually based on equipment supplied either by IBM or Compaq. Some clients specify and supply such equipment themselves and may be responsible for its maintenance. All Reuters application software on central computers and client site systems is maintained by Reuters.

COMPETITION

Reuters faces competition in all market sectors and geographical areas. Some rival vendors compete across a range of markets and in most major financial centres. Other vendors are more specialised, either in markets or location.

Reuters Financial

Competitors in the provision of information products for the financial markets include Bloomberg LP (Bloomberg), Bridge Information Systems Inc. (Bridge), Quick Corporation of Japan, Telekurs AG of Switzerland and Thomson Corporation's Thomson Financial unit. Competition to the Lipper funds information business comes from Morningstar Inc., the



Micropal unit of Standard & Poor's, a division of the McGraw-Hill Companies Inc., Value Line Inc., and Thomson Corporation's CDA Weisenberger.

The Electronic Broking Service (EBS) competes with the foreign exchange spot matching service provided by Reuters Dealing 2000-2 and Dealing 3000 Spot Matching. The EBS partnership comprises a number of leading European, US and Japanese banks.

Reuters money and foreign exchange transaction products also compete with voice brokers in the relevant markets.

Competitors in the supply of Reuters market data systems include Misys plc (Misys), CSK Software, a subsidiary of CSK Corporation, Bridge and a large number of other vendors. The main competitors to the Active Enterprise product suite are IBM (MQ Series), New Era of Networks, Inc. (Neon), VITRIA Technology, Inc., BAE Systems plc, and Mercator Software, Inc. In the provision of trade and risk management systems, on a global basis Reuters competes with SunGard Data Systems Inc., Misys and Algorithmics Inc.

Reuterspace

Competition for the supply of company, financial and industry specific information is fragmented among numerous, geographically specific entities and new internet-based businesses. Competition in the supply of news to the media is mainly from Associated Press, Agence France Presse and Bloomberg News, a subsidiary of Bloomberg.

Instinet

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

GOVERNMENT REGULATIONS

Reuters Financial

Reuters Limited is regulated as a service company by the UK Financial Services Authority (FSA) under the Financial Services Act 1986.

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

Reuters Transaction Services Limited (RTSL), through which Reuters operates Dealing 2000-2 and Dealing 3000 Spot Matching is subject to regulation by the FSA equivalent to that applied to broking participants in the London foreign exchange market, including capital adequacy requirements. The operations of RTSL's Singapore branch are subject to oversight by the Monetary Authority of Singapore and those of the Hong Kong branch by The Hong Kong Monetary Authority. Reuters InterTrade Direct SA, through which Reuters operates Reuters InterTrade Direct, is regulated as a service company by the FSA under the Financial Services Act 1986.

Instinet

As a registered broker-dealer, a member of the NASD and other self-regulatory organisations in the US and other countries in which it operates, and as a registered alternative trading system in the US, Instinet is subject to substantial regulation under the US securities laws and their equivalents in other countries, including but not limited to net capital requirements. The regulatory framework generally applies directly to Instinet affiliates that are registered or licensed in various jurisdictions.

PROPERTY, PLANT AND EQUIPMENT

Reuters principal properties are its corporate headquarters (96,000 sq. ft.) in London, its two global technical centres in London (324,000 sq. ft.) and Geneva (144,000 sq. ft.) and its two other main technical centres in New York (44,000 sq. ft.) and Singapore (180,000 sq. ft.). 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.

Reuters has entered into a venture with Rudin Times Square Associates LLC, to develop and operate an 855,000 square foot building in the Times Square section of New York City, to be known as The Reuters Building. Each of Rudin and Reuters are to invest approximately \$45 million of equity toward the cost of the base building and partial build-out allowance estimated at \$362 million, with the balance being funded through non-recourse financing. At 31 December 2000, Reuters had contributed \$20 million of this equity.

The interior build-out, technology infrastructure, security system, furniture and fittings, exterior signage, public exhibition space, moving and other related costs for Reuters is estimated at \$134 million, with expenditure to 31 December 2000 totalling \$35million.

Reuters will lease a total of 671,464 sq ft. from the venture and expects to begin moving staff into the building in March 2001. The lease for the bulk of the space will expire in 2021, with an option to extend. Reuters has secured its lease position with a \$120 million letter of credit.

LEGAL PROCEEDINGS

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 or profitability.

DIRECTORS' REPORT

The directors submit their annual report and audited financial statements for the year ended 31 December 2000.

Activities

Reuters activities are described on page 4. A detailed review of Reuters activities during 2000 and likely future developments is given on pages 4-9 and pages 27-38. Details of post balance sheet events are set out in note 33.

Share capital and dividends

Details of the changes in the authorised and called-up share capital are set out in notes 26 and 27 on pages 63-64. Details of significant shareholdings are given on page 79.

An interim dividend of 3.65p per ordinary share was paid on 6 September 2000. The directors recommend a final dividend of 12.35p per ordinary share, giving a total of 16.0p per ordinary share for the year (1999: 14.65p). Subject to shareholders' approval at the annual general meeting, the final dividend will be paid on 26 April 2001 to members on the register at the close of business on 16 March 2001.

Employees

The total number of employees at 31 December 2000 was 18,082 (31 December 1999: 16,546).

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

To encourage employees' involvement and to ensure that employees are aware of the financial and economic factors affecting the Group, extensive use is made of the company's intranet as a communications tool. Meetings between management and employee representatives, including, where appropriate, union representatives, are held regularly so that the views of employees can be taken into account in making decisions which are likely to affect their interests. Reuters European Employees Forum operates as a pan-European works council. Reuters believes its relationship with its labour unions is satisfactory. The involvement of employees in the company's performance is encouraged through employees' share plans.

The directors record with deep regret the death of Kurt Schork who died while reporting for Reuters in Sierra Leone. The directors also record with regret the deaths in service of Yu Fai Chan, David Kirby, Veselin Pavkovic, Navdeep Ranawat, Roswitha Sediqie-Siepen and Eliane Vanden Bossche.

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 and provides hostile environment training for journalists. Reuters policy is to manage its activities so as to avoid causing unnecessary or unacceptable risk to the health and safety of its employees and the company provides training to staff to build awareness of health and safety issues.

Charitable contributions

Reuters made a grant of £3.2 million in 2000 to fund the educational and humanitarian work of Reuters Foundation, the Group's charitable trust (£3.3 million in 1999). In addition, Reuters regional management made direct charitable donations of £1.2 million in cash and £13.7 million in kind, which includes the value of information services, equipment and employees' time provided free of charge for educational and humanitarian purposes. The overall total of Group charitable giving, in cash and in kind, amounted to £18.1 million in 2000 or 2.7% of pre-tax profit (£16.6 million or 2.6% in 1999).

More information on the work of Reuters Foundation is contained in the annual review and on the Foundation's website: www.foundation.reuters.com.

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 2000 were equivalent to 34 days' purchases during the year.

Auditors

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

Directors

The names and biographical details of current directors are given on pages 12-13. A non-executive director is not required to hold shares of Reuters in order to qualify as a director. Executive directors are encouraged to hold a shareholding in the company equivalent to at least 100% of basic salary after three years as a director, rising to 200% of basic salary after five years as a director. A director not holding any shares may nevertheless attend and speak at general meetings of Reuters. A statement of directors' remuneration and their interests in shares and options of the company and its subsidiaries is set out on pages 15-24.

The following changes to the Board composition occurred during 2000. Dennis Malamatinas, Ed Kozel and Ian Strachan were appointed non-executive directors. Bob Bauman and Sir David Walker retired as non-executive directors at the annual general meeting in April. In January 2000, John Parcell resigned as an executive director and left the company. André Villeneuve resigned as an executive

director in February 2000 to concentrate on his role as non-executive Chairman of Instinet and David Ure resigned as an executive director in July 2000 to concentrate on his role as non-executive Chairman of Radianz, the joint venture with Equant. Philip Green, Tom Glocer and David Grigson were appointed executive directors in February, June and August 2000 respectively, and in December it was announced that Tom Glocer would be appointed as Chief Executive on the retirement of Peter Job in July 2001.

Sir Christopher Hogg, Peter Job, Roberto Mendoza and Dick Olver retire by rotation and are proposed for re-election as directors at the forthcoming annual general meeting. Tom Glocer, David Grigson and Ian Strachan, having been appointed by the Board since the last annual general meeting, also retire and are proposed for re-election at the annual general meeting. Biographical information on these directors is set out on pages 12-13. As non-executive directors, Sir Christopher Hogg, Roberto Mendoza, Dick Olver and Ian Strachan do not have service

contracts. Details of the remuneration of Sir Christopher Hogg and the non-executive directors and information on the service contracts and remuneration of Peter Job, Tom Glocer and David Grigson are set out on pages 15-16.

By order of the Board

/s/ Rosemary Martin

Rosemary Martin
Company Secretary
16 February 2001

DIRECTORS AND SENIOR MANAGEMENT

The directors and senior managers of Reuters are:

NAME	POSITION	POSITION HELD SINCE	DATE OF NEXT RE- APPOINTMENT BY SHAREHOLDERS
Directors			
Sir Christopher Anthony Hogg	Chairman; Director(1)	1985; 1984	2001
Peter James Denton Job	Chief Executive; Director	1991; 1989	2001
Thomas Henry Glocer	Chief Executive Designate; Director	2000; 2000	2001
David John Grigson	Finance Director; Director	2000; 2000	2001
Sir John Anthony Craven	Director(1)	1997	2002
Philip Nevill Green	Chief Executive, Reuters Financial; Director	2001; 2000	2003
Edward Kozel	Director(1)	2000	2003
Dennis Malamatinas	Director(1)	2000	2003
Jean-Claude Marchand	Chairman, Reuters Information and Group Marketing Director; Director	2000; 1996	2002
Roberto G Mendoza	Director(1)	1998	2001
Richard Lake Olver	Director(1)	1997	2001
Robert Oscar Rowley	Chief Executive, Reuterspace; Director	2000; 1990	2002
Charles James Francis Sinclair	Director(1)	1994	2002
Ian Charles Strachan	Director(1)	2000	2001
Senior managers			
Rosemary Elisabeth Scudamore			
Martin	Company Secretary	1999	
Stephen Francis Mitchell	General Counsel	1998	
David Granger Ure	Strategic adviser to the Board and Non-executive Chairman of Radianz	2000	
André-Francoise Helier Villeneuve	Non-executive Chairman of Instinet	1989	
Geoffrey Arthur Weetman	Director of Human Resources	1998	

(1) Non-executive director.

Sir Christopher Hogg. Non-executive Chairman of Allied Domecq PLC since 1996. Non-executive director of GlaxoSmithKline plc since 1993 and Air Liquide SA since May 2000. Non-executive Chairman of the Royal National Theatre since 1995. Former member of the International Council of JP Morgan 1993-2000. Former Chairman of Courtaulds PLC 1980-1996 (Chief Executive 1979-1991). Former non-executive director of the Bank of England 1992-1996. Member of the Audit and Remuneration Committees and Chairman of the Nomination Committee. Age 64.

Peter Job. Joined Reuters as a journalist in 1963. From 1971 worked to develop the company’s business in Latin America, Africa, Asia and the Middle East. From 1978 until 1991 headed the company's operations in Asia. He has announced his retirement from Reuters effective July 2001. Non-executive director of Schroders plc, GlaxoSmithKline plc, TIBCO Software Inc., and Instinet Group LLC. Former non-executive director of Diageo plc. Member of the Nomination Committee. Age 59.

Tom Glocer. In December 2000 named to succeed Peter Job as Chief Executive of Reuters in July 2001. Former CEO Reuters Information (2000) and President & Senior Company Officer, Reuters America (1998-2000). Previously CEO Reuters Latin America (1997). Joined Reuters in 1993 as Vice President and Deputy General Counsel, Reuters America and appointed Executive Vice President and General Counsel, Reuters America Holdings in 1995. Prior to joining Reuters he was a mergers and acquisitions lawyer with Davis Polk & Wardwell

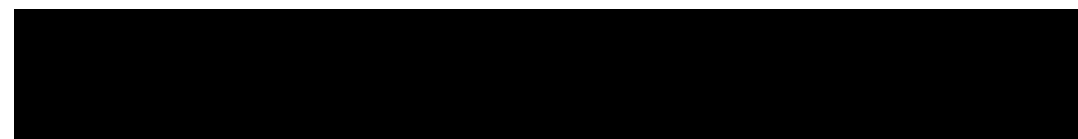
in New York, Paris and Tokyo. Non-executive director of Giant Bear Inc., Instinet Group LLC and of the New York City Investment Fund. Age 41.

David Grigson. Joined Reuters in August 2000 from Emap plc where he was Group Finance Director and Chairman of Emap Digital. Formerly with Saatchi & Saatchi Plc (1984-1989) and Esso UK (1980-1984). Age 46.

Sir John Craven. Non-executive Chairman of Lonmin Plc since 1997. Non-executive director of Gleacher & Co LLC since 2000. Former member of the Board of Managing Directors of Deutsche Bank AG and former Executive Chairman of Deutsche Morgan Grenfell Group plc (1989-1997). Former non-executive director of Rothmans International BV. Member of the Audit, Remuneration and Nomination Committees. Nominated as Reuters senior independent non-executive director. Age 60.

Philip Green. Joined Reuters in September 1999 as Chief Executive, Trading Solutions. Former Chief Operating Officer, Europe

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and Africa, at DHL International, based in Brussels. Joined DHL in 1990 as Regional Director, Northern Europe having previously worked in both UK and US. Non-executive director of SKF AB. On the Advisory Board of the London Business School. Age 47.

Ed Kozel. Managing Director of Open Range LLC. Non-executive director of Cisco Systems, Inc, Yahoo! and TIBCO Software Inc. From 1989 to 2000 worked for Cisco Systems, Inc., in a number of roles, more recently as the Chief Technical Officer and Senior Vice President Business Development. Prior to 1989 worked with SRI International in California. Member of the Remuneration and Nomination Committees. Age 45.

Dennis Malamatinas. Chief Executive, Priceline Europe. Former CEO, Burger King Corporation (1997-2000). From 1979 to 2000 he held a number of executive positions, first with PepsiCo and then with Grand Metropolitan plc (now known as Diageo plc). From 1998 to 2000 he was a non-executive director of Diageo plc. Member of the Audit, Remuneration and Nomination Committees. Age 45.

Jean-Claude Marchand. Chief Executive, Global Sales and Operations (1998-1999). Managing Director, Continental Europe, Middle East and Africa (1994-1998). Joined Reuters in 1971 as a sales executive and became Sales and Marketing Manager, Asia in 1978. A Swiss national, he has held senior management positions in Europe since 1979. Non-executive director of i2i, Radianz Limited and Sila Communications Limited. Age 54.

Roberto Mendoza. Former Vice Chairman and a director of JP Morgan & Co Inc., (1990-2000) and Managing Director of Goldman Sachs & Co. (2000). Joined JP Morgan in 1967 with successive assignments in London and New York. Non-executive Chairman of Egg plc and a non-executive director of Prudential plc, ACE Limited and Vitro SA. Member of the Audit, Remuneration and Nomination Committees. Age 55.

Dick Oliver. A group managing director of BP Amoco PLC and CEO, Exploration and Production. Member of the Institute of Civil Engineers. A governor of New Hall School. Member of the Remuneration and Nomination Committees and Chairman of the Audit Committee. Age 54.

Rob Rowley. Finance Director from 1990 to 2000. Joined Reuters in 1978 taking financial responsibility for Europe in 1981. Became Joint Company Secretary in 1988. Group Financial Controller in 1989, and Company Secretary from 1991 to 1993. Responsible for new business information products, media and new business ventures since 1996. Non-executive director of Prudential plc. Age 51.

Charles Sinclair. Group Chief Executive of Daily Mail and General Trust plc since 1988. Non-executive director of Euromoney Institutional Investor plc and Schroders plc. Fellow of the Institute of Chartered Accountants. Member of the Audit and Nomination Committees and Chairman of the Remuneration Committee. Age 52.

Ian Strachan. Non-executive director of Transocean Sedco Forex and Instinet Group LLC. Former Deputy Chairman of Invensys plc (1999-2000). Former CEO of BTR plc (1996-1999). Former Deputy CEO (1991-1995) and CFO (1987-1991) of Rio Tinto plc. Former non-executive director of Commercial Union plc (1990-1996). Former CFO of Johnson & Higgins (1986-1987). Held various senior positions in Exxon (1970-1986) including Chairman and CEO of the Esso Group of companies in Hong Kong and China (1982-1983). Member of the Audit, Remuneration and Nomination Committees. Age 57.

Rosemary Martin. Joined Reuters in 1997 as Deputy Company Secretary. Former Partner in London law firm Rowe & Maw.

Stephen Mitchell. Joined Reuters in 1996 as Deputy General Counsel. Acted as General Counsel for Reuters America during 1997. Company Secretary 1998 to 1999. Former Partner in Australian law firm Freehill, Hollingdale & Page.

David Ure. Former Executive Director responsible for group technical strategy and Reuters Trading Solutions division. From 1992 to 1998, responsible for group marketing and technical policy. Prior to that he headed Reuters operations in Europe, Middle East and Africa. He joined the company in 1968 as a trainee journalist. Non-executive director of TIBCO Software Inc., and Multex Investor Europe Limited.

André Villeneuve. During 1999 acted as Executive Director of Strategic Planning. Headed Reuters geographical operating units from 1992 to 1998 and managed the company's business in North America from 1983 to 1991 including Latin America from 1989. He joined Reuters as a journalist in 1967.

Geoff Weetman. Joined Reuters in 1973 as a Regional Accountant based in Switzerland. Following a brief spell in London, he moved to Asia and held a number of senior positions in Hong Kong and Japan, finally becoming Managing Director, Reuters Asia, in 1992. He returned to London in 1997 and for a year acted as Managing Director of Media and New Business Ventures.

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CORPORATE GOVERNANCE

Reuters is committed to high standards of corporate governance and has complied throughout 2000 with the principles of corporate governance set out in Section 1 of the Combined Code save that the service contracts of Peter Job, Rob Rowley and Jean-Claude Marchand are terminable by the company, in effect, on two years' notice. However, consistent with the company's move towards having executive directors' service contracts terminable on not more than one year's notice, Philip Green's appointment is terminable on one year's notice and David Grigson's appointment can be terminated on one year's notice after an initial period ending in August 2001.

The Board and executive

The Board is responsible for the Group's system of corporate governance and is ultimately accountable for the Group's activities throughout the world. As at 16 February 2001, there were six executive directors and eight independent non-executive directors, including the Chairman who is responsible for running the Board. Each year the directors, other than the Chairman, meet to review the role of the Chairman (Sir John Craven, the senior independent non-executive director, chairing the meeting) and once a year the Chairman and the non-executive directors meet to review the performance of the executive directors.

The Board is scheduled to meet at least six times a year and, in addition, it has an annual strategy review meeting. A schedule of matters is reserved for the Board's decision. The directors are bound by the company's articles to pay due regard to the Reuters Trust Principles. The Board views these as central to Reuters standing and commercial success and gives support to the Reuters Founders Share Company Limited in its duty of safeguarding them. The Trust Principles and other relevant information are set out on page 82.

Regular and ad hoc reports and presentations to the Board and its committees ensure that the directors are supplied, in a timely fashion, with the information they need. The directors also have access to the company secretary and they may take independent professional advice at the company's expense, although no such advice was sought during 2000.

Non-executive directors are appointed for a term of six years, subject to agreement after three years that the term should continue. All directors are subject to election by shareholders at the first opportunity after their appointment and to re-election thereafter at intervals of no more than three years. Non-executive directors receive a series of briefings about Reuters when they join the Board and they periodically visit Reuters offices throughout the world where they are briefed on various aspects of the Group's operations. Training for executive directors is available as appropriate and a training programme designed for Reuters in conjunction with the Institute of Directors is run for directors of the company and its subsidiaries.

The Board delegates specific responsibilities to the following committees:

The Group Executive: this committee is chaired by the Chief Executive and is authorised to implement strategy and to manage the Group. During 2000 the Group Executive comprised the executive directors, André Villeneuve (Chairman of Instinet), David Ure (Chairman of Radianz and adviser to the Reuters Board), Geoffrey Weetman (Director of Human Resources), Stephen Mitchell (General Counsel) and Rosemary Martin (Secretary).

The Audit Committee: chaired by Dick Olver and comprising all the non-executive directors other than Ed Kozel. This committee meets at least twice a year with the Chief Executive, the Finance Director, the Head of Audit and Global Risk Assurance and the external auditors and reviews the processes for financial reporting, internal control, risk assessment, the audit and compliance assurance, the independence of the Group's internal and external

auditors and the effectiveness of the Group's system of accounting, its internal financial controls and the internal and external audit functions.

The Remuneration Committee: this committee meets as required. Its remit is to determine specific remuneration packages for each of the executive directors and any other remuneration issues which affect the interests of shareholders, in particular remuneration or option plans using shares. The committee is chaired by Charles Sinclair and its members are Sir Christopher Hogg, Sir John Craven, Ed Kozel, Dennis Malamatinas, Roberto Mendoza, Dick Olver and Ian Strachan.

The Nomination Committee: this committee, which meets when required, comprises the non-executive directors and the Chief Executive and is chaired by Sir Christopher Hogg. It makes recommendations to the Board about future appointments of directors and the Chief Executive.

Relations with shareholders

The executive directors meet regularly with institutional shareholders and analysts. Investor relations departments in London and New York are dedicated to improving communications between Reuters and its shareholders. The company's annual general meeting is used as an opportunity to communicate with private investors. At its annual general meeting the company announces the level of proxies lodged on each resolution and the balance for and against the resolution after the resolution has been voted on by a show of hands. The results of voting (including the levels of voting abstentions) at the annual general meeting in 2001 will be available on the company's website: www.reuters.com.

Directors' responsibilities, internal controls and financial reporting

The directors' responsibilities and the Group's process for internal controls and financial reporting are set out on page 25.

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REPORT ON REMUNERATION AND RELATED MATTERS

Remuneration objectives

Last year, we said that remuneration policy has never been more important than it is today. That statement is as valid now as it was then. We believe that the main limitation on what Reuters can achieve in its chosen area of activity is our ability to source, motivate and harness the skills of our people. The competition for those people is as intense as ever and Reuters must ensure that it is winning the war for talent.

The benchmark for remuneration in our industry continues to be US practice. The talents which our staff possess are truly international and the industry in which we stand is ever more mobile. Both large and start-up companies in the US offer stock options which pay out on the basis of a company's stock price, with no other performance links. Reuters believes that, to compete, it must be prepared to do the same. However, individuals must demonstrate performance to earn options.

Reuters should also do its best to ensure that remuneration policy is seen to be equitable by all employees. Terms governing salary, pension and benefits are basically set by market conditions in each country. However, Reuters believes variable rewards for internationally mobile management, based on the performance of the Group and the company's share price, cannot differ too much from place to place. It also believes managers rewarded for delivering good growth should be expected to maintain outright shareholdings in the company, in order to preserve identity of interest between them and the generality of shareholders.

All staff in Reuters should also be given the opportunity to share in the company's success and support its values. Since the beginning of its life as a public company, Reuters has offered save-as-you-earn share rewards to its staff all over the world. Another all-employee option scheme, Plan 2000, will mature in 2001.

Remuneration policies

Salaries: will be competitive when compared against those of other companies operating in the same markets.

Annual bonuses: Reuters provides annual incentive bonuses to encourage management to achieve predetermined annual performance targets.

Competitive market compensation: annual cash compensation packages for senior managers should be capable of reaching the upper quartile of the market where maximum performance bonus is earned.

Benefits: Reuters provides benefits according to local practice.

Pensions: as appropriate to the local market.

Long-term benefits, including share plans: Reuters seeks to provide long-term benefits which are competitive in the appropriate market and consistent with the interests of shareholders. Certain subsidiaries and joint venture companies have incentive plans which enable their key executives and employees to acquire shares in their company.

Executive directors' remuneration

The 2000 remuneration packages of executive directors consisted 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 and all-employee share schemes.

In setting the 2000 salary levels the Remuneration Committee was assisted by reports prepared by independent professional consultants which compared Reuters remuneration packages with the median levels of the FTSE top 50 companies.

For 2000 the executive directors' bonuses were capped at 70% of salary and for all directors other than the Chief Executive depended on the extent to which three targets were met. The first target, covering 20% of the bonus, related to the growth in operating profit before goodwill at constant exchange rates. The second target, covering 40% of the bonus, was based on the growth of divisional profits and the third target, 40% of the bonus, was based on the achievement of the Group's year 2000 strategic targets. The Chief Executive's bonus goals were split equally between the company's operating profit and achieving the strategic targets. Bonus targets were substantially met.

Directors' bonuses amounted to 1.3% of total cash bonuses paid to all employees of the Group.

Executive directors' service contracts

The appointment of two new directors, Philip Green and David Grigson, are terminable by the company on one year's notice. Both appointments have an initial term of two years expiring at the end of August 2001 and July 2002, respectively. The arrangements with them provide that any termination payment will not exceed an amount equal to the sum of the director's annual salary, bonus and 12 months' pension contributions paid by the company. Peter Job, Rob Rowley and Jean-Claude Marchand benefit from an effective two-year notice period. The Remuneration Committee considers this notice period is appropriate having regard, amongst other things, to their long years of service. The termination benefits for Peter Job, Rob Rowley and Jean-Claude Marchand will not exceed twice the sum of annual salary and benefits. Tom Glocer's service contract is currently under negotiation.

Remuneration of the non-executive directors

The Chairman's remuneration comprises salary, life assurance, prolonged disability insurance and pension.

Basic remuneration of the other non-executive directors is determined by ordinary resolution of the shareholders in general meeting and rose from £33,000 per annum to £35,000 per annum with effect from 1 January 2000.

REPORT ON REMUNERATION AND RELATED MATTERS *continued*

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

	2000				1999
	SALARY/ FEES £000	BONUS ENTITLE- MENTS £000;	BENEFITS £000	TOTAL £000	REMUNER- ATION TOTAL £000
Chairman:					
Sir Christopher Hogg	250	—	9	259	213
Non-executive directors:					
Bob Bauman (resigned 18 April 2000)	15	—	—	15	43

Sir John Craven	35	—	—	35	33
Michael Green (resigned 20 April 1999)	—	—	—	—	11
Ed Kozel (appointed 31 March 2000)	27	—	—	27	—
Dennis Malamatinas (appointed 1 January 2000)	35	—	—	35	—
Roberto Mendoza	35	—	—	35	33
Dick Olver	42	—	—	42	33
Charles Sinclair	45	—	—	45	43
Ian Strachan (appointed 10 May 2000)	44	—	—	44	—
Sir David Walker (resigned 18 April 2000)	12	—	—	12	33
Total for non-executive directors (excluding Chairman)	290	—	—	290	229
Executive directors:					
Tom Glocer (appointed 5 June 2000)	264	179	7	450	—
Philip Green (appointed 7 February 2000)	306	203	83	592	—
David Grigson (appointed 1 August 2000)	147	98	25	270	—
Peter Job, Chief Executive	605	409	17	1,031	905
Jean-Claude Marchand	352	246	28	626	591
John Parcell (resigned 15 January 2000)	1,203	—	38	1,241	495
Rob Rowley	372	247	13	632	556
David Ure (resigned 24 July 2000)	207	138	6	351	516
André Villeneuve (resigned 7 February 2000)	44	34	34	112	551
Total for executive directors	3,500	1,554	251	5,305	3,614
Total emoluments of directors	4,040	1,554	260	5,854	4,056
Non-director executive officers as a group (7 persons)	1,389	928	349	2,666	2,034
Total emoluments of directors and executive officers	5,429	2,482	609	8,520	6,090

Ian Strachan was appointed a non-executive director of Instinet on 5 September 2000. His fees include £21,379 earned from Instinet.

At the time of his resignation, John Parcell received a lump sum payment of £1,189,000, which comprised an amount of £689,000 equivalent to two years salary and £500,000 in respect of foregone long-term incentive plan awards.

All bonus entitlements were paid in cash except that Peter Job and David Ure waived their bonus entitlements in lieu of the company making equivalent contributions to individual money purchase pension plans on their behalf.

Non-director Executive Officers are members of the Reuters Group Executive Committee and are identified as senior managers on page 12 of this report. Tom Glocer and Philip Green were also members of this committee prior to their appointment as directors.

Directors' pension arrangements

The executive directors who joined the pension arrangements in the UK prior to April 1999 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% per annum and discretionary above that level). Reduced pensions are payable on early retirement before age 60. Enhanced terms may apply on early retirement.

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.

Pension contributions for executive directors are expressed as an average contribution rate, which for 2000 was 21.025%, of basic salaries.

The Chairman has been admitted as a member of the Reuters Pension Fund for the purpose only of providing a fixed lump sum benefit of £300,000 for his dependants in the event of his death in service.

Pension benefits earned by the above directors are:

	AT 31 DECEMBER 2000 OR AT DATE OF RESIGNATION			ACCRUED PENSION ENTITLEMENT	
	AGE	YEARS OF SERVICE	DIRECTORS' CONTRIBUTIONS DURING PERIOD £000	INCREASE DURING PERIOD £000	TOTAL AT 31 DECEMBER 2000 OR DATE OF RESIGNATION £000
Sir Christopher Hogg	64	15	—	23	98
Peter Job	59	36	36	32	403
Jean-Claude Marchand	54	29	25	11	205
John Parcell (resigned 15 January 2000)	54	30	1	—	164
Rob Rowley	51	22	22	22	169
David Ure (resigned 24 July 2000)	53	32	12	5	191
André Villeneuve (resigned 7 February 2000)	56	32	—	—	237

On his resignation from the Board, John Parcell took early retirement with an immediate pension equal to his deferred pension payable from age 60, but unreduced for early payment.

Newly appointed executive directors participate in defined contribution pension arrangements. The pension contributions in respect of these three directors were:

	AGE	YEARS OF SERVICE	COMPANY PENSION CONTRIBUTION DURING PERIOD £000
Tom Glocer (appointed 5 June 2000)	41	7	22
David Grigson (appointed 1 August 2000)	46	5 months	8
Philip Green (appointed 7 February 2000)	47	1	22

Under an unfounded pension arrangement the Chairman is entitled to a pension of 2.5% of his annual fee times the number of years service, from the date of his appointment as Chairman in May 1985 to the date his office terminates.

The total amount set aside or accrued by Reuters in 2000 to provide pension and similar benefits for the directors, including employer's contributions to individual money purchase pension plans on behalf of Peter Job and David Ure, was £1.3 million and for the directors and the non-director executive officers as a group, was £2.1 million.

LONG-TERM PLANS BENEFITING EXECUTIVE DIRECTORS

Long-term incentive share plan

Since 1993, Reuters has operated a long-term incentive share plan under which annual awards of 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 three- to five-year period. Awards vesting under the plan are not released until at least five years from the date of grant. Under the terms of the plan the number of share rights awarded annually to each executive is determined by dividing his annual salary by the average of the daily closing price of Reuters shares for the previous year.

In 2000 the Remuneration Committee approved an amendment to the plan permitting the grant of an award to an individual who, under the terms of the plan, would not otherwise be eligible, or at an amount that exceeds that allowed by the plan rules, or under terms that vary from the plan rules. This change was permitted by the UK Listing Authority (UKLA). David Grigson received his 2000 award under these provisions. Eligibility under the normal terms of the plan is limited to those holding the position of director or senior executive on or before 30 June in the year of the grant. David Grigson joined Reuters on 1 August 2000 and his 2000 award was part of his recruitment terms.

The table over shows the number of shares underlying long-term awards to each executive director and the non-director executive officers as a group, by year of grant:

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LONG-TERM PLANS BENEFITING EXECUTIVE DIRECTORS continued

	YEAR OF GRANT	NUMBER OF AWARDS					GAIN ON RELEASE £000	DATE OF RELEASE OR EXERCISABLE PERIOD IF VESTING OCCURS
		UNRELEASED AT 31 DECEMBER 1999 OR LATER DATE OF APPOINTMENT	AWARDED DURING PERIOD	RELEASED DURING PERIOD	LAPSED ON RESIGNATION	UNRELEASED AT 31 DECEMBER 2000 OR EARLIER DATE OF RESIGNATION		
Peter Job	1995	16,523	—	16,523	—	—	251	Mar 2000
	1996	61,218	—	—	—	61,218	—	Feb 2002 — Dec 2002
	1997	68,812	—	—	—	68,812	—	Feb 2002 — Dec 2003
	1999	85,990	—	—	—	85,990	—	Feb 2004 — Dec 2005
	1999	90,516	—	—	—	90,516	—	Feb 2004 — Dec 2005
	2000	—	73,567	—	—	73,567	—	Feb 2005 — Dec 2006
		323,059	73,567	16,523	—	380,103	251	
Tom Glocer (appointed 5 June 2000)	1999	9,855	—	—	—	9,855	—	Feb 2002 — Dec 2005
	1999	42,596	—	—	—	42,596	—	Feb 2002 — Dec 2005
	2000	33,518	—	—	—	33,518	—	Feb 2003 — Dec 2006
		85,969	—	—	—	85,969	—	
David Grigson (appointed 1 August 2000)	2000	—	42,579	—	—	42,579	—	Feb 2005 — Dec 2006
Philip Green (appointed 7 February 2000)	1999	100,000	—	—	—	100,000	—	Feb 2002 — Dec 2005
	2000	—	24,320	—	—	24,320	—	Feb 2005 — Dec 2006
		100,000	24,320	—	—	124,320	—	
Jean-Claude Marchand	1995	6,921	—	6,921	—	—	105	Mar 2000
	1996	38,805	—	—	—	38,805	—	Feb 2002 — Dec 2002
	1997	48,994	—	—	—	48,994	—	Feb 2002 — Dec 2003
	1999	55,956	—	—	—	55,956	—	Feb 2004 — Dec 2005
	1999	60,564	—	—	—	60,564	—	Feb 2004 — Dec 2005
	2000	—	47,667	—	—	47,667	—	Feb 2005 — Dec 2006
		211,240	47,667	6,921	—	251,986	105	
John Parcell (resigned 15 January 2000)	1995	6,435	—	—	—	6,435	—	Feb 2000 — Dec 2001
	1996	25,207	—	—	25,207	—	—	
	1997	32,342	—	—	32,342	—	—	
	1999	40,486	—	—	40,486	—	—	
	1999	49,373	—	—	49,373	—	—	
		153,843	—	—	147,408	6,435	—	
Rob Rowley	1995	10,303	—	10,303	—	—	157	Mar 2000
	1996	38,171	—	—	—	38,171	—	Feb 2002 — Dec 2002
	1997	42,663	—	—	—	42,663	—	Feb 2002 — Dec 2003
	1999	53,322	—	—	—	53,322	—	Feb 2004 — Dec 2005
	1999	55,626	—	—	—	55,626	—	Feb 2004 — Dec 2005
	2000	—	45,235	—	—	45,235	—	Feb 2005 — Dec 2006
		200,085	45,235	10,303	—	235,017	157	
David Ure (resigned 24 July 2000)	1995	11,139	—	11,139	—	—	169	Mar 2000
	1996	41,268	—	—	—	41,268	—	Feb 2002 — Dec 2002
	1997	44,728	—	—	—	44,728	—	Feb 2002 — Dec 2003

	1999	55,956	—	—	—	55,956	—	Feb 2004 — Dec 2005
	1999	58,425	—	—	—	58,425	—	Feb 2004 — Dec 2005
		211,516	—	11,139	—	200,377	169	
André Villeneuve (resigned 7 February 2000)	1995	11,139	—	—	—	11,139	—	Feb 2000 — Dec 2001
	1996	41,268	—	—	—	41,268	—	Feb 2002 — Dec 2002
	1997	44,728	—	—	—	44,728	—	Feb 2002 — Dec 2003
	1999	55,956	—	—	—	55,956	—	Feb 2004 — Dec 2005
	1999	58,425	—	—	—	58,425	—	Feb 2004 — Dec 2005
		211,516	—	—	—	211,516	—	
Non-director executive officers as a group (3 persons)	1995	6,435	—	6,435	—	—	98	Mar 2000
	1996	25,207	—	—	—	25,207	—	Feb 2002 — Dec 2002
	1997	38,947	—	—	13,487	25,460	—	Feb 2002 — Dec 2003
	1999	126,384	—	—	—	126,384	—	Feb 2002 — Dec 2005
	2000	—	69,956	—	—	69,956	—	Feb 2003 — Dec 2006
		196,973	69,956	6,435	13,487	247,007	98	

The gains on release are based on 1520p, being the selling price of Reuters ordinary shares, net of commission, on the day of the release.

REPORT ON REMUNERATION AND RELATED MATTERS *continued*

LONG-TERM PLANS BENEFITING EXECUTIVE DIRECTORS *continued*

The 1995 awards to John Parcell and André Villeneuve were vested at the dates of their resignations from the Board when the mid-market closing prices of Reuters ordinary shares were 901p and 1007p respectively. Both awards were subsequently released.

No unreleased awards at 31 December 2000 were vested. However, on 1 January 2001 the 1996 awards vested 84%.

Performance under the long-term incentive plan is measured over a three- to five-year period by comparing the total shareholder return (TSR) of Reuters with that of other companies comprising the FTSE 100 at the beginning of the period. Awards vest only after the expiration of this period. The average of the daily closing prices for the immediately preceding 12 months is used as the initial and ending share prices when calculating the TSR.

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 pre-set vesting criteria for awards are shown in the table below together with the actual ranking for each award at 31 December 2000. Between the two vesting extremes awards vest on a graduated scale.

DATE MEASUREMENT PERIOD COMMENCED	PRESET VESTING CRITERIA		
	RANKINGS FOR 100% VESTING	RANKINGS FOR ZERO VESTING	RANKING AT 31 DECEMBER 2000
1 January 1996	1 to 25	75 to 100	33
1 January 1997	1 to 26	66 to 100	39
1 January 1998	1 to 26	66 to 100	16
1 January 1999	1 to 26	66 to 100	12
1 January 2000	1 to 26	66 to 100	14

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 are charged to profit over the vesting periods.

LONG-TERM PLANS BENEFITING EXECUTIVES OTHER THAN DIRECTORS

Performance-related share plan

Since 1995 Reuters has operated a performance-related share plan for senior executives not participating in the long-term incentive share plan. Under this plan, the performance-related share plan, awards have been made to approximately 1,100 executives. The rules for vesting are similar to those currently operating for the long-term incentive share plan. The 1998 award vested 100% on 1 January 2001.

Participants in the 2000 award received rights to a total of 2.9 million shares (1999: 3.8 million; 1998: 1.9 million).

Deferred bonus share plans

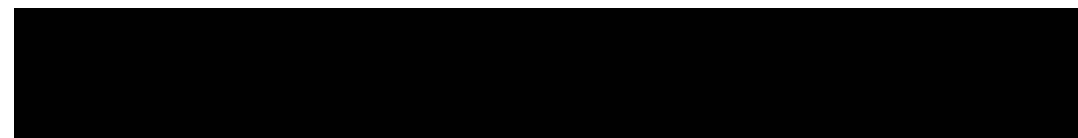
Deferred bonus share awards were granted in early 2000 to 104 senior managers, excluding the executive directors. The awards were made as a special 1999 deferred bonus and are conditional on continued employment, generally for a two-year retention period ending in February 2002 when they will be released. The 1.4 million shares awarded will be met from shares held by Reuters ESOTs. Included in the awards were grants to non-director executive officers of, in aggregate, 180,000 shares.

Discretionary stock option plan (DSO)

A new global discretionary stock option plan was approved by the Remuneration Committee in October 2000. Options with an aggregate face value not exceeding £140 million are being granted to approximately 4,000 executives, excluding executive directors. One half of the options (4.5 million shares) were granted in December 2000 at an exercise price equivalent to the market value at the date of grant of 1139p. Vesting will occur over four years, generally 25% per annum, expiring seven years after grant. Reflecting the addition of the new option scheme, the number of participants and size of awards to be granted in 2001 under the performance-related share plan described above, will be less than in prior years.

Current obligations under this plan will be met from shares held by the ESOTs.

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LONG-TERM PLANS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Instinet Group LLC — Instinet 2000 stock option plan

During 2000, a plan was established permitting the grant of options for up to 10% of the number of outstanding shares of common stock of Instinet Group LLC. Under the terms of the plan, options may be granted to directors and employees of Instinet at an exercise price of not less than fair market value at the date of grant. Options vest in instalments over a four-year period with a term not exceeding 10 years.

At 31 December 2000, options outstanding related to 6,892,850 Instinet shares, equivalent to 3.8% of Instinet's common stock. Included were options relating to 167,000 shares granted to an executive officer of Reuters, at an exercise price of \$15 per share, vesting through March 2004 and expiring in March 2007. Options have been granted to approximately 1,600 employees and have an exercise price of \$15.00 or \$16.30 per share with a term of seven years.

Radianz Limited — Radianz 2000 stock option plan

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

Obligations under the option plan are to be met from shares held by the Radianz Employee Trust. At 31 December 2000 options outstanding related to approximately 10.9% of Radianz issued capital.

Included in those outstanding, were options relating to 2,350,571 shares granted to an executive officer of Reuters. The options are at an exercise price of \$6.81 per share, vesting through July 2004 and expiring in July 2007. These options represent 1% of Radianz share capital on a fully diluted basis.

TIBCO Finance Technology Inc. — stock option plan

Following the creation, in late 1996, of TSI, to exploit middleware products outside the finance industry, an option plan was established over TSI shares for employees of TIBCO Finance Technology, a wholly owned subsidiary of

Reuters. These options are being satisfied through existing TSI shares owned by Reuters. As at 31 December 2000 options had been granted to TIBCO Finance employees equivalent to approximately 15% of TSI on a diluted basis.

Other subsidiaries

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

ALL-EMPLOYEE SHARE PLANS

Plan 2000

In 1998 an all-employee option plan was introduced. All staff had the chance to apply for a single award of options to acquire 2000 shares, generally at an exercise price of 550p per share being the market price at the date of grant. At 31 December 2000 options to acquire a total of 24,724,000 shares were outstanding to over 12,000 employees and are generally exercisable in September 2001, expiring in September 2005.

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

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

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

REPORT ON REMUNERATION AND RELATED MATTERS *continued*

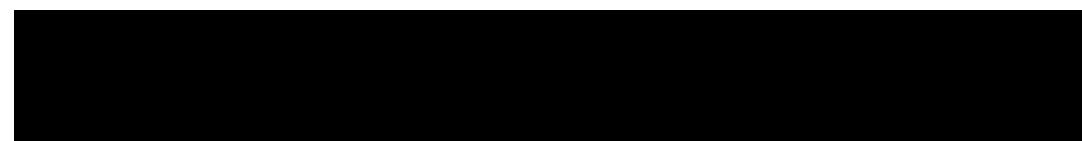
DIRECTORS' AND EXECUTIVE OFFICERS' OPTIONS

Vested options on Reuters Group PLC ordinary shares held by directors and executive officers during 2000 were as follows:

	NUMBER OF OPTIONS				EXERCISE PRICE	NET VALUE AT 31 DEC 2000 OR EARLIER DATE OF RESIGNATION £000	DATE FROM WHICH EXERCISABLE	EXPIRY DATE
	DATE OF GRANT	AT 31 DEC 1999 OR LATER DATE OF APPOINTMENT	GRANTED OR (LAPSED) ON RESIGNATION	AT 31 DEC 2000 OR EARLIER DATE OF RESIGNATION				
Sir Christopher Hogg								
SAYE	Mar 1997	2,065	—	2,065	501.0p	13	Apr 2002	Oct 2002
	Mar 1999	1,012	—	1,012	667.0p	5	May 2004	Oct 2004
		3,077	—	3,077		18		
Peter Job								
SAYE	Mar 1997	2,065	—	2,065	501.0p	13	Apr 2002	Oct 2002
	Mar 1998	1,443	—	1,443	478.0p	9	Apr 2003	Oct 2003
Plan 2000	Sep 1998	2,000	—	2,000	550.0p	12	Sep 2001	Sep 2005
		5,508	—	5,508		34		
Tom Glocer (appointed 5 June 2000)								
Executive	Feb 1994	13,716	—	13,716	\$ 7.287	88	Feb 1997	Feb 2005
SAYE	Mar 1999	1,512	—	1,512	\$ 13.677	3	May 2004	Oct 2004
Plan 2000	Sep 1998	2,000	—	2,000	550.0p	12	Sep 2001	Sep 2005
		17,228	—	17,228		103		
Jean-Claud Marchand								
SAYE	Sep 1996	1,721	—	1,721	601.2p	9	Oct 2001	Apr 2002
	Mar 1997	1,377	—	1,377	501.0p	9	Apr 2002	Oct 2002
Plan 2000	Sep 1998	2,000	—	2,000	550.0p	12	Sep 2001	Sep 2002
		5,098	—	5,098		30		

John Parcell (resigned 15 January 2000)								
Executive SAYE	Aug 1992	40,000	—	40,000	253.5p	259	Aug 1995	Jul 2000
Plan 2000	Mar 1997	2,065	(1,004)	1,061	501.0p	4	Jan 2000	Jul 2000
	Sep 1998	2,000	—	2,000	550.0p	7	Jan 2000	Jul 2000
		44,065	(1,004)	43,061		270		
Rob Rowley								
SAYE	Mar 1997	2,065	—	2,065	501.0p	13	Apr 2002	Oct 2002
	Mar 1998	1,443	—	1,443	478.0p	9	Apr 2003	Oct 2003
Plan 2000	Sep 1998	2,000	—	2,000	550.0p	12	Sep 2001	Sep 2005
		5,508	—	5,508		34		
David Ure (resigned 24 July 2000)								
Plan 2000	Sep 1998	2,000	—	2,000	550.0p	14	Sep 2001	Sep 2005

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DIRECTORS' AND EXECUTIVE OFFICERS' OPTIONS continued

	NUMBER OF OPTIONS				EXERCISE PRICE	NET VALUE AT 31 DEC 2000 OR EARLIER DATE OF RESIGNATION £000	DATE FROM WHICH EXERCISABLE	EXPIRY DATE
	DATE OF GRANT	AT 31 DEC 1999 OR LATER DATE OF APPOINTMENT	GRANTED OR (LAPSED) ON RESIGNATION	AT 31 DEC 2000 OR EARLIER DATE OF RESIGNATION				
André Villeneuve (resigned 7 February 2000)								
SAYE	Mar 1997	2,065	—	2,065	501.0p	10	Apr 2002	Oct 2002
	Mar 1998	1,443	—	1,443	478.0p	8	Apr 2003	Oct 2003
Plan 2000	Sep 1998	2,000	—	2,000	550.0p	9	Sep 2001	Sep 2005
		5,508	—	5,508		27		
Non-director executive officers as a group (3 persons)								
SAYE	Sep 1996	1,721	—	1,721	601.2p	9	Oct 2001	Apr 2002
	Mar 1997	3,442	—	3,442	501.0p	22	Apr 2002	Oct 2002
	Mar 1998	1,426	—	1,426	478.0p	9	Apr 2003	Oct 2003
	Mar 1999	435	—	435	667.0p	2	May 2004	Oct 2004
	Mar 2000	—	390	390	992.0p	1	Apr 2003	Oct 2005
DSO	Dec 2000	—	18,830	18,830	1139.0p	—	Dec 2001	Dec 2007
Plan 2000	Sep 1998	6,000	—	6,000	550.0p	35	Sep 2001	Sep 2005
		13,024	19,220	32,244		78		

No options were granted to, or exercised by, directors during their period of office in 2000 (1999: none exercised). The closing mid-market price of Reuters ordinary shares on 24 July 2000 was 1258p and on 31 December 2000, 1133p. During 2000 the price for Reuters ordinary shares ranged between 758.5p and 1620p.

The number of options outstanding under all option plans for ordinary shares of Reuters Group PLC at 31 December 2000 related to 36,318,946 shares. The number of shares issued under share options granted over the 10 years to 31 December 2000, combined with the total options outstanding at 31 December 2000 relating to the same grants, was approximately 5.5% of issued capital at that date. This compares with a maximum authorised level of 10%. At 31 December 2000 the ESOTs held 24,512,865 ordinary shares, approximately 1.7% of issued share capital. The authorised limit is 5%.

DIRECTORS' AND EXECUTIVE OFFICERS' INTERESTS

The interests of directors and executive officers in the issued share capital of the company and in shares underlying savings schemes, options and incentive plans were as follows:

	INTERESTS AT 16 FEBRUARY 2001								
	SHARES AT 31 DECEMBER					LONG-TERM INCENTIVE			
	2000	1999	SHARES	SAYE	EXECUTIVE OR DISCRETIONARY OPTIONS	PLAN 2000	VESTED	NON-VESTED	DEFERRED BONUS
Directors:									
Sir Christopher Hogg	31,693	31,693	31,693	3,077	—	—	—	—	—
Peter Job	216,510	224,994	216,510	3,508	—	2,000	51,424	318,885	—
Tom Glocer	10,266	—	10,266	1,512	13,716	2,000	—	85,969	135,000
David Grigson	—	—	—	—	—	—	—	42,579	—
Sir John Craven	6,846	6,846	6,846	—	—	—	—	—	—
Philip Green	2,000	—	2,000	—	—	—	—	124,320	15,000
Jean-Claude Marchand	32,346	65,425	32,346	3,098	—	2,000	32,597	213,181	—
Robert Mendoza	8,000	8,000	8,000	—	—	—	—	—	—
Dick Olver	3,000	3,000	3,000	—	—	—	—	—	—
Rob Rowley	138,665	182,473	138,665	3,508	—	2,000	32,064	196,846	—
Charles Sinclair	10,062	10,062	10,062	—	—	—	—	—	—
Ian Strachan	1,500	—	1,500	—	—	—	—	—	—
Non-director executive officers as a group (5 persons):	312,530	n/a	312,530	10,922	18,830	10,000	90,506	540,018	30,000

Directors were the beneficial holders of all shares listed, except for shares held by family members of Peter Job: 11,117 shares (1999: 3,050) and Rob Rowley: 5,606 shares (1999: 5,606). No director or executive officer beneficially owns 1% or more of the company's issued share capital.

None of the directors has notified the company of an interest in any other shares, transactions or arrangements which require disclosure. There have been no movements in the interests of the directors in the share capital of the Group companies since 31 December 2000 other than the lapsing of 16% of their 1996 awards under the long-term incentive plan.

On behalf of the Board

/s/ Christopher Hogg

Sir Christopher Hogg
Chairman
16 February 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Financial reporting

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 the 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 in accordance with the requirements of the US 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 2001 and outline projections for the subsequent year in the light of the sound financial position and borrowing facilities at 31 December 2000. 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.

Internal controls

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

The Board confirms that there is a process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place for the full financial year and is ongoing. It is regularly reviewed by the Group Executive Committee and by the Board and accords with the Turnbull guidance. The Board considers it is appropriately designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The concept of reasonable assurance recognises that the cost of a control procedure should not exceed the expected benefits.

During 2000, the directors were not aware of any control breakdowns which resulted in a material loss.

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

Using a common risk management framework throughout the business, each Division (Reuters Information, Reuters Trading Solutions, Reuterspace and Instinet) summarises the risks that could impede the achievement of its objectives. For each significant risk, an overview of the risk, how it is managed and any improvement actions required are documented. Following each review, a report is submitted to and reviewed by the Group Executive Committee. A common risk assessment process has also been adopted by other corporate functions such as Finance, and major project teams.

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

The control system includes written policies and control procedures, clearly drawn lines of accountability and delegation of authority and comprehensive reporting and analysis against approved budgets. In a growing group of the size, complexity and geographical diversity of Reuters it should be expected that breakdowns in established control procedures might occur. There are supporting policies and procedures for reporting and management of control breakdowns.

In addition, the Group monitors its internal financial control system through management reviews, control self-assessment, and a programme of internal audits. Internal Audit independently reviews the controls in place to manage significant risks and reports to the Audit Committee twice a year. The Audit Committee reviews the assurance procedures, including compliance controls, on a bi-annual basis and reports its findings to the Board.

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

By order of the Board

/s/ Rosemary Martin

Rosemary Martin
Company Secretary
16 February 2001

Audit report

We have audited the financial statements on pages 39-73, which have been prepared under the historical cost convention and the accounting policies set out on pages 72-73, and the summary of differences between UK and US generally accepted accounting principles on pages 74-78.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report and Form 20-F as described on page 25. This includes responsibility for preparing financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

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

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the corporate governance statements on pages 14-15 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

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

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

United Kingdom opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the Group at 31 December 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the United Kingdom 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 2000, 1999 and 1998 and the results of its operations and cash flows for each of the three years in the period ended 31 December 2000, 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 2000, and consolidated shareholders' equity at 31 December 2000, 1999 and 1998, all expressed in pounds sterling, as shown in the summary of differences between UK and US generally accepted accounting principles set out on pages 74-78.

OPERATING AND FINANCIAL REVIEW

The following review has been prepared in accordance with both the recommendation of the UK Accounting Standards Board in their statement entitled Operating and Financial Review, and the US requirement for an Operating and Financial Review and Prospects.

Under US law all statements other than statements of historical fact included in this review are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Certain important factors that could cause actual results to differ materially from those discussed in such forward-looking statements are described under Risk Factors on pages 36-38 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 factors.

1. FINANCIAL PERFORMANCE

	2000 £M	1999 £M	1998 £M
Revenue	3,592	3,125	3,032
Operating profit			
— divisions	609	603	611
— business transformation	(139)	—	—
Normalised operating profit	470	603	611
TIBCO Software/Reuters			
Business Briefing	—	(7)	(15)
Associates/investment			
income	(16)	(1)	7
Net interest receivable/ (payable)	3	(4)	2
Normalised PBT	457	591	605
Goodwill amortisation	(71)	(61)	(51)
Net gains on disposals	271	102	26
Reported PBT	657	632	580
Dividend per share	16.0p	14.65p	14.4p
Normalised EPS	21.7p	27.8p	29.1p
Basic EPS	37.9p	30.2p	26.7p

Underlying growth excludes acquisitions and disposals and significant once-off items in the period under review and is stated at comparable exchange rates.

Normalised profits and earnings exclude amortisation of goodwill and gains/losses on the disposal of subsidiaries and fixed asset investments.

Actual revenue increased 15% to £3,592 million. Underlying revenue increased 13% in 2000, compared with 2% in 1999.

Divisional profit before business transformation costs increased 1% in 2000 to £609 million, compared with a 1% fall in 1999. Underlying divisional operating profit grew 11% in 2000, compared to 3% in 1999.

Divisional profit includes recognised net currency hedging gains which were £5 million in 2000, compared with £9 million in 1999 and £45 million in 1998. Actual rates performance in 2000 was adversely impacted by the strength of sterling against the euro, partially offset by sterling’s weakness against the US dollar and Japanese yen.

In February 2000 Reuters announced a programme to invest a total of £500 million to accelerate the migration of its core financial business to an internet business model and to develop web-enabled internal systems and processes. In 2000 expenditure on the programme amounted to £139 million (for further details, see page 28).

Normalised operating profit, which includes business transformation costs, fell 21% in 2000 compared with a 1% fall in 1999.

The normalised operating profit margin in 2000 was 13.1%, compared with a 19.3% margin in 1999 and one of 20.2% in 1998. Excluding business transformation costs, the normalised operating profit margin was 16.9% in 2000.

Reuters share of net operating losses (before goodwill) in associates and joint ventures rose from £3 million in 1999 to £21 million in 2000. In 2000 a profit of £2 million from TSI was more than offset by losses reported from the new joint ventures and associates Radianz, Sila Communications and Multex Investor Europe. TSI and Reuters Business Briefing (RBB, now part of Factiva) became associated companies in 1999. In 1998 there was a profit of £4 million from associates and joint ventures.

Income from fixed asset investments was £5 million in 2000 compared to £2 million in 1999 and £3 million in 1998.

The £3 million net interest income in 2000 reflected £13 million of interest receivable from associates and joint ventures and £10 million of net interest payable. This compared with a £4 million net interest expense in 1999 and £2 million net interest income in 1998.

	£M	£M
1999 Normalised PBT		591
Core Reuters		
Underlying growth in RF (+19%)	83	
Business transformation	(139)	
Investment in RS	(52)	
		(108)
Instinet		
Investment	(44)	
Underlying growth in equities (+44%)	65	
		21
Other movements		(47)
2000 Normalised PBT		457

Normalised profit before tax fell by 23% in 2000 to £457 million, compared with a decrease of 2% in 1999. The decline in 2000 reflected increased investment in new initiatives at Instinet and Reuterspace and business transformation costs, partly offset by higher underlying growth in Reuters Financial and Instinet’s equities business.

Reported profit before tax grew by 4% to £657 million in 2000, compared with an increase of 9% in 1999.

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

Net gains on disposal were £271 million compared to £102 million in 1999 and £26 million in 1998. A follow-on public offering in March 2000 of 4.8 million TSI shares resulted in a book profit for Reuters of £160 million. This was subsequently reduced by £3 million as a result of the exercise of options held by TIBCO Finance employees. Reuters has sold no shares in TSI other than to meet its obligations under an option plan of TIBCO Finance, a wholly owned Reuters subsidiary, and received no proceeds from the sale of TSI shares other than the exercise price of such options.

Profits on disposal of Greenhouse investments in 2000 were £83 million compared to £37 million in 1999 and £26 million in 1998. The profit in 2000 was offset in part by a write-down of £30 million to reflect a decline in the carrying value of certain investments. No write-downs were booked in 1999 or 1998.

The disposal of Reuters interest in Safetynet generated a further profit of £37 million in 2000.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) declined 19% to £730 million on a normalised basis and fell 1% to £1,001 million on a reported basis. This compares with a fall in 1999 of 3% on a normalised basis and growth of 5% on a reported basis.

The tax charge for 2000 is based on an effective tax rate of 17% on profit before goodwill amortisation, compared with a rate of 30% in 1999 (31% in 1998) and the current UK corporate tax rate of 30%. The lower effective tax rate reflects the beneficial tax consequences of the gain arising from the TSI follow-on share offer (on which no tax arises) and from tax deductions arising from the exercise of TSI stock options held by TIBCO Finance employees. On a normalised basis the tax rate for 2000 was 33%, down from 34% in 1999. Changes to UK legislation affecting UK based multinationals and other adverse mix effects are expected to add between 1% and 3% to the Group’s effective rate of tax on normalised profits.

The final dividend rose to 12.35p which, when added to the interim dividend of 3.65p per share, amounts to an increase of 9% for the full year. As announced in February 2000, during the period of business transformation, Reuters dividend policy will be aligned to the results of Reuters Financial, which comprises Reuters Information and Reuters Trading Solutions divisions.

Basic earnings per share grew by 26% in 2000 compared to an increase of 13% in 1999. Normalised earnings per share decreased 22% in 2000 compared to a 5% decrease in 1999.

Business transformation

Transformation initiatives have been categorised into two groups:

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

Organisation and process transformation that will create an organisation structure that is aligned to the emerging opportunities in each of our different customer segments supported by web-enabled internal systems and processes that maximise the economies of our global scale.

Expenditure on business transformation was £139 million in 2000 compared to an original estimate of £150 million. This was made up of £88 million on new product architecture and £51 million on organisation and process transformation. Costs in 2000 were incremental to the existing base and included expenditure on consultants, contractors and severance. Reuters anticipates further costs of £150 million in 2001 and is committed to delivering £150 million of savings to the bottom line by 2003, with a majority of the savings expected to flow through to profit and operating margins in 2002.

Research and development

Research and development expenditure totalled £276 million in 2000 compared with £197 million in 1999 and £200 million in 1998. This expenditure excludes costs associated with business transformation. Of the total expenditure, £152 million related to Reuters Financial (1999: £146 million), £27 million to Reuterspace (1999: £5 million), £81 million to Instinet (1999: £41 million) and a further £16 million (1999: £5 million) related to the Chief Technology Office (CTO).

Activities in 2000 included enhancements to the data capture systems; redesign of the client-facing interface at Instinet; further development of the Fixed Income and retail products at Instinet; the retail Personal Finance portal; and corporate security and software process improvements by the CTO.

Cash flow

	REUTERS FINANCIAL £M	REUTERSPACE £M	INSTINET £M	TOTAL £M
Operating profit	517	(67)	157	607
Depreciation	216	14	46	276
Capex	(190)	(20)	(64)	(274)
Working capital movements	(10)	11	44	45

Divisional cash flow	533	(62)	183	654
Cash conversion	103%	(93%)	117%	108%
Business transformation				(97)
Acquisitions/				
Investments				(463)
Disposals				145
Dividends				(205)
Taxation				(159)
Other				50
Net movement				(75)

Divisional cash conversion is the percentage of divisional operating profit, before business

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transformation costs, converted into cash. Strong performances were demonstrated by Reuters Financial and Instinet.

2. OPERATING PERFORMANCE

Revenue by type

	2000 %	YEAR TO 31 DECEMBER 1999 %	1998 %
Recurring	71	75	73
Usage	24	19	19
Outright	5	6	8
Total	100	100	100

Recurring revenue is principally derived from the sale of subscription services. During the last three years over two-thirds of recurring revenue was generated by Reuters Financial and the majority of the remainder within Reuterspace.

Usage-based revenue is principally derived from Instinet and Reuters Financial's Dealing 2000-2 product. The proportional increase in 2000 was attributable to the growth in Instinet revenues.

Outright revenue comprises once-off solution sales including information management systems and risk management software. The vast majority of this revenue was generated by Reuters Financial in each of the last three years.

Divisional performance

Divisional performance, as discussed below, excludes business transformation costs and goodwill. Net currency gain comprises profits on hedging activities offset by balance sheet revaluation losses.

	2000 £M	YEAR TO 31 DECEMBER 1999 £M	1998 £M
Reuters Information	283	253	158
Reuters Trading Solutions	234	230	286
Reuters Financial	517	483	444

Reuterspace	(67)	(15)	(27)
Instinet	157	129	155
	607	597	572
Net currency gain	2	6	39
Divisional operating profit	609	603	611

Reuters Financial

Reuters Financial had a strong end to 2000 and expects top line growth in the first half of 2001 to match the pace set in the second half of last year. Underlying operating profit grew by 19% in 2000 reflecting tight cost control partially balanced by parallel running in our technical centres as Reuters prepares for deployment of internet technology and the build up of Reuters Consulting.

The calculation of underlying profit excludes the beneficial impact in 1999 of the reversal of the £25 million data feed accrual.

Reuters Information

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



	2000 £M	YEAR TO 31 DECEMBER 1999 £M	1998 £M
Revenue	1,737	1,619	1,531
Operating profit	283	253	158
Operating margin	16.3%	15.6%	10.3%

RI REVENUE ANALYSIS	2000 £M	YEAR TO 31 DECEMBER 1999 £M	1998 £M
High tier (international products)	795	775	746
Middle tier (domestic products)	225	201	191
Lower tier (off trading floor etc)	24	12	6
Other revenue (site fees exchange fees, 3rd party data etc)	693	631	588
Total revenue	1,737	1,619	1,531

Overall revenue growth of 7% was driven by strong sales in domestic and off trading floor products reflecting our strategy to broaden the revenue base beyond our high tier real-time users. Revenue growth in 1999 was 6%.

High end revenues include 3000 Xtra, our new flagship product, which sold over 27,000 accesses with a number of notable major sales such as Merrill Lynch and Lehman Brothers. By 31 December 2000, we had installed 10,800 positions.

Middle tier growth showed the success of our strategy in the US where Reuters Plus continued to do well with over 60,000 accesses sold by the end of 2000.

There was strong demand for our lower tier products. Reuters Investor was a major contributor to growth in the US and Europe.

The 10% increase in Other revenue reflected the growth in demand for broader information sets and add on services. Approximately 40% of Other revenue was recovery of exchange, installation and communication fees for which there is an almost equal and opposite cost.

On a geographic basis we saw strong underlying growth in The Americas (up 12%), Japan (up 7%) and in the main European geographies (up 8%).

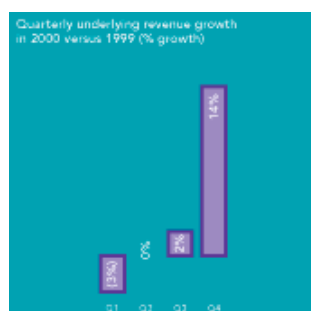
The operating margin continued to improve from 15.6% in 1999 to 16.3% in 2000 (1998: 10.3%). Strong revenue growth throughout the

OPERATING AND FINANCIAL REVIEW continued

year and the continued tight control over costs both contributed to the margin improvement.

Reuters Trading Solutions

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



	2000 £M	YEAR TO 31 DECEMBER	
		1999 £M	1998 £M
Revenue	822	780	827
Operating profit	234	230	286
Operating margin	28.5%	29.5%	34.6%

Revenue declined in the first half of 2000 reflecting the low order book at the beginning of the year. The pick-up in orders following Y2K delivered improved growth in the second half resulting in actual revenue growth in 2000 of 5%. In 1999 there was a revenue decline of 6% actual and 5% on an underlying basis.

Fourth quarter revenue growth was flattered by comparison to the equivalent quarter last year which was impacted by the pre-millennium slowdown.

RTS REVENUE ANALYSIS	2000 £M	YEAR TO 31 DECEMBER	
		1999 £M	1998 £M
Transactions	402	402	429
Applications and Enterprise Solutions	385	350	379
Retail Solutions	35	28	19
Total revenue	822	780	827

Underlying revenue in Transactions fell 2% in 2000, compared to 7% in 1999, reflecting the continuing slow decline of the foreign exchange market.

The roll out of Dealing 3000 is progressing well. Approximately 20% of the installed Dealing base had been upgraded by the end of the year.

The fall in Conversational Dealing products revenue was offset by good growth in Dealing 2000-2 and sales of Automated Dealing Systems for the Treasury market.

Applications and Enterprise Solutions revenues recovered from 1999 as predicted, driven by sales of middleware and order routing solutions, with particularly strong fourth quarter growth.

Retail Solutions products for providers of personal financial services grew strongly, albeit off a low base.

Reuters Consulting was formed during the year to deliver integrated client solutions around a range of Reuters content and technology.

Operating margins declined by 1% to 28.5% due to the change in mix of revenues and investments made in growth areas, notably Reuters Consulting and Retail Solutions.

Reuterspace

The Reuterspace (RS) strategy is to utilise existing Reuters assets to exploit new market opportunities beyond the traditional wholesale financial market.



	2000 £M	YEAR TO 31 DECEMBER 1999 £M	1998 £M
Revenue	235	157	154
Operating loss	(67)	(15)	(27)
Operating margin	(28.2%)	(9.4%)	(17.4%)

Underlying revenue growth of 16% in 2000 was driven primarily by growth in online media revenues which more than doubled, but was partially offset by reduced revenue from television. Underlying revenue growth in 1999 was 9%.

Actual revenue growth of 50% compared to 2% growth in 1999 was boosted by the acquisitions of The Tower Group (1999), The Yankee Group and O R Telematique (ORT). These acquisitions reflect the division’s strategy of building large scale business audiences seeking value added information and e-solutions.

Increased investment in the Retail Finance Portals, reuters.com and online media expansion as well as business incubation initiatives contributed to the higher loss in 2000. Branding costs also increased significantly, to £10 million from £1 million in 1999. Investment in Reuterspace is expected to continue at similar levels to that seen in 2000.

The balance of operating losses in Reuterspace comprised the cost of operating the Greenhouse Fund and the central business development groups.

The primary purpose of the Greenhouse Fund is to assist Reuters technology planning and to improve time to market of technology within the Reuters product offering.

GREENHOUSE PERFORMANCE	2000 £M	YEAR TO 31 DECEMBER	
		1999 £M	1998 £M
Profits from disposals	83	37	26
Write-down	(30)	—	—
	53	37	26
Investments			
Quoted at market value	99	438	47
Unquoted at cost	219	57	10

In 2000, the Greenhouse Fund invested £184 million, comprising investment in 50 new companies and follow-on funding of existing investments, bringing the total number of investments to 90. A number of disposals were made in the year, realising a pre-tax profit of £83 million, up from £37 million in 1999 and £26 million in 1998.

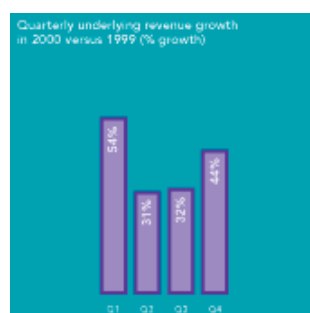
At 31 December 2000 the market value of quoted investments was £99 million, compared to £438 million at the end of 1999 and £47 million at the end of 1998. Unquoted investments cost £219 million, compared to £57 million in 1999 and £10 million in 1998.

The write-down reflects the fact that the market value of certain quoted investments and the estimated value of some unquoted investments have fallen below their carrying value.

While an IPO is no longer intended for the Greenhouse Fund, Reuters anticipates bringing in strategic investors.

Instinet

Instinet provides global electronic equity and fixed income brokerage services to investment professionals.



	2000 £M	YEAR TO 31 DECEMBER	
		1999 £M	1998 £M
Revenue	804	525	446
Operating profit	157	129	155
Operating margin	19.5%	24.5%	34.7%

Actual revenues increased 53% and underlying increased 40% in 2000, primarily due to increased trading volumes and in the case of actual revenues, the acquisition of Lynch, Jones & Ryan. The 1999 growth was 18% and 15% respectively. The revenue split in 2000 was 76% US and 24% International.

Underlying US revenue growth was 34% and International was 61%. US revenue growth was generated from increased volumes of equities traded and the expansion of the Instinet third party clearing services. The International revenue was predominantly generated from transactions in Europe.

Instinet's average share of the Nasdaq market was 13.7% for 2000 compared with 13.3% for 1999 and 14.3% for 1998. The average revenue per share traded in 2000 declined by 8%.

Instinet's Fixed Income product was launched in 2000 with revenues in the year of £3 million.

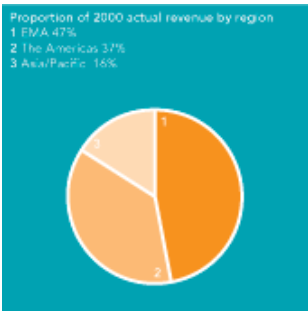
Instinet decided not to proceed with the launch of its retail brokerage product. Instead, Instinet plans to offer the service through traditional and online securities brokers and through its wholesale operations.

Operating margin declined to 19.5% from 24.5% in 1999 due to investment in the retail and Fixed Income products, investment in trading capacity to accommodate increased volumes and the build up of corporate costs prior to the IPO.

On 8 February 2001, Instinet filed a Registration Statement with the US Securities and Exchange Commission with respect to the previously announced IPO of a minority stake.

For information concerning certain rules that could affect Instinet’s business see risk factor: Changes in regulatory requirements could cause Instinet and its affiliates to incur significant expenses or impair their ability to conduct their businesses, on page 38.

Revenue by geography



REVENUE	YEAR TO 31 DECEMBER		
	2000 £M	1999 £M	1998 £M
EMA	1,689	1,643	1,663
The Americas	1,344	979	880
Asia/Pacific	559	503	489
Total	3,592	3,125	3,032

OPERATING AND FINANCIAL REVIEW continued

Revenue growth in Europe, Middle East and Africa (EMA) in 2000 was 3% actual and 5% on an underlying basis compared to an actual 1% fall and an underlying increase of 1% in 1999. The biggest impetus of growth in this region was Instinet International which grew 61% on an underlying basis.

Actual revenue growth in The Americas was 37% and 23% underlying in 2000 compared to an actual increase of 11% in 1999 and a 10% underlying increase. There was strong underlying revenue growth across the whole region but North America, in particular, grew 6%, and Instinet US grew 34%.

Actual revenue growth in Asia/Pacific was 11% in 2000 compared with 3% in 1999. Underlying growth was 4% in 2000 compared with 4% decline in 1999. Underlying revenue growth in most countries was relatively flat except for Japan, which grew by 10%.

Joint ventures and associates

Excluded from operating profit is the performance of a number of strategic alliances, joint ventures and minority stakes. The more significant of these include:

Radianz, a joint venture with Equant that became operational from 1 July 2000. Radianz plans to develop the world’s largest secure internet protocol network for financial markets. Although Reuters owns 51% of the joint venture its control is limited to 50%. Reuters has contributed most of its network assets to Radianz. Reuters share of Radianz operating losses in 2000 was £9 million.

TIBCO Software Inc. (TSI), a US publicly traded company which enables businesses to integrate enterprise applications and deliver personalised information through enterprise portals, was spun off by Reuters in 1999.

Reuters has a 57% economic interest in TSI but its voting rights are restricted to 49% and accordingly TSI is accounted for as an associate. If all outstanding employee options over TSI shares were exercised, Reuters shareholding in TSI would be 42%. Reuters share of TSI’s profits in 2000 was £2 million (1999: £3 million loss).

Factiva, a 50%-owned joint venture with Dow Jones formed in 1999 that combines the businesses of RBB and Dow Jones Interactive. Reuters share of Factiva’s losses in 2000 was £1 million, compared with £4 million in 1999.

Multex Investor Europe, a 50%-owned joint venture with Multex.com Inc., formed in February 2000 to provide dedicated broker research and investment information to private investors in Europe. Reuters share of Multex Investor Europe losses was £4 million in the year. Reuters holds a 6.2% stake in Multex.com Inc. In addition, Multex Investor Japan, a 50%-owned joint venture with Multex.com Inc., was formed in February 2001 to provide similar services in Japan.

Atriaux, a consortium formed in late 2000, owned 25% by Reuters, that aims to become the premier e-market place for foreign exchange by bringing together the world's liquidity providers offering institutional and corporate services.

Sila Communications, a 40%-owned venture with Aether Systems created in May 2000 to provide wireless data service in Europe. Reuters share of Sila's losses in 2000 was £7 million. Reuters owns a 7.2% interest in Aether Systems.

3. GROUP COSTS

Divisional costs exclude business transformation, goodwill and currency hedging.

COST BY DIVISION	2000 £M	YEAR TO 31 DECEMBER	
		1999 £M	1998 £M
RI	1,454	1,366	1,373
RTS	588	550	541
RF	2,042	1,916	1,914
RS	302	172	181
Instinet	647	396	291
Business transformation	139	—	—
TSI/RBB	—	59	104
Goodwill/other	51	33	(8)
Total	3,181	2,576	2,482

Actual costs in RF grew by 7% in 2000 compared with no growth in 1999. Underlying costs in RF grew 3% compared with a decline of 1% in 1999. The increase reflects costs to support revenue growth offset by tight cost control. RF margin has remained at approximately 20.2% during the last two years, an improvement of 1.4% against the 1998 margin of 18.8%.

Actual costs in RS grew 76% in 2000 and fell 5% in 1999. Underlying growth was 42% in 2000 compared with a 4% increase in 1999. This reflects a growth in investment in new business on initiatives such as the retail portal and online media.

Instinet actual costs grew 63% in 2000 compared with 36% cost growth in 1999, while underlying costs grew 47% in 2000 compared with 33% in 1999. This reflects the growth in revenue and a significant increase in costs to support the expansion of the business.

COST BY FUNCTION	2000 £M	YEAR TO 31 DECEMBER	
		1999 £M	1998 £M
Production and communications	1,731	1,556	1,571
Selling and marketing	621	513	479
Support services and administration	633	466	425
Business transformation	139	—	—
Goodwill amortisation	59	47	46
Net currency gain	(2)	(6)	(39)
Total	3,181	2,576	2,482
% change			
Actual	24%	4%	
Underlying	19%	1%	

Production and communications

This comprises costs involved in the development and delivery of Reuters products and content to its clients. Actual costs increased by 11% in 2000 compared to a 1% decline in 1999. The growth in costs is distorted by the data feed accrual reversal in 1999. Excluding this reversal, the growth in costs in 2000 was 9% reflecting revenue growth and the impact of Radianz.

Selling and marketing

These costs relate to sales, marketing and client support services. Actual selling and marketing costs increased by 21% in 2000 (compared to growth of 7% in 1999), largely due to a significant expansion of Instinet's business. Excluding Instinet's costs, growth was 8% in line with revenue growth.

Support services and administration

This represents the cost of maintaining the company's internal infrastructure, including internal systems, property and office costs, finance and legal and general management costs. Actual costs increased by 36% compared to growth of 10% in 1999. The increase was primarily due to an increase in support and management costs at Instinet together with costs associated with the acquisition of new subsidiaries.

COST BY TYPE	YEAR TO 31 DECEMBER		
	2000 £M	1999 £M	1998 £M
Staff	1,176	987	928
Services	807	641	586
Depreciation	276	310	331
Data	296	227	242
Communications	245	178	178
Space	198	172	158
Other	44	61	59
Business transformation	139	—	—
Total	3,181	2,576	2,482
% change			
Actual	24%	4%	
Underlying	19%	1%	

Actual staff costs rose by 19% in 2000 compared to 6% in 1999. The increase was principally due to acquisitions, additional staff required at Instinet to support higher trading volumes and a provision made for severance costs in relation to the realignment of Instinet's retail business. Excluding Instinet, acquisitions and disposals, staff costs for 2000 rose 10% reflecting a combination of increased headcount and salary rises.

Actual services costs increased 26% in 2000 compared to 10% in 1999 reflecting increased settlement and clearing costs at Instinet and higher levels of branding and consulting expenditure.

Depreciation decreased by 11% in 2000 and by 6% in 1999 due to lower subscriber capital expenditure in 1999, and the transfer of assets from Reuters to Radianz in June 2000.

Data costs increased 30% in 2000 in part reflecting the data feed accrual reversal in 1999. Excluding the once-off reversal, data costs increased 17% in 2000 and 5% in 1999 reflecting the growth in exchange fees costs and the demand for more third party data.

Actual communication costs increased 38% in 2000 compared with a fall of 1% in 1999. Growth in communications costs in 2000 is distorted by a charge for the use of network assets which were transferred to Radianz in June 2000.

Actual space costs increased 15% in 2000 compared with 9% in 1999 mainly due to the expansion of Instinet and the impact of acquisitions.

4. SHAREHOLDER VALUE

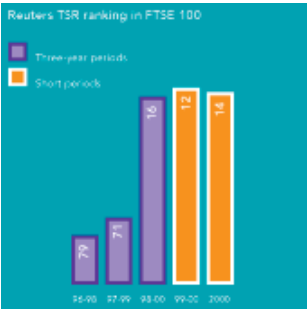
Reuters aims to grow its value and outperform its peers. Reuters believes that its mix of assets, some of which are unique to the company, will help it to meet this aim. These assets, some of which are not included in the consolidated balance sheet, include:

- Reuters independence, as enshrined in the Reuters Trust Principles;

- Goodwill attached to the Reuters name;
- Software and other intellectual property;
- Global databases of financial and other information;
- An integrated global organisation including a skilled workforce;
- The market value of various investments which are held at cost or net asset value under UK GAAP.

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

Reuters rankings over recent three-year measurement periods and the short measurement periods to 31 December 2000 are set out below:



5. FINANCIAL NEEDS AND RESOURCES

Additions to tangible fixed assets were £282 million in 2000, £38 million higher than 1999 and £14 million lower than 1998. Subscriber equipment expenditure was £72 million in 2000, compared with £65 million in 1999 and £119 million in 1998. Other equipment additions were £210 million in 2000, £31 million higher than 1999 and £33 million higher than 1998. The increase in other equipment additions was primarily relating to property, software upgrades and new acquisitions.

Reuters spent £463 million on acquisitions and fixed asset investments in the year compared to £135 million in 1999 and £157 million in 1998. In 2000, £40 million was spent on Reuters shares acquired by an employee share ownership trust compared with £68 million in 1999 and £7 million in 1998. Cash receipts from

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the sale of fixed asset investments, principally relating to Greenhouse Fund disposals and the sale of Reuters interest in Safetynet, were £80 million compared to £39 million in 1999 and £34 million in 1998.

Reuters paid dividends of £205 million in the year, £207 million in 1999 and £188 million in 1998.

Net debt at 31 December 2000 amounted to £34 million, compared with net funds of £41 million at 31 December 1999 and net debt of £3 million at 31 December 1998. Net debt at 31 December 2000 comprised cash and short-term investments of £647 million offset by gross debt of £681 million.

Reuters expects to be able to finance its current business plans from ongoing operations and its existing resources and facilities.

At 31 December 2000 Reuters Group PLC had available a committed syndicated loan facility of £500 million which expires in December 2002, all undrawn at 31 December 2000.

A £1.5 billion Euro Commercial Paper Programme was established in 1998. At 31 December 2000, Reuters had outstanding obligations of £230 million under this programme, repayable at various dates up to March 2001.

In 1998 Reuters also established a £1.0 billion Euro Medium Term Note Programme. At 31 December 2000, Reuters had raised funds of £326 million under this programme, repayable at various dates from February 2001 up to November 2004.

6. TREASURY MANAGEMENT

Over 85% of Reuters revenue 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 of operating profit excluding goodwill amortisation and currency gains attributable to each key currency group was as follows:

OPERATING PROFIT BY CURRENCY	YEAR TO 31 DECEMBER		
	2000	1999	1998
Continental Europe			
Euro currencies	107%	80%	80%
Other	18%	19%	19%
US dollar	57%	49%	54%
Japanese yen	22%	12%	13%
Sterling			
Depreciation	(58%)	(52%)	(59%)
Other	(66%)	(19%)	(22%)
Other	20%	11%	15%
Total	100%	100%	100%

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

In broad terms, using the 2000 mix of profits, the impact of an additional unilateral 1% strengthening of sterling would have been a reduction of approximately £10 million in operating profits before hedging (1999: £10 million, 1998: £9 million).

Exchange rate movements had an adverse impact on reported revenue and operating profit before hedging, mainly due to the strength of sterling against European currencies.



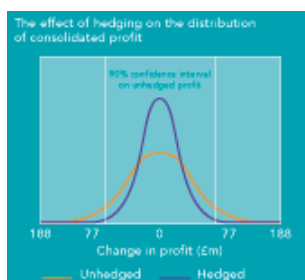
A substantial proportion of Reuters cash investments are held in US dollar assets. Reuters decided in 2000 to issue a proportion of its gross borrowings in US dollars in order to better align the net interest expense and to hedge the translation exposure on the US dollar investments.

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 year on year earnings volatility to acceptable levels while allowing a degree of flexibility to take advantage of market movements.

The main principles underlying currency hedging policies are as follows:

- Committed hedging cannot exceed the underlying cash flow exposure;
- Options may only be written against an underlying exposure;
- Levels of currency hedging cannot exceed 90% of underlying exposure for the first 12 months and 70% for the following 12 months.

Reuters has adopted 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.



Reuters estimates that at 31 December 2000 there is a 5% chance that profits forecast for the coming 12 months will deteriorate by more than £77 million as a result of currency fluctuations before hedging and £42 million after hedging (actual 1999: £52 million before hedging and £27 million after hedging). These figures represent the value at risk.

During 2000 the average value at risk on forecast profits for the coming 12 months was as follows:

VALUE AT RISK		BEFORE HEDGING £M	AFTER HEDGING £M
2000	Average	64	32
	High	78	42
	Low	49	27
1999	Average	60	33

The results of currency and interest rate hedging activities for the three years to December 2000 are summarised below:

RECOGNISED GAINS/LOSSES	2000 £M	1999 £M	1998 £M
Currency hedging	5	9	45
Interest rate hedging	(3)	(1)	2

Recognised currency hedging gains were lower in 2000 compared with 1999 due mainly to the relative strength of the US dollar and Japanese yen in 2000.

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

CURRENCY HEDGING	GAINS £M	LOSSES £M	NET £M
Unrecognised at 1/1/00	16	(12)	4
Arising in previous years			
– recognised in 2000	15	(10)	5
– not recognised in 2000	1	(2)	(1)
Arising in 2000			
– not recognised in 2000	14	(14)	–
Unrecognised at 31/12/00	15	(16)	(1)
Of which:			
– expected to be recognised in 2001	11	(14)	(3)
– expected to be recognised in 2002 or later	4	(2)	2

There were unrecognised losses of £1 million on currency rate hedging at 31 December 2000 compared with unrecognised gains of £4 million at 31 December 1999, and unrecognised losses of £6 million in 1998. The deterioration reflects the net impact of the strength of the US dollar at the end of 2000, compared with the end of 1999 and rate changes since euro and Japanese yen hedges were undertaken.

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

Unrecognised losses of £2 million on interest rate hedging at 31 December 2000 are a result of the increase in sterling interest rates since interest rate swaps were put in place and are offset by compensating adjustments to the fair value of the fixed rate notes issued.

INTEREST RATE HEDGING	GAINS £M	LOSSES £M	NET £M
Unrecognised at 1/1/00	—	(17)	(17)
Arising in previous years			
– recognised at December 2000	—	(7)	(7)
– not recognised at December 2000	—	(10)	(10)
Arising in 2000			
– not recognised at December 2000	3	5	8
Unrecognised at 31/12/00	3	(5)	(2)
Of which:			
– expected to be recognised in 2001 or later	2	(1)	1
– expected to be recognised in 2002 or later	1	(4)	(3)

In broad terms, using the average net funds position, a 1% increase in global interest rates would have reduced profit before tax in the year by approximately £1 million (1999 and 1998: £1 million) excluding the impact of hedging.

7. US GAAP

Reconciliations of net income and shareholders' equity from UK to US GAAP are set out on pages 76-77.

Under UK GAAP certain quoted investments such as those made by the Greenhouse Fund are reflected on the balance sheet as fixed assets at cost, whereas under US GAAP such investments are marked to market and adjusted through the US statement of comprehensive income. In 2000 the adjustment was an unrealised loss of £270 million whereas in 1999 the adjustment was an unrealised gain of £425 million.

The market value of quoted technology and other companies can change significantly. On a portfolio basis, a 10% move in the market price of the quoted investments in the Greenhouse Fund at 31 December 2000 would increase/decrease the value of the Fund by £10 million. Quoted investments are also exposed to exchange rate fluctuations. A strengthening

of sterling against the US dollar would reduce the market value of the Greenhouse Fund.

Derivative instruments and hedging activities

US Statement of Financial Accounting Standard No 133 Accounting for Derivative Instruments and Hedging Activities (FAS 133) as amended by FAS 138, became effective for Reuters on 1 January 2001. FAS 133 which requires all derivative instruments to be carried on the balance sheet at fair value introduces rules in respect of hedge accounting and the recognition of movements in fair value through the income statement.

Reuters expects that it will not designate any of its derivative instruments as qualifying hedge instruments under FAS 133 and, accordingly, expects to record changes in the fair value of its derivative instruments in each current earnings period. The company will record a transition adjustment in its accounting records to comply with FAS 133. The transition adjustment will be calculated using the assumption that none of the hedging relationships that existed prior to the adoption of FAS 133 will qualify for hedge accounting after the adoption of FAS 133.

Under UK GAAP, Reuters will continue to apply hedge accounting and accordingly expects to present a US GAAP adjustment for 2001 and in subsequent years. At this time, Reuters plans no significant change to its risk management strategies due to the adoption of FAS 133.

The impact FAS 133 will have on the US GAAP results in Reuters financial statements for the year ended 31 December 2001 is currently being assessed.

8. RISK FACTORS

Forward-looking statements

This document contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Reuters financial condition, results of operations and business and management's strategy, plans and objectives for the company. These statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in economic conditions, changes in regulatory policies, competition from other information and financial services providers, technological or other developments affecting the internet, difficulties or delays by Reuters in developing new technology or software products, exposure to fluctuations in currency exchange rates and inability of Reuters to realise the benefits from its business transformation initiatives or from its investments. The risk factors discussed below should be reviewed for additional information regarding these and other risks.

Unfavourable conditions in financial markets may have a significant adverse effect on Reuters business

Reuters business is dependent upon the health of the financial markets and the participants in those markets. Reuters dealing products and Instinet are particularly dependent upon the level of activity in the foreign exchange and equity and fixed income markets respectively. A period of sustained economic downturn or volatility and lack of liquidity in financial markets may lead to reduced demand for Reuters products and can therefore have a significant adverse effect on Reuters revenues and results of operations. In addition, Reuters business could be adversely affected by consolidations and rationalisations among clients in the financial services and other industries.

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


Reuters reports results in UK pounds sterling but receives revenue and incurs expenses in more than 60 currencies and is thereby exposed to the impact of fluctuations in currency rates. The euro's continuing weakness relative to the pound in 2000 restricted revenue and earnings growth. A continuation of the euro's weakness could further restrict reported revenue and earnings for 2001. Reuters currency exposure is actively hedged. For additional information concerning currency fluctuations see Treasury Management on pages 34-35.

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

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

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

Reuters strategy is based on developing internet-based products and reducing costs through internet-based infrastructure. Due to the increasing importance of the internet to Reuters core business, the value of Reuters shares may be adversely affected by a decline in the value of internet and other technology stocks generally or changes in investors' expectations regarding the internet or prospects for companies with internet activities. In addition, Reuters has entered into joint ventures with, and made strategic investments



in, a number of internet and technology companies, including investments made through the Greenhouse Fund in internet-related companies. The market value of a number of these companies fluctuated widely and generally decreased during 2000, in part as a result of external market factors. In particular, the market value of Reuters interest in TSI during 2000 (excluding shares subject to employee options) varied from a high of \$14 billion to a low of \$3 billion. In addition, Reuters subsidiary Instinet is progressing towards an IPO of a minority stake. The value of Reuters interests in these companies is dependent on, among other things, the performance of these companies generally, whether such performance meets investors' expectations, and external market and economic conditions.

Reuters may not be able to realise the anticipated benefits of its internet transformation strategy

In February 2000, Reuters announced a business transformation initiative, intended to accelerate the migration of its core businesses to web-enabled internal systems and processes. In 2000, expenditures in connection with the transformation amounted to £139 million. Reuters expects to make significant additional expenditures of £150 million on business transformation in 2001. While Reuters expects that the transformation will produce significant competitive advantages and cost savings, there can be no assurance that these benefits will be realised in full or at all. In addition, Reuters may not be able to successfully implement its transformation strategy or adapt its businesses to internet commerce. Furthermore, Reuters faces risks associated with implementing its new business model in the competitive and rapidly changing internet environment.

Reuters may experience difficulties or delays in developing new technology

Products in the information technology industry are complex and Reuters is becoming increasingly dependent on commercial off-the-shelf software. As a result, Reuters, like other information vendors and software suppliers, may encounter difficulties or delays in the development, implementation and market acceptance of new products.

Reuters business model may be disrupted by the emergence of new technologies

There is a risk that technology not in the mainstream will quickly enter the market and disrupt Reuters existing business models. Reuters has an active technology foresight programme, designed to recognise and assess early innovations. However, there can be no assurance that Reuters reaction will be appropriate and timely and that Reuters would not be negatively affected by the emergence of new technologies.

Reuters business is dependent on the operation of its and Radianz's networks and systems

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

Reuters business will be adversely affected if it cannot accommodate increased network traffic

The SEC is requiring the US securities industry to change the pricing format under which stocks and options are traded from fractions to decimals. These requirements are expected to be completed by April 2001. In addition to decimalisation, market events such as the emergence of online trading throughout Europe and the US, high market volatility, and the multiple listing of options, will likely result in a significant increase in information update rates, which may impact Reuters product and network performance from time to time. While Reuters has implemented a number of capacity management initiatives, there can be no assurance that its infrastructure, networks and desktop applications and systems will be able to successfully accommodate the accelerated growth of peak traffic volumes currently forecast by industry specialists.

Reuters may not be able to complete successfully the planned IPO of Instinet and may be exposed to increased volatility if the IPO is completed

Reuters subsidiary, Instinet, has filed a Registration Statement with the SEC in the US for an IPO of a minority stake. However, Reuters can give no assurance that Instinet will succeed in completing the IPO, which may be adversely affected by market conditions, regulatory decisions or other factors. If the IPO is delayed or not completed, Reuters results of operations may be adversely affected because it will have already incurred costs in connection with its preparation. In addition, Reuters may not realise the anticipated proceeds from the IPO or other benefits, including a market valuation of its interest in Instinet.

Reuters also can give no assurance regarding the level of the initial offering price or the market performance of Instinet shares after the IPO, if completed. Reuters shares may experience additional volatility following an Instinet IPO as a result of changes in the price of Instinet shares.

Instinet and other Reuters affiliates may be exposed to losses from broker activities

Certain Reuters subsidiaries act as brokers in the financial markets but do not undertake trading on their own account. Companies within the Instinet group operate as agency brokers in the equities and fixed income markets and as a clearing firm engaged in correspondent clearing. In addition, RTSL operates the Dealing 2000-2 and 3000 electronic brokerage services. These brokers could incur losses from broken trades and, in respect of equities and fixed income, the

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failure of a counterparty. While Reuters and Instinet seek to mitigate these risks by computerised systems, procedural controls and contractual agreements with customers, there can be no assurance that these measures will prevent losses from occurring.

Changes in regulatory requirements could cause Instinet and its affiliates to incur significant expenses or impair their ability to conduct their businesses

Instinet and its affiliates are subject to extensive regulation in the US, including regulation by the SEC and the National Association of Securities Dealers Inc (NASD), which oversees the activities of US-registered broker-dealers and regulates the Nasdaq stock market, and in other countries in which they operate. In the United States, recent regulatory changes affecting Instinet include new rules regarding alternative trading systems and rules governing market-maker and exchange specialist usage. In addition, on 10 January 2001, the SEC approved a proposed NASD rule change, generally referred to as Super-Montage, which will significantly change the nature of trading in Nasdaq-quoted securities. These changes could cause Instinet to receive fewer orders in Nasdaq-quoted securities, which are the largest component of Instinet's equity securities business, and also could cause fewer of the orders Instinet receives to be executed. Further, new SEC rules such as the disclosures of order routing and execution practices and the SEC-mandated move to decimalisation in April 2001 would require Instinet to modify its systems and may significantly affect its business.

Reuters is unable to predict accurately, at this time, the impact of any proposed or potential changes to the regulatory environment in which Instinet and its affiliates operate, which may include additional changes to the Nasdaq market place considered by the NASD or the adoption by authorities in other jurisdictions of new methods for regulating electronic over-the-counter trading. Any of the above or other regulatory changes may cause Instinet and its affiliates to incur substantial compliance costs or may impair their ability to conduct their businesses or to compete effectively.

Reuters does not have management control over some of its ventures

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

Reuters is dependent on Radianz for the provision of certain network services

Reuters has outsourced the day-to-day operation of most of its legacy and internet protocol networks to Radianz, its new joint venture with Equant. Radianz will source the majority of its requirements from Equant and will seek to provide network services to companies in addition to Reuters and Instinet. Reuters and Equant are equally represented on the Radianz board with neither party having control. Accordingly, Reuters ability to affect the performance of Radianz may be limited should Reuters and Radianz develop conflicting network strategies in the future. Reuters business could be adversely affected as a result.

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

Reuters may suffer discriminatory tariffs or other forms of adverse government intervention due to the nature of its editorial and other reporting activities.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER

	NOTES	2000 £M	1999 £M	1998 £M
Revenue: Group and share of joint ventures		3,678	3,160	3,032
less share of joint ventures revenue		(86)	(35)	—
Group revenue	1	3,592	3,125	3,032
Operating costs	2	(3,181)	(2,576)	(2,482)
Operating profit		411	549	550
Share of operating results in:				
Joint ventures		(17)	(6)	—
Associates		(16)	(11)	(1)
Profit on disposals of subsidiary undertakings	31	10	52	—
Profit on disposals of fixed assets/investments	31	291	50	26
Income from fixed asset investments		5	2	3
Amounts written off fixed asset investments		(30)	—	—
Net interest receivable/(payable)	3	3	(4)	2
Profit on ordinary activities before taxation		657	632	580
Taxation on profit on ordinary activities	4	(125)	(207)	(196)
Profit after taxation attributable to ordinary shareholders		532	425	384
Dividends	5	(224)	(206)	(203)
Retained profit		308	219	181
Basic earnings per ordinary share	6	37.9p	30.2p	26.7p
Diluted earnings per ordinary share	6	37.3p	29.7p	26.6p

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

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

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

	NOTES	2000 £M	1999 £M	1998 £M
Profit after taxation attributable to ordinary shareholders		532	425	384
Unrealised gains on formation of joint ventures and associates	31	73	—	—
Unrealised gain on deemed disposal of associate	31	39	—	—
Unrealised gains on disposals of fixed asset investments	4	13	—	—
Translation differences taken directly to reserves		40	10	(1)
Total recognised gains and losses relating to the year		697	435	383

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

NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

1. SEGMENTAL ANALYSIS

The tables below are a segmental analysis of revenue, costs and profit which reflects the way in which Reuters is managed. Following the Group's reorganisation which became effective on 1 January 1999 the Group is managed on a divisional basis, comprising Reuters Information, Reuters Trading Solutions (together referred to as Reuters Financial), Reuterspace and Instinet. For comparability the divisional results exclude Reuters Business Briefing (RBB) and TIBCO Software Inc. (TSI). RBB is now part of the Factiva joint venture which became effective in July 1999. TSI was floated on the Nasdaq stock market in July 1999 and is now accounted for as an associate.

By division	2000 £M	% CHANGE	1999 £M	% CHANGE	1998 £M
Revenue					
Reuters Information	1,737	7%	1,619	6%	1,531
Reuters Trading Solutions	822	5%	780	(6%)	827
Reuters Financial	2,559	7%	2,399	2%	2,358
Reuterspace	235	50%	157	2%	154
Instinet	804	53%	525	18%	446
Divisional revenue	3,598	17%	3,081	4%	2,958
TSI/RBB	—	—	52	42%	89
Share of joint ventures revenue	86	146%	35	—	—
Intra-group revenue	(6)	(16%)	(8)	(47%)	(15)
Gross revenue	3,678	16%	3,160	4%	3,032
Less share of joint ventures revenue	(86)	146%	(35)	—	—
Group revenue	3,592	15%	3,125	3%	3,032
Costs					
Reuters Information	(1,454)	7%	(1,366)	(1%)	(1,373)
Reuters Trading Solutions	(588)	7%	(550)	3%	(541)
Reuters Financial	(2,042)	7%	(1,916)	—	(1,914)
Reuterspace	(302)	76%	(172)	(5%)	(181)
Instinet	(647)	63%	(396)	36%	(291)
Divisional costs	(2,991)	20%	(2,484)	4%	(2,386)
TSI/RBB	—	—	(59)	—	(104)
Business transformation	(139)	—	—	—	—
Intra-group costs	6	(16%)	8	(47%)	15
Group costs	(3,124)	23%	(2,535)	3%	(2,475)
Profit					
Reuters Information	283	12%	253	60%	158
Reuters Trading Solutions	234	2%	230	(20%)	286
Reuters Financial	517	7%	483	(9%)	444
Reuterspace	(67)	346%	(15)	(44%)	(27)
Instinet	157	22%	129	(17%)	155
Net currency gain	2	(67%)	6	(85%)	39
Divisional profit	609	1%	603	(1%)	611
Business transformation	(139)	—	—	—	—
TSI/RBB	—	—	(7)	53%	(15)
Total	470	(21%)	596	—	596
Goodwill					
Reuters Information	(14)	4%	(13)	(11%)	(15)
Reuters Trading Solutions	(20)	(23%)	(26)	35%	(20)
Reuters Financial	(34)	(14%)	(39)	11%	(35)
Reuterspace	(14)	367%	(3)	(59%)	(7)
Instinet	(11)	147%	(5)	27%	(4)
Total goodwill	(59)	26%	(47)	2%	(46)
Operating profit	411	(25%)	549	—	550

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

The geographical analysis of performance reflects the revenues earned and costs incurred in each area excluding centrally managed costs which include development, editorial, divisional and corporate support costs and goodwill amortisation. It does not purport to show geographical profitability.

By geography	2000 £M	% CHANGE	1999 £M	% CHANGE	1998 £M
Revenue					
Europe, Middle East and Africa	1,689	3%	1,643	(1%)	1,663
The Americas	1,344	37%	979	11%	880
Asia/Pacific	559	11%	503	3%	489
	3,592	15%	3,125	3%	3,032
Operating costs where incurred					
Europe, Middle East and Africa	(1,023)	8%	(948)	(3%)	(973)
The Americas	(899)	22%	(737)	19%	(618)
Asia/Pacific	(264)	4%	(255)	1%	(259)
	(2,186)	13%	(1,940)	5%	(1,850)
Profit					
Europe, Middle East and Africa	666	(4%)	695	1%	690
The Americas	445	84%	242	(8%)	262
Asia/Pacific	295	19%	248	8%	230
	1,406	19%	1,185	—	1,182
Central costs					
Other	(858)	34%	(642)	(4%)	(671)
Business transformation	(139)	—	—	—	—
Net currency gain	2	(67%)	6	(85%)	39
Operating profit	411	(25%)	549	—	550

United Kingdom and Ireland revenue was £522 million (1999: £541 million, 1998: £581 million). With the exception of Instinet, Reuters products are delivered and sold through a common network and geographical infrastructure.

Revenue by type	2000 £M	% CHANGE	1999 £M	% CHANGE	1998 £M
Recurring	2,537	9%	2,338	5%	2,219
Usage	863	42%	609	6%	572
Outright	192	8%	178	(26%)	241
	3,592	15%	3,125	3%	3,032

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

2. OPERATING COSTS

Costs by type	2000 £M	% CHANGE	1999 £M	% CHANGE	1998 £M
Wages, salaries, commission and allowances	1,081	24%	869	8%	805
Social security costs	81	17%	69	(5%)	73
Other pension costs (see note 23)	56	12%	49	(2%)	50
Staff	1,218	23%	987	6%	928
Services	895	40%	641	10%	586
Depreciation	276	(11%)	310	(6%)	331
Data	296	30%	227	(6%)	242
Communications	245	38%	178	(1%)	178
Space	202	17%	172	9%	158
Cost of sales and other	31	(21%)	39	(23%)	52
Goodwill amortisation	59	26%	47	2%	46
Reimbursement of costs	(39)	105%	(19)	—	—
Currency hedging activities — net gain	(5)	(44%)	(9)	(80%)	(45)
Foreign currency translation — net loss	3	—	3	(44%)	6
	3,181	23%	2,576	4%	2,482

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

Costs by function	2000 £M	% CHANGE	1999 £M	% CHANGE	1998 £M
Production and communications	1,731	11%	1,556	(1%)	1,571
Selling and marketing	621	21%	513	7%	479
Support services and administration	633	36%	466	10%	425
Business transformation	139	—	—	—	—
Goodwill amortisation	59	26%	47	2%	46
Net currency gain	(2)	(67%)	(6)	(85%)	(39)
	3,181	23%	2,576	4%	2,482

Costs include:

Development expenditure	323	64%	197	(2%)	200
Operating lease expenditure:					
Hire of equipment	10	11%	9	(18%)	11
Other, principally property	83	5%	79	8%	73
Advertising	50	76%	29	19%	24
Reversal of third party data feed accrual	—	—	(25)	—	—

Fees payable to PricewaterhouseCoopers were as follows:

Audit fees:					
United Kingdom	0.9	(10%)	1.0	11%	0.9
Overseas	0.9	—	0.9	—	0.9
	1.8	(5%)	1.9	6%	1.8
Non-audit services:					
United Kingdom	5.9	26%	4.7	24%	3.8
Overseas	7.2	22%	5.9	(3%)	6.1
	13.1	24%	10.6	7%	9.9
	14.9	19%	12.5	7%	11.7

2. OPERATING COSTS continued

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

Non-audit services were as follows:

	2000 £M	% CHANGE	1999 £M	% CHANGE	1998 £M
Litigation support, due diligence and other audit related work	2.3	(63%)	6.3	62%	3.9
Management consultancy	7.1	344%	1.6	(56%)	3.6
Taxation advice	3.7	37%	2.7	13%	2.4
	13.1	24%	10.6	7%	9.9

Non-audit fees of £9.9 million for PricewaterhouseCoopers in 1998 includes £3.7 million paid to Price Waterhouse and £1.6 million paid to Coopers & Lybrand prior to the appointment of PricewaterhouseCoopers as auditors.

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

3. NET INTEREST RECEIVABLE/(PAYABLE)

	2000 £M	1999 £M	1998 £M
Interest receivable:			
Listed investments	5	4	14
Unlisted investments	19	42	60
Share of joint ventures and associates interest	13	—	—
	37	46	74
Interest payable:			
Bank loans	(3)	(3)	(6)
Other borrowings	(31)	(47)	(66)
	(34)	(50)	(72)
	3	(4)	2

NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT continued

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2000 £M	1999 £M	1998 £M
UK corporation tax			
Current tax on income for the period	292	91	53
Adjustments in respect of prior periods	(40)	9	3
	252	100	56
Double taxation relief	(264)	(14)	(10)
	(12)	86	46

Foreign tax

Current tax on income for the period	133	103	152
Share of joint ventures and associates tax	1	—	—
Adjustments in respect of prior periods	15	7	(9)

	149	110	143
--	------------	-----	-----

Deferred taxation (see note 24)

	(12)	11	7
--	-------------	----	---

	125	207	196
--	------------	-----	-----

Reconciliation to the UK nominal tax rate:

Effective tax rate	19.0%	32.7%	33.8%
UK nominal tax rate	30.0%	30.3%	31.0%
Taxes as shown in these financial statements	125	207	196
Corporation tax on pre-tax profit at UK nominal rate	197	191	180

Difference	(72)	16	16
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The difference is principally due to:

Non-tax deductible amortisation of goodwill	21	17	16
Book profit on TSI public share issues not taxable	(47)	(16)	—
Tax deduction arising from exercise of employee options	(60)	(1)	—
Other differences	14	16	—

	(72)	16	16
--	-------------	----	----

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

Included in the tax charge of £125 million is tax of £34 million arising on the profit on disposal of fixed asset investments and partial disposal of subsidiary and associated undertakings.

Unrealised gains on disposals of fixed asset investments are net of tax of £3 million.

44 Reuters Group PLC Annual Report and Form 20-F 2000**5. DIVIDENDS**

	2000 £M	1999 £M	1998 £M
Interim	51	52	48
Final (2000 proposed)	173	154	155
	224	206	203
Per ordinary share	PENCE	PENCE	PENCE
Interim	3.65	3.65	3.4
Final (2000 proposed)	12.35	11.00	11.0
	16.00	14.65	14.4

6. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share are based on the profit after taxation attributable to ordinary shareholders and on the weighted average number of those shares in issue during the year. The weighted average number of shares in

issue may be reconciled to the number used in the basic and diluted earnings per ordinary share calculations as follows:

Weighted average number in millions	2000	1999	1998
Ordinary shares in issue	1,426	1,424	1,449
Non-vested shares held by employee share ownership trusts	(22)	(15)	(11)
Basic earnings per share denominator	1,404	1,409	1,438
Issuable on conversion of options	24	20	5
Diluted earnings per share denominator	1,428	1,429	1,443

7. REMUNERATION OF DIRECTORS

The report on remuneration and related matters on pages 15-24 includes details of directors' emoluments, pension arrangements, long-term incentive schemes and stock option plans; those details form part of these financial statements.

NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT continued

8. EMPLOYEE INFORMATION

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

By division	2000	1999	1998
Reuters Information	8,631	9,239	9,306
Reuters Trading Solutions	4,387	4,105	3,887
Reuters Financial	13,018	13,344	13,193
Reuterspace	2,226	1,344	1,541
Instinet	2,021	1,379	1,181
TSI/RBB	—	595	775
	17,265	16,662	16,690
By location			
Europe, Middle East and Africa	8,790	8,476	8,723
The Americas	6,064	5,676	5,404
Asia/Pacific	2,411	2,510	2,563
	17,265	16,662	16,690
By function			
Production and communications	9,274	8,873	8,912
Selling and marketing	4,844	5,005	5,136
Support services and administration	3,147	2,784	2,642
	17,265	16,662	16,690
The above include:			
Development staff	2,460	2,445	2,426
Journalists	2,071	2,040	2,048

The average number of employees during 2000 included 340 temporary staff.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	NOTES	2000 £M	1999 £M	1998 £M
Net cash inflow from operating activities	9	852	821	998
Dividends received from associates		2	2	9
Returns on investments and servicing of finance				
Interest received		25	50	76
Interest paid		(35)	(51)	(72)
Income from fixed asset investments		3	2	3
Net cash (outflow)/inflow from returns on investments and servicing of finance		(7)	1	7
Taxation paid		(159)	(167)	(219)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(274)	(256)	(307)
Sale of tangible fixed assets		20	1	2
Purchase of fixed asset investments		(304)	(166)	(22)
Sale of fixed asset investments		80	39	34
Net cash outflow on capital expenditure and financial investment		(478)	(382)	(293)
Acquisitions and disposals	10	(146)	(27)	(138)
Equity dividends paid		(205)	(207)	(188)
Cash (outflow)/inflow before management of liquid resources and financing		(141)	41	176
Management of liquid resources				
Net (increase)/decrease in short-term investments	10	(2)	476	313
Financing				
Return of surplus capital		—	—	(1,482)
Proceeds from the issue of shares		28	25	13
Shares repurchased		—	(25)	—
Net increase/(decrease) in borrowings	10	126	(542)	972
Net cash inflow/(outflow) from financing		154	(542)	(497)
Increase/(decrease) in cash	11	11	(25)	(8)
	NOTES	2000 £M	1999 £M	1998 £M
Reconciliation of net cash flow to movement in net funds				
Increase/(decrease) in cash		11	(25)	(8)
Cash (inflow)/outflow from movement in borrowings		(126)	542	(972)
Cash outflow/(inflow) from movement in liquid resources		2	(476)	(313)
Change in net funds resulting from cash flows		(113)	41	(1,293)
Net funds arising on acquisitions		12	—	—
Translation differences		26	3	—
Movement in net (debt)/funds		(75)	44	(1,293)
Opening net funds/(debt)		41	(3)	1,290
Closing net (debt)/funds	11	(34)	41	(3)

NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

9. NET CASH INFLOW FROM OPERATING ACTIVITIES

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

	2000 £M	1999 £M	1998 £M
Operating profit	411	549	550
Depreciation	276	310	331
Goodwill amortisation	59	47	46
(Increase)/decrease in stocks	(3)	1	3
Increase in debtors	(414)	(236)	(103)
Increase in creditors	504	112	171
Profit on disposal of subsidiaries	—	—	(5)
Loss on disposal of fixed assets	10	12	3
Amortisation of interests in own shares	18	18	3
Miscellaneous, principally translation differences	(9)	8	(1)
Net cash inflow from operating activities	852	821	998

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

	2000 £M	1999 £M	1998 £M
Acquisitions and disposals (including joint ventures and associates)			
Cash consideration:			
Subsidiary undertakings (see note 31)	(130)	(31)	(90)
Joint ventures (see note 31)	(47)	(3)	—
Associated undertakings (see note 31)	(31)	(3)	(46)
Deferred payments for acquisitions in prior years	(8)	(1)	(7)
	(216)	(38)	(143)
Less cash acquired	8	4	1
	(208)	(34)	(142)
Cash received from disposals:			
Subsidiary undertakings	21	7	4
Associated undertakings	41	—	—
	(146)	(27)	(138)
Management of liquid resources			
Increase in term deposits	(3,719)	(3,920)	(7,145)
Decrease in term deposits	3,842	4,277	7,250
Purchase of certificates of deposit	(108)	(226)	(580)
Sale of certificates of deposit	113	352	597
Purchase of listed/unlisted securities	(989)	(360)	(465)
Sale of listed/unlisted securities	859	353	656
	(2)	476	313
Financing			
Increase/(decrease) in short-term borrowings	99	(799)	986
Increase/(decrease) in long-term borrowings	27	257	(14)
	126	(542)	972

11. ANALYSIS OF NET FUNDS

	CASH AT BANK AND IN HAND £M	OVERDRAFTS £M	TOTAL CASH AND OVERDRAFTS £M	SHORT-TERM INVESTMENTS £M	BANK/OTHER BORROWINGS FALLING DUE WITHIN ONE YEAR £M	FALLING DUE AFTER MORE THAN ONE YEAR £M	TOTAL £M
31 December 1998	44	(13)	31	962	(992)	(4)	(3)
Cash flow	77	(102)	(25)	(476)	799	(257)	41
Exchange movements	(2)	1	(1)	4	—	—	3
31 December 1999	119	(114)	5	490	(193)	(261)	41
Cash flow	(4)	15	11	2	(99)	(27)	(113)
Exchange movements	2	—	2	24	—	—	26
Arising on acquisition	—	—	—	14	(2)	—	12
31 December 2000	117	(99)	18	530	(294)	(288)	(34)

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

A substantial portion of Reuters revenue is receivable in foreign currencies with terms of payment up to six months in advance. As such, Reuters is subject to currency exposure from committed revenue. In addition, Reuters is subject to interest rate risk from borrowings and the investment of cash balances. Reuters seeks to limit these risks by entering into a mix of derivative financial instruments which include forward contracts, options (including cylinders), swaps and forward rate agreements. A more detailed discussion on Reuters treasury management can be found on pages 34-35.

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.

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NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT continued

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

Derivative instruments held at 31 December were:

2000			1999			1998		
GROSS CONTRACT AMOUNTS £M	CARRYING VALUE £M	FAIR VALUE £M	GROSS CONTRACT AMOUNTS £M	CARRYING VALUE £M	FAIR VALUE £M	GROSS CONTRACT AMOUNTS £M	CARRYING VALUE £M	FAIR VALUE £M

**Currency
management**
Foreign exchange
forward contracts:

Contracts in profit	187	1	11	159	—	8	97	—	5
Contracts in loss	116	—	(5)	131	—	(11)	257	—	(10)
Foreign currency options:									
Contracts in profit	337	2	4	234	—	8	205	—	2
Contracts in loss	267	—	(11)	234	—	(1)	194	—	(3)
	907	3	(1)	758	—	4	753	—	(6)
Interest rate management									
Interest rate swaps	254	—	(2)	254	—	(17)	100	—	(1)
Interest rate collars	—	—	—	100	—	—	—	—	—
Forward rate agreements	—	—	—	235	—	—	—	—	—
	254	—	(2)	589	—	(17)	100	—	(1)

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.

The foreign exchange forward contracts are held 42% in US dollars (1999: 22%, 1998: 10%). The remaining contracts were principally in Japanese yen and European currencies.

Foreign exchange forward contracts and options mature at dates up to 20 months from the balance sheet date. Interest rate swaps commence and mature at various dates through to November 2004.

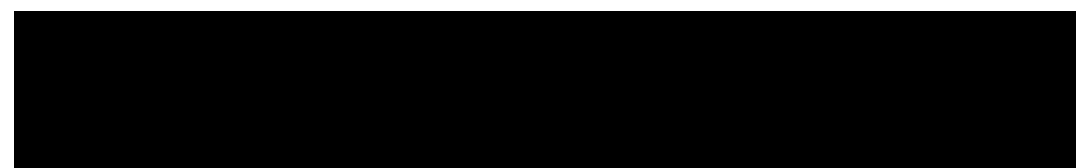
The fair values of foreign currency and interest rate management instruments are estimated on the basis of market quotes, discounted to current value using market-quoted interest rates.

The weighted average fixed rate receivable on the interest rate swaps at 31 December 2000 was 5% (1999: 6%, 1998: 7%) and the weighted average variable rate payable was 6% (1999: 7%, 1998: 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 long-term credit ratings of A or higher.

Tables containing information on hedging gains and losses are set out on page 35.

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12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

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

	2000		1999		1998	
	CARRYING VALUE £M	FAIR VALUE £M	CARRYING VALUE £M	FAIR VALUE £M	CARRYING VALUE £M	FAIR VALUE £M
Derivative instruments	3	(3)	—	(13)	—	(7)
Other financial assets:						
Fixed asset investments	371	529	127	733	25	67
Long-term debtors	19	19	19	19	16	16
Short-term investments and cash	647	647	609	609	1,006	1,006
Other financial liabilities:						
Short-term borrowings	(393)	(393)	(307)	(307)	(1,005)	(1,005)
Long-term borrowings	(288)	(286)	(261)	(244)	(4)	(4)

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

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

Financial instrument sensitivity analysis

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

The estimated changes in the fair value of foreign exchange instruments are based on an instantaneous 10% change in the value of sterling against all other currencies from the levels applicable at 31 December 2000 with all other variables remaining constant. The +10% case represents a 10% strengthening of sterling against all other currencies and the -10% case represents a 10% weakening of sterling.

	FAIR VALUE £M	CHANGE FAVOURABLE/(ADVERSE) EXCHANGE RATE MOVEMENT £M	FAIR VALUE MOVEMENT £M
		+10%	-10%
Foreign exchange:			
Forward contracts	6	28	(30)
Currency options	(7)	25	(23)
	(1)	53	(53)

The estimated changes in the fair value of interest rate instruments are based on an instantaneous change of 1% in the specific rate of interest from the levels effective at 31 December 2000 with all other variables remaining constant.

	FAIR VALUE £M	FAIR VALUE CHANGE (ADVERSE)/FAVOURABLE INTEREST RATE MOVEMENT £M	£M
		+1%	-1%
Interest rate swap contracts	(2)	(6)	6

NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT continued

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

Monetary assets and liabilities by currency, excluding the functional currency of each operation at 31 December 2000, were:

	NET FOREIGN CURRENCY MONETARY ASSETS/(LIABILITIES)							
	STERLING £M	US DOLLAR £M	EURO £M	SWISS FRANC £M	JAPANESE YEN £M	HONG KONG DOLLAR £M	OTHER £M	TOTAL £M
Functional currency of operation:								
Sterling	—	16	34	48	(50)	7	43	98
US dollar	71	—	24	16	15	26	8	160
	71	16	58	64	(35)	33	51	258

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

The currency and interest rate profile of the Group's financial assets at 31 December 2000 was:

	TOTAL £M	NON- INTEREST BEARING £M	CASH AND SHORT-TERM INVESTMENTS		FIXED RATE INVESTMENTS	
			FLOATING RATE INVESTMENTS £M	FIXED RATE INVESTMENTS £M	WEIGHTED AVERAGE INTEREST RATE AT 31 DECEMBER %	WEIGHTED AVERAGE TIME FOR WHICH RATE IS FIXED YEARS
Sterling	100	19	81	—	—	—
US dollar	739	332	323	84	6	2
Other	198	39	159	—	—	—
31 December 2000	1,037	390	563	84	6	2
31 December 1999	755	146	565	44	6	2
31 December 1998	1,047	41	901	105	6	2

Sterling and US dollar short-term floating rate investments include £73 million (1999: £202 million; 1998: £623 million) of money market deposits which mature within three months of the balance sheet date. Interest on floating rate investments is earned at rates based on local money market rates.

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12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

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

The currency and interest rate profile of the Group's financial liabilities, after allowing for cross-currency swaps, at 31 December 2000 was:

	TOTAL £M	OTHER FINANCIAL LIABILITIES £M	BORROWINGS		FIXED RATE BORROWINGS	
			FLOATING RATE BORROWINGS £M	FIXED RATE BORROWINGS £M	WEIGHTED AVERAGE INTEREST RATE AT 31 DECEMBER %	WEIGHTED AVERAGE TIME FOR WHICH RATE IS FIXED YEARS
Sterling	609	4	605	—	—	—
US dollar	40	—	40	—	—	—
Euro	26	—	26	—	—	—
Other	17	7	10	—	—	—
31 December 2000	692	11	681	—	—	—
31 December 1999	580	12	568	—	—	—
31 December 1998	1,015	6	1,005	4	9	1

The floating rate borrowings comprise bank loans and overdrafts bearing interest at rates based on local money market rates, commercial paper and medium term notes. The weighted average interest rate on bank borrowings at 31 December 2000 was 6% (1999: 5%, 1998: 4%).

Total financial liabilities are repayable as follows:

2000	1999	1998
£M	£M	£M

Within one year	394	307	1,011
Between one and two years	94	41	4
Between two and five years	204	232	—
	692	580	1,015
Bank borrowings secured against freehold property	—	—	3

In December 1997, Reuters Group PLC entered into syndicated credit facilities for £1.5 billion to cover payments due to shareholders under the capital reorganisation. A facility of £1.0 billion expired on 2 December 1998. The remaining £0.5 billion which is at variable interest rates based on LIBOR, the London Interbank Offer Rate, is committed and may be drawn and redrawn up to one month prior to its maturity in December 2002. At 31 December 2000, the facility was undrawn.

In March 1998 Reuters established a Euro Commercial Paper Programme. This provides access to £1.5 billion of uncommitted short-term finance of which £1.3 billion was unused at 31 December 2000. In December 1998 Reuters established a £1.0 billion Euro Medium Term Note Programme of which £674 million was unused at 31 December 2000.

In addition, at 31 December 2000 Reuters had unused, short-term, uncommitted bank borrowing facilities denominated in various currencies, the sterling equivalent of which was approximately £544 million, at money market rates varying principally between 3% and 10%, depending on the currency.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

	Notes	2000 £M	1999 £M	1998 £M
Fixed assets				
Intangible assets: Goodwill	14	237	177	204
Tangible assets	15	632	698	779
Investments	16			
Investments in joint ventures:				
Share of gross assets		237	29	—
Share of gross liabilities		(79)	(16)	—
		158	13	—
Share of net assets of associates		353	95	45
Other investments		488	222	70
		1,868	1,205	1,098
Current assets				
Stocks	17	7	4	6
Debtors (see note below)	18	1,297	834	595
Short-term investments	19	530	490	962
Cash at bank and in hand		117	119	44
		1,951	1,447	1,607
Creditors: Amounts falling due within one year	20	(2,295)	(1,679)	(2,184)
Net current liabilities		(344)	(232)	(577)
Total assets less current liabilities		1,524	973	521
Creditors: Amounts falling due after more than one year	21	(310)	(284)	(16)
Provisions for liabilities and charges:				
Pensions and similar obligations	23	(50)	(39)	(36)
Deferred taxation	24	(28)	(23)	(14)
Other provisions	25	(34)	(26)	(66)
Net assets		1,102	601	389

Capital and reserves	26		
Called-up share capital	357	355	354
Capital redemption reserve	1	1	—
Share premium account	71	42	16
Other reserve	(1,717)	(1,717)	(1,717)
Profit and loss account reserve	2,390	1,920	1,719
Shareholders' equity	1,102	601	372
Non-equity minority interests	—	—	17
Capital employed	1,102	601	389

Debtors and net current liabilities include amounts due after more than one year of £59 million (1999: £46 million, 1998: £40 million).

The balance sheet of Reuters Group PLC is shown on page 70.

The financial statements on pages 39-73 and the summary of differences between UK and US generally accepted accounting principles on pages 74-78 were approved by the directors on 16 February 2001.

/s/ Peter Job
Peter Job, Chief Executive

/s/ David Grigson
David Grigson, Finance Director

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

	2000 £M	1999 £M	1998 £M
Retained profit	308	219	181
Translation differences taken directly to reserves	40	10	(1)
Unrealised gains on formation of joint ventures and associates	73	—	—
Unrealised gain on deemed disposal of associate	39	—	—
Unrealised gains on disposals of fixed asset investments	13	—	—
Return of surplus capital to shareholders	—	—	(1,482)
Shares issued during the year	28	25	13
Shares repurchased during the year	—	(25)	—
Net movement in shareholders' equity	501	229	(1,289)
Opening shareholders' equity	601	372	1,661
Closing shareholders' equity	1,102	601	372

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NOTES ON THE CONSOLIDATED BALANCE SHEET

13. SEGMENTAL ANALYSIS

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

TOTAL ASSETS	NON-INTEREST BEARING NET ASSETS
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By division	2000 £M	1999 £M	1998 £M	2000 £M	1999 £M	1998 £M
Reuters Information	614	613	680	157	276	298
Reuters Trading Solutions	305	313	360	178	154	202
Reuters Financial	919	926	1,040	335	430	500
Reuterspace	420	162	86	315	110	28
Instinet	1,030	656	368	234	214	92
TSI/RBB	—	—	24	—	—	16
Central	1,450	908	1,187	252	(194)	(241)
Total assets/non-interest bearing net assets	3,819	2,652	2,705	1,136	560	395
Interest bearing net (liabilities)/assets				(34)	41	(6)
				1,102	601	389

By location	TOTAL ASSETS			NON-INTEREST BEARING NET ASSETS		
	2000 £M	1999 £M	1998 £M	2000 £M	1999 £M	1998 £M
Europe, Middle East and Africa	1,975	1,419	710	667	503	242
The Americas	1,171	530	754	655	196	127
Asia/Pacific	258	194	241	74	66	96
Central	415	509	1,000	(260)	(205)	(70)
Total assets/non-interest bearing net assets	3,819	2,652	2,705	1,136	560	395
Fixed assets	1,868	1,205	1,098			
Current assets	1,951	1,447	1,607			
	3,819	2,652	2,705			

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

14. INTANGIBLE ASSETS: GOODWILL

	COST £M	AMORTISATION £M	NET BOOK AMOUNT £M
31 December 1999	539	(362)	177
Additions (see note 31)	121	—	121
Disposals	(16)	14	(2)
Charged in the year	—	(59)	(59)
31 December 2000	644	(407)	237

15. TANGIBLE ASSETS

FREEHOLD PROPERTY £M	LEASEHOLD PROPERTY £M	COMPUTER SYSTEMS EQUIPMENT £M	OFFICE EQUIPMENT AND MOTOR VEHICLES £M	TOTAL £M
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Cost					
31 December 1999	198	156	1,680	242	2,276
Translation differences	—	4	17	2	23
Additions	12	29	183	58	282
Owned by subsidiaries acquired	—	—	2	2	4
Disposals	(11)	(1)	(347)	(19)	(378)
31 December 2000	199	188	1,535	285	2,207
Depreciation					
31 December 1999	63	81	1,265	169	1,578
Translation differences	—	1	11	2	14
Charged in the year	5	17	214	40	276
Owned by subsidiaries acquired	—	—	1	—	1
Disposals	(3)	(1)	(273)	(17)	(294)
31 December 2000	65	98	1,218	194	1,575
Net book amount					
31 December 2000	134	90	317	91	632
31 December 1999	135	75	415	73	698
Net book amount of leasehold property					
			2000 £M	1999 £M	1998 £M
Long-term leaseholds			19	14	14
Short-term leaseholds			71	61	60
			90	75	74
Contracted capital commitments					
			18	15	35

NOTES ON THE CONSOLIDATED BALANCE SHEET continued

16. INVESTMENTS

	INTERESTS IN OWN SHARES £M	INTERESTS IN JOINT VENTURES £M	INTERESTS IN ASSOCIATES £M	OTHER INVESTMENTS £M	TOTAL £M
Net assets/cost					
31 December 1999	95	2	67	127	291
Translation differences	—	1	18	—	19
Additions	40	156	252	286	734
Share of (losses)/profit arising in year	—	(11)	2	—	(9)
Dividends received	—	—	(2)	—	(2)
Amounts written off	(18)	—	—	(30)	(48)
Disposals	—	—	(4)	(13)	(17)
Reclassifications	—	2	(1)	1	2
31 December 2000	117	150	332	371	970
Goodwill					
31 December 1999	—	11	28	—	39
Arising in the year	—	—	2	—	2
Charged in the year	—	(3)	(9)	—	(12)
31 December 2000	—	8	21	—	29

Net book amount

31 December 2000

Net assets/cost	117	150	332	371	970
Goodwill	—	8	21	—	29

	117	158	353	371	999
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31 December 1999

Net assets/cost	95	2	67	127	291
Goodwill	—	11	28	—	39

	95	13	95	127	330
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Listed investments at 31 December 2000

Carrying value	117	—	303	42	462
Market value	278	—	3,268	200	3,746

Had all listed investments been disposed of on 31 December 2000, tax of approximately £34 million would have been payable on the assumption that none of the earnings would be repatriated. The market value excludes TSI shares held by Reuters which will be transferred to TIBCO Finance employees on the exercise of outstanding options.

The net book amount of interests in own shares represents the cost less amounts written off in respect of 25 million Reuters 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 18-20). The ESOTs have waived dividend and voting rights on these shares.

In February 2000 Reuters and Multex.com Inc., formed a joint venture Multex Investor Europe Limited, in which Reuters has a 50% interest. In June 2000 Reuters and Equant formed a joint venture, Radianz Limited. Although Reuters owns 51% of the joint venture its control is limited to 50%.

In 1998 Reuters entered into a venture with Rudin Times Square Associates LLC. At 31 December 2000 Reuters had invested US\$20 million (£13 million) and had guaranteed the future injection of approximately US\$25 million (£17 million).

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

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17. STOCKS

	2000 £M	1999 £M	1998 £M
Contract work in progress	7	4	10
Less progress payments	(2)	(2)	(9)
	5	2	1
Equipment stocks	2	2	5
	7	4	6

18. DEBTORS

	2000 £M	1999 £M	1998 £M
Trade debtors	288	197	197

Less allowance for doubtful accounts	(31)	(28)	(28)
	257	169	169
Instinet counterparty debtors	662	432	204
Other debtors	153	99	90
Prepayments and accrued income	83	58	67
Deferred taxation (see note 24)	80	63	65
Amounts owed by joint ventures and associates	62	13	—
	1,297	834	595

Amounts falling due after more than one year (included in the above):

Deferred taxation	40	27	24
Other debtors	19	19	16
	59	46	40

19. SHORT-TERM INVESTMENTS

		2000 £m	1999 £m	1998 £m
Listed				
Government securities:	UK	—	2	2
	Overseas	127	180	115
Other deposits	Overseas	48	—	—
		175	182	117
Unlisted				
Certificates of deposit	UK	2	1	127
Term deposits:	UK	67	156	511
	Overseas	8	100	103
Other deposits:	UK	9	21	3
	Overseas	269	30	101
		355	308	845
		530	490	962

NOTES ON THE CONSOLIDATED BALANCE SHEET continued

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £M	1999 £M	1998 £M
Trade creditors	183	118	126
Accruals	465	352	369
Instinet counterparty creditors	570	328	186
Deferred income	78	50	43
Amounts owed to joint ventures and associates	76	18	—
Other creditors	58	42	35
Other taxation and social security	54	47	33
	1,484	955	792
Bank overdrafts	99	114	13
Bank loans	25	2	3
Other borrowings	269	191	989
Current UK corporation and overseas taxation	245	263	232
Proposed dividend	173	154	155

Current UK corporation and overseas taxation comprises:

	2000 £M	1999 £M	1998 £M
UK corporation tax	72	138	105
Overseas taxes	173	125	127
	245	263	232

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

	2000 £M	1999 £M	1998 £M
Term notes and commercial paper	287	261	—
Bank borrowings	1	—	4
Accruals	15	14	12
Amounts owed to joint ventures	7	9	—
	310	284	16

22. 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 60% of its subscribers are financial institutions, 25% are corporations in other sectors of the business community, 7% are from the news media and 8% are government institutions and individuals worldwide (1999: 59%, 27%, 6% and 8% respectively).

Instinet is exposed to the possibility of trades between its counterparties failing to settle. Due to the settlement mechanisms employed, the maximum exposure is generally limited to the market movement between the trade date and the settlement date. There are no material unprovided off-balance sheet exposures or positions in respect of trades undertaken on or prior to 31 December 2000.

23. 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 Group and are independently administered.

Defined contribution plans

Reuters operates 28 defined contribution plans covering approximately 66% of its employees, of which the largest plan, the Reuters Pension Fund, covers approximately 19% of employees. Members of this plan contribute 6% of basic salaries and Reuters is required to make an annual contribution of 9.525% of members' basic salaries regardless of the funding status of the plan. Reuters does not have the ability to recover assets held by the plan, nor can it be required to make additional payments to the plan over and above the annual contributions referred to above. Custodial responsibility for the assets of the plan rests with two substantial and independent UK investment managers.

Defined benefit plans

Reuters also operates 33 defined benefit plans covering approximately 16% 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 2000 were that health care costs would increase by 9% per annum per head over the next year decreasing to 5% by 2005 and remain at 5% thereafter.

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

	2000 £M	1999 £M	1998 £M
Opening balance	39	36	28
Profit and loss account (see note 2):			
Defined contribution plans	38	36	35
Defined benefit plans	15	10	14
Post-retirement medical benefits	3	3	1
	56	49	50
Utilised in the year	(45)	(46)	(42)
Closing balance	50	39	36

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NOTES ON THE CONSOLIDATED BALANCE SHEET continued

24. DEFERRED TAXATION LIABILITIES/(ASSETS)

	£M 2000	£M 1999	£M 1998
Opening balance	(40)	(51)	(58)
Profit and loss account	(12)	11	7
Closing balance	(52)	(40)	(51)

The closing balance is analysed below:

Timing differences:			
Fixed asset related	5	5	7
Other	(57)	(45)	(58)
	(52)	(40)	(51)

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 unremitted earnings where remittance of these earnings is not currently anticipated in the foreseeable future. Reuters estimates that these unrecognised taxes would total approximately £593 million at 31 December 2000 assuming repatriation at that date. The increase from 1999 (£166 million) arises from changes in UK law and practice in the year.

TOTAL TIMING DIFFERENCES AT 31 DECEMBER 2000	ASSETS £M	VALUATION ALLOWANCE £M	LIABILITIES £M	NET £M
Fixed asset related	(54)	40	19	5
Unrecognised tax losses	(29)	29	—	—
Other	(94)	11	26	(57)

The valuation allowance decreased by £1 million during 2000. Where appropriate, deferred tax assets and liabilities are netted for balance sheet presentation purposes. The net deferred tax balance has been analysed as:

	2000 £M	1999 £M	1998 £M
Deferred tax asset (included in debtors - see note 18)	(80)	(63)	(65)
Deferred tax liability (included in provisions for liabilities and charges)	28	23	14

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25. OTHER PROVISIONS

The movement in other provisions during 2000 was as follows:

	RATIONALISATION £M	LEGAL/ COMPLIANCE £M	PROPERTY £M	OTHER £M	TOTAL £M
31 December 1999	13	7	3	3	26
Charged against profit	17	5	2	5	29
Utilised in the year	(10)	(5)	(1)	(1)	(17)
Released	(2)	(1)	—	(1)	(4)
31 December 2000	18	6	4	6	34

At the end of 1999, the costs of a number of incomplete rationalisation programmes were provided for. During 2000 these programmes were implemented and a number of new ones were introduced in respect of the business transformation initiative.

The legal/compliance provision represents the expected cost of settling disputes arising from contractual arrangements with third party suppliers, including associated legal and professional fees.

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

26. CAPITAL AND RESERVES

	CALLED- UP SHARE CAPITAL £M	CAPITAL REDEMPTION RESERVE £M	SHARE PREMIUM ACCOUNT £M	OTHER RESERVE £M	PROFIT AND LOSS ACCOUNT RESERVE £M	SHARE- HOLDERS' EQUITY £M
31 December 1997 (pro forma - see below)	408	—	—	(290)	1,543	1,661
Capital reorganisation (see below)	(55)	—	—	(1,427)	—	(1,482)
Shares issued during the year	1	—	16	—	(4)	13
Translation differences	—	—	—	—	(1)	(1)
Retained earnings for the year	—	—	—	—	181	181
31 December 1998	354	—	16	(1,717)	1,719	372
Shares issued during the year	2	—	26	—	(3)	25
Shares repurchased during the year	(1)	1	—	—	(25)	(25)
Translation differences	—	—	—	—	10	10
Retained earnings for the year	—	—	—	—	219	219
31 December 1999	355	1	42	(1,717)	1,920	601
Shares issued during the year	2	—	29	—	(3)	28
Unrealised gains on formation of joint	—	—	—	—	73	73

ventures and associates						
Unrealised gain on deemed disposal of associate	—	—	—	—	39	39
Unrealised gains on disposals of fixed asset investments	—	—	—	—	13	13
Translation differences	—	—	—	—	40	40
Retained earnings for the year	—	—	—	—	308	308
31 December 2000	357	1	71	(1,717)	2,390	1,102

NOTES ON THE CONSOLIDATED BALANCE SHEET continued

26. CAPITAL AND RESERVES continued

During 2000 £31 million was received by Reuters Group PLC on the issue of shares in respect of the exercise of options awarded under various share option plans. Employees paid £28 million to the Group for the issue of these shares and the balance of £3 million comprised contributions to the qualifying employee share trust (QUEST) from subsidiary undertakings.

Cumulative translation gains at 31 December 2000 totalled £22 million (1999: cumulative losses £18 million, 1998: cumulative losses £28 million).

On 18 February 1998, Reuters Group PLC issued and credited as fully paid 1,417,331,693 ordinary shares of 25p each and paid cash of £1,482 million to acquire the majority of the issued share capital of Reuters Holdings PLC following the approval of a High Court Scheme of Arrangement. In exchange for every 15 ordinary shares in Reuters Holdings PLC, shareholders received 13 ordinary shares in Reuters Group PLC plus £13.60 in cash.

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

27. SHARE CAPITAL

	2000 £M	1999 £M	1998 £M
Authorised			
One Founders Share of £1	—	—	—
49,998 redeemable preference shares of £1	—	—	—
2,100 million ordinary shares of 25p each	525	525	525
	525	525	525
Allotted and called-up			
One Founders Share of £1	—	—	—
Ordinary shares of 25p each	357	355	354
	357	355	354
Number of ordinary shares of 25p each (millions)	1,429.1	1,422.7	1,421.6
Shares allotted/(repurchased) during the year in millions	2000	1999	1998
Capital reorganisation	—	—	(218.1)
Shares in Reuters Group PLC issued for cash under employee share schemes at prices ranging from 150p to 929p per share	6.4	5.8	4.3
Shares repurchased	—	(4.7)	—
	6.4	1.1	(213.8)

The rights attaching to the Founders Share are set out on page 82.

28. EMPLOYEE SHARE OPTION PLANS

Reuters operates share plans for the benefit of employees as explained in the report on remuneration. Since the flotation of Reuters Holdings PLC in 1984, Reuters has issued 101 million shares under these plans.

Activity relating to share options for the two years ended 31 December 2000 was as follows:

	SAVE-AS-YOU -EARN PLANS	EXECUTIVE PLANS	PLAN 2000	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
Ordinary shares under option in millions (including ADSs):					
31 December 1998	17.1	1.6	25.7	44.4	£5.10
Granted	2.6	—	2.4	5.0	£7.58
Exercised	(4.2)	(0.7)	(0.9)	(5.8)	£4.37
Expired, cancelled or lapsed	(0.9)	(0.1)	(1.2)	(2.2)	£5.26
31 December 1999	14.6	0.8	26.0	41.4	£5.51
Granted	2.6	—	—	2.6	£10.19
Exercised	(5.0)	(0.4)	(1.0)	(6.4)	£4.43
Expired, cancelled or lapsed	(1.0)	—	(0.3)	(1.3)	£5.77
31 December 2000	11.2	0.4	24.7	36.3	£6.02
Number of participants at 31 December 2000	10,090	38	12,896		

The above options will be satisfied by the issue of new shares.

The following table summarises information relating to the number of shares under option and those which were exercisable at 31 December 2000.

RANGE OF EXERCISE PRICES	TOTAL SHARES UNDER OPTION (MILLION)	WEIGHTED AVERAGE PERIOD REMAINING TO FULL VESTING (MONTHS)	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS EXERCISABLE AT 31 DECEMBER 2000 (MILLION)	EXERCISABLE WEIGHTED AVERAGE EXERCISE PRICE
Ordinary shares					
£3.01 - £5.00	3.2	13	£4.73	0.3	£4.32
£5.01 - £7.00	26.4	10	£5.56	0.1	£5.02
£7.01 - £9.00	2.3	15	£8.14	—	—
£9.01 - £11.00	2.3	35	£9.92	—	—
ADSs					
\$40.01 - \$70.00	1.3	16	\$58.08	—	—
\$70.01 - \$100.00	0.6	29	\$82.06	—	—
\$100.01 - \$130.00	0.2	39	\$119.50	—	—
	36.3			0.4	

In August 1990 and January 1994, Reuters established employee share ownership trusts with the power to acquire shares in the open market. The trustee of both trusts, an offshore subsidiary of Reuters, is being managed under contract by an independent management company. Shares purchased by the trusts will be used either to meet obligations under the company's restricted share plans described in the report on remuneration and related matters on pages 15-24 or to satisfy the exercise of options granted, or to be granted, under other employee share option plans. Alternatively, new shares may be issued to satisfy these option obligations.

29. RELATED PARTY TRANSACTIONS

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

	31 DECEMBER 1999 £M	AMOUNTS INVOICED £M	AMOUNTS (COLLECTED)/ PAID £M	31 DECEMBER 2000 £M
Amounts receivable				
Radianz	—	87	(45)	42
Factiva	13	25	(21)	17
Other	—	4	(1)	3
	13	116	(67)	62
Amounts payable				
Radianz	—	(110)	61	(49)
Factiva	(13)	(41)	35	(19)
Other	(3)	(14)	12	(5)
	(16)	(165)	108	(73)

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

In addition to the above amounts:

- (a) Reuters has a promissory note payable to Factiva with a balance of £10 million outstanding at the year end (1999: £11 million).
- (b) Reuters disposed of a wholly owned subsidiary to Radianz for £17 million.

30. OPERATING LEASES

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

	2000 £M	1999 £M	1998 £M
Year ended 31 December			
1999	—	—	70
2000	—	79	64
2001	97	72	61
2002	82	64	54
2003	70	55	46
2004	59	45	38
2005	47	36	32
Thereafter	325	266	225
Total minimum lease payments	680	617	590

At 31 December, Reuters had commitments to make payments during the following year under non-cancellable operating leases as follows:

	LAND AND BUILDINGS			OTHER		
	2000 £M	1999 £M	1998 £M	2000 £M	1999 £M	1998 £M
Operating leases which expire:						
Within one year	13	7	7	1	1	1
In the second to fifth years	52	41	36	8	9	8
Over five years	37	29	26	—	—	—

31. ACQUISITIONS AND DISPOSALS

During 2000, Reuters acquired a number of subsidiary undertakings including 100% holdings in O R Telematique SA (ORT), Yankee Group Research, Inc., (Yankee) and Lynch, Jones & Ryan, Inc., (LJR). In addition, investments in joint ventures and associated undertakings included Multex Investor Europe Limited, Radianz Limited, Atriax Holdings Limited and Sila Communications Limited. Disposals included Safetynet Group Limited and there were deemed disposals of a number of associated undertakings including TSI.

ACQUISITIONS	BOOK VALUE				FAIR VALUE ADJUSTMENTS £M	TOTAL SUBSIDIARIES £M	TOTAL ASSOCIATES £M	TOTAL £M
	ORT £M	YANKEE £M	LJR £M	OTHER £M				
Tangible fixed assets	1	2	—	—	—	3	—	3
Fixed asset investments	—	—	—	—	—	—	15	15
Current assets:								
Cash	12	1	8	—	—	21	—	21
Other	17	5	4	1	1	28	—	28
Current liabilities	(14)	(14)	(11)	(1)	(1)	(41)	—	(41)
Long-term liabilities	(2)	—	—	—	—	(2)	—	(2)
Cash consideration	14 (40)	(6) (49)	1 (31)	— (10)	— —	9 (130)	15 (17)	24 (147)
Goodwill	26	55	30	10	—	121	2	123

Included within the Group profit and loss account in 2000 are revenues of £70 million in respect of acquisitions during the year. Had they been acquired on 1 January 2000 their contribution to Group revenue would have been £92 million. Their impact on profit was immaterial.

CREATION OF JOINT VENTURES AND ASSOCIATES	RADIANZ £M	OTHERS £M	TOTAL £M
Book value of assets contributed:			
Cash	(25)	(35)	(60)
Other	(63)	—	(63)
Fair value of net assets acquired	144	52	196
Gains	56	17	73

The gains of £73 million are unrealised and hence are recorded in the statement of total recognised gains and losses (STRGL).

NOTES ON THE CONSOLIDATED BALANCE SHEET continued

31. ACQUISITIONS AND DISPOSALS continued

DEEMED DISPOSALS	TSI £M	OTHERS £M	TOTAL £M
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Increase in net assets	195	9	204
Consideration	1	(2)	(1)
Gains	196	7	203

Of the above gains £164 million are shown in the profit and loss account, reflecting principally the profit of £157 million generated by the follow-on offering in March 2000 of 4.8 million TSI shares and the exercise of stock options. Unrealised gains of £39 million arose from a share-based acquisition by TSI.

Actual disposals

In addition to the deemed disposals, actual disposals resulted in consideration of £62 million realising gains of £46 million which are recorded in the profit and loss account. Of these gains £37 million related to Safetynet Group Limited and £8 million related to Reuters Connect Services Limited, a wholly owned subsidiary of Reuters which was sold to Radianz subsequent to the creation of Radianz.

RECONCILIATION OF GAINS	REALISED £M	UNREALISED £M	TOTAL £M
On formation of joint ventures and associates	—	73	73
On deemed disposals	164	39	203
On actual disposals	46	—	46
On disposal of Greenhouse investments	83	13	96
On disposal of tangible fixed assets	8	—	8
Recorded in the profit and loss account/STRGL	301	125	426

32. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS AND JOINT VENTURES

The principal subsidiary undertakings, associated undertakings and joint ventures at 31 December 2000, all of which are included in the consolidated financial statements, are shown below. The shares in Reuters Investments Limited are held by Reuters Group PLC. The shares in the other companies are held by Reuters Investments Limited or its wholly-owned subsidiaries.

SUBSIDIARY UNDERTAKINGS	COUNTRY OF INCORPORATION	PRINCIPAL AREA OF OPERATION	PERCENTAGE OF EQUITY SHARES HELD
Instinet Group LLC	USA	USA	100
Reuters AG	Germany	Germany	100
Reuters America Inc	USA	USA	100
Reuters Australia Pty Limited	Australia	Australia	100
Reuters Eastern Europe Limited	UK	Russia	100
Reuters Espana SA	Spain	Spain	100
Reuters GmbH	Austria	Austria	100
Reuters Hong Kong Limited	Cook Islands	Hong Kong	100
Reuters Investments Limited	UK	UK	100
Reuters Italia SpA	Italy	Italy	100
Reuters Limited	UK	Worldwide	100
Reuters Nederland BV	Netherlands	Netherlands	100
Reuters SA	Switzerland	Continental Europe	100
Reuters Services SARL	France	France	100
Reuters Singapore Pte Limited	Singapore	Singapore	100
Reuters Transaction Services Limited	UK	Worldwide	100
Reuters Information Services (Canada) Limited	Canada	Canada/USA	100
TIBCO Finance Technology Inc.	USA	Worldwide	100

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

Associated undertakings and joint ventures

The principal associated undertakings and joint ventures at 31 December 2000 were:

TIBCO Software Inc.	USA	Worldwide	57
Factiva LLC (joint venture)	USA	Worldwide	50
Radianz Limited (joint venture)	UK	Worldwide	51
Multex Investor Europe Limited (joint venture)	UK	Europe	50
Sila Communications Limited	UK	UK	40

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

33. POST BALANCE SHEET EVENTS

On 8 February 2001, Reuters announced that Instinet, its wholly owned electronic brokerage subsidiary, had filed a Registration Statement with the SEC for a proposed initial public offering (IPO). Instinet intends to apply for quotation of its common stock on the Nasdaq Stock Market. It is expected that the IPO will be completed by the middle of 2001. This will be a primary offering of common stock all of which will be issued by Instinet. Following the IPO, Reuters will continue to own a substantial majority of Instinet's common stock.

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BALANCE SHEET OF REUTERS GROUP PLC AT 31 DECEMBER

	Notes	2000 £M	1999 £M	1998 £M
Fixed asset investment	34	8,679	8,655	8,640
Amounts owed by Group undertakings		795	589	1,144
Other borrowings		(558)	(448)	(989)
Proposed dividends		(173)	(154)	(155)
Net assets		8,743	8,642	8,640
Capital and reserves:	35			
Called-up share capital		357	355	354
Capital redemption reserve		1	1	—
Share premium account		71	42	16
Merger reserve		6,788	6,788	6,788
Profit and loss account reserve		1,526	1,456	1,482
Capital employed		8,743	8,642	8,640
Profit attributable to ordinary shareholders		294	205	343

This balance sheet was approved by the directors on 16 February 2001.

/s/ Peter Job
Peter Job, Chief Executive

/s/ David Grigson
David Grigson, Finance Director

Advantage has been taken of the provisions of Section 230(3) of the Companies Act 1985 not to present a separate profit and loss account for Reuters Group PLC.

NOTES ON THE BALANCE SHEET OF REUTERS GROUP PLC

34. FIXED ASSET INVESTMENT

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

35. CAPITAL AND RESERVES

	CALLED UP SHARE CAPITAL £M	CAPITAL REDEMPTION RESERVE £M	SHARE PREMIUM ACCOUNT £M	MERGER RESERVE £M	PROFIT AND LOSS ACCOUNT RESERVE £M	TOTAL £M
31 December 1999	355	1	42	6,788	1,456	8,642
Shares issued during the year	2	—	29	—	—	31
Retained profit for the year	—	—	—	—	70	70
31 December 2000	357	1	71	6,788	1,526	8,743

Following the approval of a High Court Scheme of Arrangement, the majority of the issued share capital of Reuters Holdings PLC was acquired by Reuters Group PLC in February 1998. The merger reserve and profit and loss account reserve arose as a result of this transaction.

The retained profit for the year represents dividends from Reuters Investments Limited less dividends paid to shareholders and certain administrative costs.

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ACCOUNTING POLICIES

Accounting basis

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The 1998 capital reorganisation was accounted for using merger accounting principles in order to show a true and fair view.

Basis of consolidation

The consolidated financial statements include:

- The financial statements of Reuters Group PLC and its subsidiaries to 31 December. The results of subsidiaries are included for the period during which they are a member of the Group.
- Reuters share of the post-acquisition results of associated undertakings and joint ventures. Investments in associated undertakings and joint ventures are included at Reuters share of the net assets at the dates of acquisition plus the Group's share of post-acquisition reserves.

Foreign currency translation

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

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

transactions.

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

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

Treasury

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

Reuters uses financial instruments to hedge a portion of its interest exposure. Profits and losses on financial instruments are reported as part of profit for the period to which they relate.

Financial instruments hedging the risk on foreign currency assets are revalued at the balance sheet date and the resulting gain or loss offset against that arising from the translation of the underlying asset into sterling.

Revenue

Revenue represents the turnover, net of discounts, derived from services provided to subscribers and sales of equipment applicable to the year. Short-term contracts are accounted for on a completed contract basis. Long-term contracts are accounted for on a percentage of completion 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:

Freehold land	Not depreciated
Freehold buildings	Normally 50 years
Leasehold property	Over the term of the lease
Computer systems equipment, office equipment and motor vehicles	3 to 5 years

Stocks and contract work in progress

Stocks and contract work in progress are valued at the lower of cost and net realisable value less progress payments received and receivable from clients. Progress payments in excess of the value of work carried out are included within creditors.

Cost is calculated on a first in first out basis by reference to the invoiced value of supplies and attributable costs of bringing stocks to their present location and condition.

Net realisable value is the estimated market value less selling costs.

Short-term investments

Government securities are stated in the balance sheet at the lower of cost plus accrued capital appreciation and market value. Income from these securities and any adjustment for changes in their market value during the year is reported as part of profit.

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.

Debt issuance

Medium-term notes and commercial paper are stated at the amount of the net proceeds plus accrued interest or any discount or premium. Discounts or premia to the nominal value are amortised over the term of the issue. Costs associated with debt issuance are charged against profit over the life of the instrument.

Foreign currency swap agreements and forward contracts are used to convert non-sterling debt into sterling. Interest rate swaps, swaptions and forward rate agreements are used to manage interest rate exposures. Amounts payable or receivable in respect of these derivatives are recognised as adjustments to interest expense over the period of the contract.

Leasing

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

Purchased goodwill is capitalised and amortised through the profit and loss account on a straight-line basis over its estimated useful economic life which is between five and 20 years depending on the nature of business acquired. Impairment reviews of goodwill are carried out at the end of the first financial year after acquisition and where there is any indication of impairment.

Interest in shares of Reuters Group PLC

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

Fixed asset investments

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

ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with UK GAAP, which differ in certain significant respects from US GAAP. A description of the relevant accounting principles which differ materially is given below:

a. Software revenue recognition

Under UK GAAP, revenue and related direct costs from contracts for the outright sale of software systems are recognised at the time of client acceptance when no further costs are expected to be incurred. Under US GAAP, specific rules were introduced effective January 1998 establishing the criteria that must be met for revenue recognition. Under these rules, certain contracts with multiple elements require an amount of revenue to be deferred until all criteria for revenue recognition are met.

b. Software and website development costs

Under UK GAAP, costs of developing computer software products and websites are usually expensed in the year in which they are incurred. Under US GAAP, the costs of developing computer software products subsequent to establishing technical feasibility are capitalised. Additionally, certain costs relating to website development incurred subsequent to the planning stage are also capitalised. The amortisation of the capitalised costs is based on the estimated future revenues or remaining estimated useful economic lives of the products involved.

c. Joint ventures and associated undertakings

Certain employees that held unvested stock option awards were transferred to a joint venture in 2000. Following the transfer, the stock awards are considered to be held by non-employees under US GAAP. Accordingly, stock option expense relating to the fair value of the unvested awards is included in share of operating loss in joint ventures over the remaining vesting period. Under UK GAAP, no such adjustment is recorded.

Under UK GAAP, the difference between the book value and fair value of the assets contributed to a joint venture is recognised in the statement of total recognised gains and losses. Under US GAAP, the difference is released to the income statement over the anticipated life of the assets contributed to the venture.

d. Gains on deemed disposal of associates

Under UK GAAP, gains on the partial deemed disposal of associates involving non-qualifying consideration are recorded in the statement of total recognised gains and losses. Under US GAAP, the company has adopted a policy whereby these gains are recorded in the profit and loss account.

e. Gains on exchange of investments

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

f. Goodwill and other acquisition accounting adjustments

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

g. 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.

Under UK GAAP, no compensation charge is recorded when the vesting terms of an option award are accelerated, or when an option plan is amended with substantially similar terms to the old plan. Under US GAAP, additional compensation cost is recognised when the vesting of an option has been accelerated and those options would

otherwise have been forfeited unvested. Additional compensation cost is also recognised where a new measurement date is established following the amendment of a stock option plan where the exercise price is less than the market value of the underlying shares on the new measurement date.

Under UK GAAP, the liability for national insurance on stock options is accrued for based on the intrinsic value of the options on the date of grant and adjusted for subsequent changes in the market value of the underlying shares. Under US GAAP, this expense is recorded upon exercise of the stock options.

h. 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.

i. Dividends

Under UK GAAP, dividends are provided for in the year in respect of which they are declared or proposed. Under US GAAP, dividends and any related tax credit are given effect only in the period in which dividends are formally declared.

j. 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.

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k. Fixed asset investments

Under UK GAAP, fixed asset investments are held on the balance sheet at the lower of cost less any provisions for permanent diminution in value. Under US GAAP, fixed asset investments which are available for sale are stated at fair value with unrealised gains or losses included in the statement of comprehensive income.

The effects of these differing accounting principles are shown in notes 36-39.

Cash flow statement

The cash flow statement set out on pages 47-49 has been prepared in conformity with UK Financial Reporting Standard No 1 (Revised) Cash Flow Statements. The principal differences between this statement and cash flow statements presented in accordance with US Financial Accounting Standard No 95 are as follows:

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

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

	2000 £M	1999 £M	1998 £M
Net cash inflow from operating activities	688	657	795
Net cash outflow from investing activities	(624)	(409)	(431)
Net cash outflow from financing activities	(54)	(610)	(764)
Net increase/(decrease) in cash and cash equivalents under US GAAP	10	(362)	(400)
Net increase/(decrease) in cash under UK GAAP (see notes 4-5 above)	11	(25)	(8)

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

36. ADJUSTMENTS TO NET INCOME

	2000 £M	1999 £M	1998 £M
Profit attributable to ordinary shareholders in accordance with UK GAAP	532	425	384
US GAAP adjustments:			
a. Software revenue recognition	(6)	2	(2)
b. Capitalised website development costs	3	—	—
b. Amortisation of software development costs	(2)	(2)	(2)
c. Associated undertakings	(16)	—	—
d. Gains on deemed disposal of associate	25	—	—
e. Gain on exchange of investments	16	—	—
f. Goodwill and other acquisition accounting adjustments	(3)	(2)	(3)
g. Employee costs (i)	(22)	(8)	(1)
h. Income taxes			
Application of FAS 109	(1)	35	13
Tax effect of US GAAP adjustments	8	1	3
Net income in accordance with US GAAP	534	451	392

	2000 PENCE	1999 PENCE	1998 PENCE
Earnings and dividends (ii)			
Basic earnings per ADS in accordance with US GAAP	228.1	192.1	166.6
Diluted earnings per ADS in accordance with US GAAP	224.3	189.5	166.0
Dividend paid per ADS (including UK tax credit)	97.7	97.7	99.8
Deemed special dividend paid per ADS	—	—	627.7
Total dividend paid per ADS	97.7	97.7	727.5
Weighted average number of shares used in basic EPS calculation (millions)	1,404	1,409	1,411
Issuable on conversion of options	24	20	5
Used in diluted EPS calculation	1,428	1,429	1,416

Additional disclosures required by US GAAP

(i) Employee costs

The company has complied with Financial Accounting Standard No 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 to 2000 under these plans consistent with the alternative methodology set out in FAS 123, net income in 2000 in accordance with US GAAP would have been £2 million lower (1999: £8 million lower), and earnings per ADS and diluted earnings per ADS would both have been 1.0p lower (1999: 3.6p lower) than the figures shown above. Differences arising in earlier years were not material.

The fair value of the options granted are estimated using a European binomial option pricing model. The range of assumptions applied to options granted in 2000 were: dividend yield of 1.2%-1.7%, volatility of 44%-52% and risk-free investment rates of 6.72%-6.8%.

(ii) Capital reorganisation

As explained in note 26, Reuters Holdings PLC completed a capital reorganisation in 1998. Under US GAAP, this transaction was deemed a share consolidation combined with a special dividend and, accordingly, earnings per share and per ADS and dividends per share and per ADS were retroactively restated. Under UK GAAP, no restatement of earnings per share was deemed necessary as the cash payment was considered to be equivalent to a repurchase of shares at market value and the number of new shares in Reuters Group PLC was set to facilitate comparability of earnings with those of Reuters Holdings PLC.

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36. ADJUSTMENTS TO NET INCOME continued

(iii) Derivative instruments and hedging activities

Financial Accounting Standard No 133, Accounting for Derivative Instruments and Hedging Activities (FAS 133) as amended by FAS 138, became effective for Reuters on 1 January 2001. FAS 133, which requires all derivatives to be carried on the balance sheet at fair value, introduces new rules in respect of hedge accounting and the recognition of movements in fair value through the income statement.

Reuters expects that it will not designate any of its derivative instruments as qualifying hedge instruments under FAS 133 and, accordingly, the company expects to record changes in the fair value of its derivative instruments in current earnings each period. The company will record a transition adjustment in its accounting records to comply with FAS 133. The transition adjustment will be calculated using the assumption that none of the hedging relationships that existed prior to the adoption of FAS 133 will qualify for hedge accounting after the adoption of FAS 133.

Under UK GAAP, Reuters will continue to apply hedge accounting and accordingly expects to present a US GAAP adjustment for 2001 and in subsequent years. At this time, Reuters plans no significant change to its risk management strategies due to the adoption of FAS 133.

The impact that FAS 133 will have on the US GAAP results in Reuters financial statements for the year ended 31 December 2001 is currently being assessed.

37. ADJUSTMENTS TO SHAREHOLDERS' EQUITY

	2000 £M	1999 £M	1998 £M
Capital employed before minority interest in accordance with UK GAAP	1,102	601	372
US GAAP adjustments:			
a. Software revenue recognition	(6)	—	(2)
b. Capitalised software and website development costs net of amortisation	6	4	6
c. Investments in joint ventures and associates	(81)	—	—
f. Goodwill and other acquisition accounting adjustments	4	4	(16)
g. Liabilities	(73)	(42)	(28)
h. Deferred taxes	18	(123)	(10)
i. Dividends not formally declared or paid during the year	174	154	155
j. Shares held by employee share ownership trusts	(117)	(95)	(45)
k. Fixed asset investments	159	606	72
Shareholders' equity in accordance with US GAAP	1,186	1,109	504

38. STATEMENT OF COMPREHENSIVE INCOME

	2000 £M	1999 £M	1998 £M
Net income in accordance with US GAAP	534	451	392
Other comprehensive income, net of tax:			
Unrealised gains on certain fixed asset investments:			
Arising during year	(270)	425	37
Less gains in net income	(43)	(10)	(19)
Foreign currency translation differences	40	10	(1)
Comprehensive income in accordance with US GAAP	261	876	409

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

39. SUMMARISED BALANCE SHEET (US GAAP BASIS)

	2000 £M	1999 £M	1998 £M
Assets			
Fixed tangible assets	1,584	1,534	889
Current assets	1,886	1,401	1,565
Other assets	60	46	42
Software development costs	6	4	6
Goodwill and other intangibles	247	188	220
Total assets	3,783	3,173	2,722
Liabilities and shareholders' equity			
Current liabilities	2,130	1,556	2,102
Long-term liabilities	458	362	75
Deferred taxes	9	146	24
Minority interest	—	—	17
Shareholders' equity before deductions	1,349	1,236	562
Shares held by employee share ownership trusts	(163)	(127)	(58)
Total shareholders' equity	1,186	1,109	504
Total liabilities and shareholders' equity	3,783	3,173	2,722

Goodwill and other intangibles are net of accumulated amortisation of £477 million (1999: £415 million, 1998: £370 million). Software development costs are net of accumulated amortisation of £16 million (1999: £14 million, 1998: £12 million).

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INFORMATION FOR SHAREHOLDERS

MAJOR SHAREHOLDERS

Ordinary shares

As of 16 February 2001, there were 1,404,617,643 ordinary shares outstanding, excluding 24,690,616 ordinary shares owned by certain employee share ownership trusts (see note 16). Reuters has received notice under section 198 of the Companies Act 1985, that on 16 February 2001, The Capital Group Companies, Inc., and its affiliates together held, in their capacity as investment managers, 51,935,504 ordinary shares (representing 3.63% of Reuters share capital). On that date, to Reuters knowledge, all directors and officers of Reuters as a group (19 persons) had an interest in an aggregate of 773,418 ordinary shares, representing approximately 0.05% of the total outstanding, excluding an aggregate of 1,984,560 ordinary shares that may be acquired by directors and officers pursuant to the share option and share rights schemes referred to on pages 18-24.

The Founders Share

Reuters is dedicated to preserving its independence, integrity and freedom from bias in the gathering and dissemination of news and information. The Reuters Founders Share Company Limited (the Founders Share Company) was established to safeguard those qualities and holds a single Founders Share. This share may be used to outvote all ordinary shares if other safeguards fail and there is an attempt to seize control of the company. Control, for this purpose, means 30% of the ordinary shares. The Trustees of the Founders Share Company (who constitute both its members and directors) have a duty to ensure, as far as they are able by the proper exercise of the powers vested in them, that the Reuters Trust Principles are observed (see page 82).

The Trustees are nominated by a Nomination Committee which includes certain serving Trustees, one person nominated by each of four news associations and two persons appointed by the Chairman of Reuters. A Trustee may not be a director or employee of Reuters.

The current Trustees are as follows:

	TRUSTEE SINCE
Leonard Terry Berkowitz	1998
Sir Michael Checkland	1994
Dr Claude Neville David Cole CBE	1984
Robert Francis Erburu	1999
Pehr Gustaf Gyllenhammar (Chairman)	1997
Toyoo Gyohten	2000
Jacques Martin Henri Marie de Larosière de Champfeu KBE	1999
Sir Christopher Leslie George Mallaby GC, MG, GCVO	1998
The Right Hon The Baroness Noakes DBE	1998
Sir William Purves CBE, DSO	1998
Jaakko Kaarle Mauno Rauramo	1999
Arthur Ochs Sulzberger	1994
Ernest James Lyle Turnbull AO	1993
Richard John Winfrey	1987

Each Trustee is normally required to retire at the annual general meeting (AGM) of the Founders Share Company following the fifth anniversary of his or her nomination, or last renomination, and will be eligible for renomination (unless he or she has reached the age of 75).

RELATED PARTY TRANSACTIONS

Related party transactions are principally with Radianz and Factiva. During 2000, and in accordance with inter-company agreements, Radianz provided Reuters with network services, from 1 July 2000, totalling £110 million (see material contracts on page 87). Also during the year, Factiva provided picture archiving facilities and the internal use of its information product, Reuters Business Briefing, at a cost of approximately £1 million. Also Reuters acted as collection agent for £40 million of venture revenues which were billed to it by Factiva. Reuters provided both parties with technical and administrative support services of £87 million and £25 million respectively. In addition, Reuters purchased £12 million of development services from TSI.

Reuters provides financial information services to many of the companies with which it shares a common director. These services totalled £80 million during 2000.

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

Under the terms of the agreement with Dow Jones and Company relating to the formation of the Factiva joint venture, Reuters agreed to invest \$20 million in cash in the venture over a period of five years payable \$2 million half-yearly commencing July 1999. This element of the agreement is evidenced by an interest-free promissory note. At 31 December 2000 the balance outstanding under the note was \$14 million.

For further information on related party transactions see note 29.

INFORMATION FOR SHAREHOLDERS

TRADING MARKETS

The ordinary shares are traded on the London Stock Exchange and American Depositary Shares (ADSs), each representing six ordinary shares, are traded on the Nasdaq Stock Market. 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 18 February 1998 (the Deposit Agreement), among Reuters Group, 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 the ordinary shares based on the Daily Official List of the London Stock Exchange and (ii) the reported high and low sales prices of the ADSs on Nasdaq. The price information included for 1 January 1996 to 18 February 1998 (prior to the capital reorganisation described in note 26) is for the ordinary shares of 2.5p each of Reuters Holdings PLC (Reuters Holdings) and the American Depositary Shares which represented them.

	THE LONDON STOCK EXCHANGE		NASDAQ	
	POUNDS PER SHARE		US DOLLARS PER ADS	
	HIGH	LOW	HIGH	LOW
Annual market prices:				
1996	8.18	5.84	76.875	54.625
1997	7.82	5.55	76.750	56.000
1998	7.70	4.12	74.750	42.125
1999	10.11	4.86	100.000	50.250
2000	16.20	7.59	157.250	72.625
Quarterly market prices:				
1999				
First quarter	9.98	6.13	96.313	62.063
Second quarter	10.11	7.95	100.000	78.000
Third quarter	9.70	6.54	93.375	64.688
Fourth quarter	9.16	4.86	86.000	50.250
2000				
First quarter	16.20	7.59	157.250	72.625
Second quarter	12.92	8.69	126.000	75.500
Third quarter	14.52	11.89	128.250	101.750
Fourth quarter	13.54	10.38	119.500	86.000
Monthly market prices:				
2000				
August	13.80	12.20	121.250	107.500
September	14.52	12.30	128.250	105.000
October	13.54	11.20	119.500	93.750
November	13.50	10.38	118.000	86.000
December	12.95	10.79	114.125	91.375
2001				
January	11.58	10.23	104.500	91.500
February (to 16 February)	11.00	10.18	97.000	87.125

ANALYSIS OF SHAREHOLDERS

As of 16 February 2001 there were 1,404,617,643 Reuters ordinary shares in issue, excluding ordinary shares held by employee share ownership trusts. There were 36,641 shareholders on the ordinary share register, presented by category in the chart below.

As of the same date 598,435 ordinary shares and ADRs evidencing 20,064,861 ADSs (representing 120,389,166 ordinary shares) were held on record in the US. These ordinary shares and ADRs were held by 194 record holders and 2,310 record holders, respectively, and represented 0.04% or evidenced ADSs representing 8.42%, 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.



Note 1: Includes unit trusts and mutual funds

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

DIVIDENDS

The table below sets forth the amounts of interim, final and total dividends (excluding any associated UK tax credit discussed on pages 88-89) paid in respect of each fiscal year indicated. Pound sterling amounts per share have been translated into US cents per ADS (each representing six ordinary shares) at the actual rates of exchange used for each of the respective payments of interim and final dividends. The first section of the table shows the dividends paid as reported under UK GAAP. The second section of the table gives the amounts restated for the 1998 Capital Reorganisation and as reported under US GAAP (see note 36).

FISCAL YEAR ENDED 31 DECEMBER	PENCE PER SHARE			CENTS PER ADS		
	INTERIM	FINAL	TOTAL	INTERIM	FINAL	TOTAL
Dividends in accordance with UK GAAP						
1996	2.75	9.00	11.75	25.72	87.59	113.30
1997	3.10	9.90	13.00	29.40	98.81	128.21
1998	3.40	11.00	14.40	33.69	105.74	139.43
1999	3.65	11.00	14.65	35.03	104.15	139.18
2000	3.65	12.35	16.00	31.56		

FISCAL YEAR ENDED 31 DECEMBER	PENCE PER SHARE			CENTS PER ADS		
	INTERIM	FINAL	TOTAL	INTERIM	FINAL	TOTAL
Dividends retroactively restated in accordance with US GAAP						
1996	3.17	10.38	13.55	29.64	101.02	130.66
1997	3.58	9.90	13.48	33.95	98.81	132.76
1998(2)	108.02	11.00	119.02	1058.10	105.74	1163.84
1999	3.65	11.00	14.65	35.03	104.15	139.18
2000(1)	3.65	12.35	16.00	31.56		

(1) The final dividend in respect of 2000 is payable on 26 April 2001 to holders of ordinary shares on the register at 16 March 2001 and on 3 May 2001 to holders of ADSs on the register at 16 March 2001, and will be converted into US dollars from sterling at the rate prevailing on 26 April 2001.

(2) The 1998 interim dividend amount in accordance with US GAAP consists of the interim dividend of 3.40p per share (33.69 cents per ADS) paid in September 1998 and the amount recorded as a dividend under the terms of the Capital Reorganisation consummated on 18 February 1998 of 104.62p per share (1024.41 cents per ADS).

During the period of business transformation Reuters dividend policy will be aligned to the results of Reuters Financial, which comprises Reuters Information and Reuters Trading Solutions.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The following description summarises certain material rights of holders of Reuters ordinary shares of 25p each and material provisions of the Memorandum and Articles of Association of Reuters Group (the Articles), the Memorandum and Articles of Association of the Founders Share Company and English law. The following description is a summary only and is qualified in its entirety by reference to the Articles, which have been filed with the US SEC, and the UK Companies Act 1985, as amended (the Companies Act).

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

In this description, the term holder refers to the person registered in Reuters register of members as the holder of the relevant share and the term beneficial owner refers to a person other than the holder who has a beneficial interest in the relevant share. Morgan Guaranty Trust Company of New York, which acts as Depositary under the Deposit Agreement relating to Reuters ADSs, is the holder of the ordinary shares represented by the outstanding ADSs.

General

Reuters is incorporated under the name Reuters Group PLC and is registered in England and Wales with registered number 3296375. Reuters objects are set forth in the fourth clause of its Memorandum of Association and cover a wide range of activities, including the following:

- collecting information and supplying news and information services and products;
- acquiring and operating wireless installations, satellites and other means of communication;
- utilising its communications capabilities to provide various financial and securities markets services; and
- carrying on any other business supplemental to the foregoing or capable of enhancing the company's profitability or capitalising on its expertise.

The Articles grant Reuters a broad range of corporate powers to effect these objectives.


The Reuters Trust Principles and the Founders Share Company

The Articles contain two sets of restrictions relating to the ownership of the company's shares. These restrictions are intended to ensure continued compliance with the following principles (the Reuters Trust Principles) set forth in the Articles:

- that Reuters shall at no time pass into the hands of any one interest, group or faction;
- that the integrity, independence and freedom from bias of Reuters shall at all times be fully preserved;
- that Reuters shall supply unbiased and reliable news services to newspapers, news agencies, broadcasters and other media subscribers and to businesses, governments, institutions, individuals and others with whom Reuters has or may have contracts;
- that Reuters shall pay due regard to the many interests which it serves in addition to those of the media; and
- that no effort shall be spared to expand, develop and adapt the news and other services and products of Reuters so as to maintain its leading position in the international news and information business.

For the purposes of the Reuters Trust Principles, the term Reuters means Reuters Group and every subsidiary of Reuters Group from time to time supplying news services.

The first set of restrictions contained in the Articles applies to persons that become interested in 15% or more of the ordinary shares outstanding at any time. The term interested is defined in the Articles by reference to provisions of the Companies Act, which require persons to disclose to public companies interests in voting shares in excess of a prescribed percentage. Subject to certain exceptions, all shares held by a person who reaches the 15% limit will be disenfranchised and Reuters may further effect the involuntary disposition of any shares exceeding the 15% limit. This set of restrictions is more fully described below under Rights and restrictions attaching to Reuters shares - Restrictions on ownership - Disenfranchisement and disposal of excess interests.



Second, Reuters share capital includes the Founders Share, which is held by the Founders Share Company, a company limited by guarantee consisting of individuals, referred to as the Reuters Trustees, who constitute both its members and directors. The Founders Share empowers the Founders Share Company to cast such number of votes as will pass any resolution supported by, and defeat any resolution opposed by, the Founders Share Company if it believes that any person or persons have obtained, or are seeking to obtain, control of Reuters. Control for these purposes is defined as the ability to control the exercise of 30% or more of the votes that may be cast on a poll at general meetings. Under the Articles, the special rights attaching to the Founders Share may not be varied or abrogated in any respect without the prior written consent of the Founders Share Company. The rights attaching to the Founders Share are described in more detail below under Rights and restrictions attaching to Reuters shares – Voting rights – Rights conferred by Founders Share.

The restrictions on interests in ordinary shares and the extraordinary voting rights of the Founders Share may be characterised as anti-takeover provisions to the extent they are intended to prevent a bid for control of Reuters. Tender offers or other non-market acquisitions of shares are usually made at prices above the prevailing market price of a company's shares. Acquisitions of shares by persons attempting to acquire control through market purchases may support the price of shares at market levels higher than otherwise would be the case. The anti-takeover provisions applicable to Reuters may be expected to preclude such offers.

Directors

Reuters Articles provide for a Board of Directors consisting of not fewer than five nor more than 15 directors. The Articles require that, in performing their duties, the directors have due regard for the Reuters Trust Principles insofar as, by the proper exercise of their powers and in accordance with their other duties as directors, the directors may do so.

The Articles contain provisions that require the Board of Directors to include at least five non-executive directors before a new executive director can be appointed.

Under the Articles, a director may not vote in respect of any contract, arrangement or proposal in which the director, or any person connected with the director, has any material interest other than by virtue of the director's interests in securities of, or otherwise in or through, Reuters. This is subject to certain exceptions relating to proposals (a) giving the director any guarantee, security or indemnity in respect of obligations incurred at the request of or for the benefit of Reuters, (b) giving any guarantee, security or indemnity to a third party in respect of obligations of Reuters for which the director has assumed responsibility under an indemnity or guarantee, (c) relating to an offer of securities of Reuters in which the director may be entitled to participate or will be interested as an underwriter, (d) concerning any other company in which the director is beneficially interested in less than 1% of the issued shares of any class of the company or the voting rights available to its shareholders, (e) relating to the adoption, modification or operation of any employee benefits plan which will provide the director with the same benefits as other employees, and (f) relating to any liability insurance that Reuters is empowered to purchase for its directors or employees in respect of actions undertaken as directors or officers of Reuters.

In the absence of an independent quorum, the directors are not able to vote compensation to themselves or any members of their body.

The directors are empowered to exercise all the powers of Reuters to borrow money, subject to the limitation that the aggregate principal amount outstanding in respect of moneys borrowed by Reuters shall not exceed the higher of a sum equal to two and a half times Reuters share capital and aggregate reserves (after making certain adjustments for events subsequent to the date of the latest audited balance sheet and other adjustments described in the Articles) and £5,000 million, unless sanctioned by an ordinary resolution of Reuters shareholders.

At each annual general meeting of Reuters shareholders, at least one-third of the directors (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. The directors to retire by rotation at the annual general meeting include any director who is due to retire at the meeting by reason of age. A retiring director shall be eligible for re-election. For additional information see the directors' report and corporate governance which appear on pages 10-14.

A non-executive director is not required to hold 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.

Rights and restrictions attaching to Reuters shares

Dividends

Holders of ordinary shares are entitled to participate in the payment of dividends. The Founders Share is not entitled to participate in the payment of dividends. The Board of Directors may propose and pay interim dividends, and recommend a final dividend, in respect of any accounting period out of the profits available for distribution under English law. A final dividend may be declared by the shareholders in general meeting (by ordinary resolution requiring a simple majority of the votes cast) but no dividend may be declared in excess of the amount recommended by the Board. Failure to obtain shareholder approval does not affect any previously paid interim dividends.

Reuters may allot ordinary shares in lieu of cash dividends, subject to shareholder approval at the time the relevant dividend is declared. In addition, Reuters may declare and pay equivalent dividends to shareholders outside the United Kingdom in local currencies and pay such dividends to the Depositary for value on the payment date.

Voting rights

Rights conferred by ordinary shares. Voting at a general meeting of shareholders is by show of hands of the holders of ordinary shares unless, before or on making known the result, voting by reference to the number of ordinary shares held by each holder who is present or represented at the meeting, which is referred to as a poll, is demanded in accordance with the Articles. If voting is by show of hands, each holder of ordinary shares who is present in person has one vote. On a poll every holder of ordinary shares who is present in person or by proxy has one vote for every ordinary share held.

Holders of a substantial number of ordinary shares may be disenfranchised under the circumstances described under Restrictions on Ownership below.

Rights conferred by Founders Share. Notwithstanding the voting rights conferred by the ordinary shares described above, the Founders Share confers upon the Founders Share Company the right on any resolution, the passing of which would be a variation or abrogation of the rights attached to the Founders Share, to cast such number of votes as are necessary to ensure the defeat of such resolution. The Articles provide that the alteration of specified articles relating to the rights of the Founders Share and the Reuters Trust Principles are deemed to constitute a variation of the rights attached to the Founders Share. In addition, any resolution proposing the winding up of Reuters voluntarily, by the Court, or any reconstruction of Reuters, or any resolution which would attach to any share voting rights not identical in all respects with those attached to the ordinary shares, is deemed to be a variation of the rights attached to the Founders Share.

Additionally, if there are, in the opinion of the Founders Share Company, reasonable grounds for believing that any person and their associates has or have obtained or is or are attempting to obtain, directly or indirectly, control of Reuters, the Founders Share Company is entitled in its absolute discretion to serve or cause to be served on Reuters a written notice, signed by any one or more of the Reuters Trustees, referred to as a Founders Share Control Notice, to the effect that the Founders Share Company is of that opinion. Control is defined for these purposes as the ability to control the exercise of 30% or more of the votes which may be cast on a poll at a general meeting of Reuters. If a director of Reuters becomes aware of any facts that might lead to the directors and/or the Founders Share Company taking the view that a Founders Share Control Notice should be served, he is required to inform the other directors of these facts without delay and the directors are required to give notice of them to the Founders Share Company forthwith. At all times after the service of a Founders Share Control Notice, and pending its rescission, the Founders Share confers upon the Founders Share Company the right to cast on a poll such number of votes as are necessary to ensure the effective passing of any resolution in favour of which it votes, and to ensure the defeat of any resolution against which it votes. The Articles provide that the opinion of the Founders Share Company in respect of the service or rescission of a Founders Share Control Notice shall be final and binding and may not be challenged on any grounds whatsoever.

The Founders Share Company is entitled at any time to serve upon Reuters a written request for an extraordinary general meeting of Reuters and the directors of Reuters are obligated to comply with such request. If they do not comply, the Founders Share Company is entitled itself to convene an extraordinary general meeting of Reuters. If a Founders Share Control Notice has been served, however, the Founders Share Company can convene an extraordinary general meeting of Reuters without first requesting that the directors do so.

Any two Reuters Trustees can bind all Reuters Trustees to exercise the voting rights attaching to the Founders Share so as to defeat a resolution that would be deemed to be a variation of the rights attached to the Founders Share. However, the vote of a majority of the Reuters Trustees is required to determine whether a Founders Share Control Notice should be served and, if so, the manner in which the voting rights attaching to the Founders Share shall be exercised (excluding the vote of any Reuters Trustee who is associated with or materially financially interested in the person attempting to obtain control of Reuters).

Restrictions on ownership

Ordinary shares. Under the Articles, a person is interested in shares if, among other things, he is interested directly, or through his family or one or more companies, or through an interest in association with others pursuant to an agreement or understanding, or through a trust (including a reversionary interest, an interest in remainder or as a discretionary object) or if he controls the voting rights of others, and even though the interest may be a joint interest or may be subject to restraint or restriction. The definition of interest in shares in the Articles is currently made by reference, with specified variations, to certain provisions of the Companies Act.

Disclosure of interests in ordinary shares. The Articles provide for the disclosure of interests in shares and, by reference to the Companies Act provisions mentioned above, with specified variations, require any person who becomes or ceases to have an interest of 10% or more, or a material interest of 3% or more, of the ordinary shares to notify Reuters, and any person having such an interest to notify any change in the percentage level thereof. Under the relevant provisions of the Companies Act as currently in force, if a person acquires an interest (as defined therein, in a manner similar but not identical to the definition under the Articles) in voting shares of a public company amounting to 10% or more of the voting shares of any class, or if he increases or reduces such holding by at least 1% or if he ceases to have such holding, he is obligated to notify the company within two days of the day on which he acquired 10% or any such change in his interest took place. Further, if his interest is a material interest (defined as meaning all interests in shares subject to certain exceptions, including an exception for interests arising by virtue of certain investment management arrangements) the 10% referred to above is reduced to 3%.

The Articles provide for disenfranchisement of shares which are the subject of a notice under Section 212 of the Companies Act (which allows a company to require disclosure of certain details concerning ownership of its shares) if the persons served with any such notice are in default in answering any such notice. The Articles also provide for the imposition of restrictions on transferability of the shares concerned and on the right to receive dividends in addition to disenfranchisement if such shares represent at least 0.25% of the class concerned. Such restrictions cannot, however, be imposed until the expiry of 14 days. Any such restrictions cease if the shares concerned are sold pursuant to a takeover offer or to an unconnected third party or through the London Stock Exchange. The restrictions on transferability only apply to certificated shares. Where a holder of uncertificated shares is in default in answering a Section 212 notice in respect of these shares, the Articles provide that the Founders Share Company may require the directors of Reuters to apply to the Court for such order as may be appropriate.

Disenfranchisement and disposals of excess interests. Subject to certain exceptions described below, certain restrictions apply to persons that become interested (as defined in the Articles) in 15% or more of the ordinary shares. If any person becomes interested in 15% or more of the outstanding shares, referred to as the Relevant Shares, the directors of Reuters are required to serve a Restriction Notice on that person, on any other person known to the directors to have an interest in the Relevant Shares and, if different, on the registered holder of the Relevant Shares. While a Restriction Notice in respect of Relevant Shares is in force, a registered holder of the Relevant Shares is not entitled in respect of such shares to receive notice of, attend or vote, either in person or by proxy, at any general meeting of Reuters or at any meeting of the holders of any class of shares of Reuters. In addition, a Restriction Notice will require such person to dispose of any Relevant Shares exceeding the 15% limit and supply evidence to the company that such disposal has occurred within 21 days or such longer period as the directors of Reuters consider reasonable. If such disposition is not made within the specified period, the directors of Reuters are empowered to dispose of any shares exceeding the 15% limit. Such a disposition may be made on terms determined by the directors, including by means of an instruction to effect an electronic transfer in the case of uncertificated shares. The net proceeds of the disposition shall be paid, without interest, to the former registered holder of the Relevant Shares.

If the directors have reasonable cause to believe that any person is or may become interested in 15% or more of the ordinary shares and that they have made reasonable inquiries, such shares shall be deemed to be shares in which such person is interested until such time as the directors resolve that they are satisfied that they are not. The directors may assume without inquiry that a person is not interested in 15% or more of the ordinary shares unless the information in the appropriate registers kept by Reuters indicates to the contrary or the directors have reason to believe otherwise. Under the Articles, any belief, resolution, decision or action of the directors held, made or taken pursuant to any of the provisions concerning restrictions on ownership shall be conclusive, final and binding on all persons concerned and may not be challenged on any grounds whatsoever.

The restrictions are subject to certain modifications where a person becomes interested in 15% or more of the issued shares of any class by reason of a rights issue or an underwriting in the ordinary course of a business which includes underwriting offers of securities.

INFORMATION FOR SHAREHOLDERS continued

The Founders Share. Ownership of the Founders Share is restricted to the Founders Share Company. Under its Memorandum and Articles of Association, the Founders Share Company is not permitted, directly or indirectly, to dispose of, or permit or procure the disposition of, the Founders Share or of any interest therein, or to grant, or permit or procure the grant of, any rights in respect of the Founders Share or any interest therein, whether directly or indirectly, and whether by one or more operations or omissions.

Pre-emptive rights, new issues of shares and repurchase of shares

Holders of ordinary shares have no pre-emptive rights under the Articles. However, the ability of the directors to cause Reuters to issue shares, securities convertible into shares or rights to shares, otherwise than pursuant to an employee share scheme, is restricted.

Under the Companies Act, the directors of a company are, with certain exceptions, unable to allot any equity securities without express authorisation, which may be contained in a company's Articles of Association or given by its shareholders in general meeting, but which in either event cannot last for more than five years. The Companies Act imposes further restrictions on the issue of equity securities for cash other than issue by way of rights to existing shareholders unless the statutory requirement is displaced or modified by the shareholders in general meeting or under the company's Articles of Association.

At the annual general meeting to be held on 24 April 2001, a resolution will be proposed to authorise the directors to allot relevant securities, as defined in the Companies Act, including any equity securities, up to an aggregate nominal amount of £128,175,363 until the earlier to occur of Reuters annual general meeting in 2002 or 24 July 2002. The resolution will also authorise equity securities as defined in the Companies Act to be issued within this limit by way of a rights offer, or otherwise pro rata to existing shareholders, but other issues of equity securities, except for shares issued pursuant to employee share schemes, will be limited to an aggregate of £17,864,344 in nominal value.

Subject to applicable provisions of English law, Reuters may purchase ordinary shares. Currently, Reuters has general authority to repurchase up to 142,914,752 ordinary shares at prices ranging from 25p and not more than 5% above the average of the middle market quotations taken from the Daily Official List of the London Stock Exchange for the five business days before the purchase is made.

Rights in a winding up

If Reuters is wound up, the liquidator may, with the authority of an extraordinary resolution, divide among the holders of ordinary shares and the Founders Share, pro rata to their holdings, the assets of Reuters (after satisfaction of liabilities to creditors), provided, however, that the Founders Share Company may receive up to £1 and no more.

Variation of rights and alteration of share capital

If, at any time, Reuters share capital is divided into different classes of shares, the rights attached to any class may be varied, subject to the provisions of the Companies Act, with the consent in writing of holders of three-quarters in value of the shares of that class or upon the adoption of an extraordinary resolution passed at a separate meeting of the holders of the shares of the class. At every such separate meeting, all of the provisions of the Articles relating to proceedings at a general meeting apply, except that the quorum is to be the number of persons (which must be two or more) who hold or represent by proxy not less than one-third in nominal value of the issued shares of the class.

Reuters can increase its share capital by ordinary resolution in conformity with the provisions of the Companies Act. However, new shares cannot have voting rights which are not identical to those of ordinary shares without the prior written consent of the Founders Share Company. Furthermore, Reuters may issue shares with preferred and other special rights or restrictions, provided that the prior written consent of the Founders Share Company is required for issuing any shares with rights not identical to those of ordinary shares. Reuters can consolidate, divide and cancel any of its shares (other than the Founders Share) by extraordinary resolution and can reduce its share capital (other than the Founders Share).

Annual general meetings and extraordinary general meetings

Annual general meetings must be convened upon advance written notice of 21 days. An extraordinary general meeting must be convened upon advance written notice of 21 days for the passing of a special resolution and 14 days for any other resolution, depending on the nature of the business to be transacted. The days of delivery of receipt of the notice are not included. The notice must specify the nature of the business to be transacted if it is other than routine business or if an extraordinary or a special resolution is proposed. The notice may also specify a

time, not more than 48 hours prior to the time fixed for the meeting, by which a person must be entered on the Reuters register in order to have the right to attend and vote at the meeting.



MATERIAL CONTRACTS

Radianz Limited - joint venture with Equant Finance BV

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

The standards for performance of services provided have been agreed between Reuters and Radianz. In addition, the NSA sets out the processes and procedures for managing the contract going forward. In particular the NSA sets out details for monthly performance reviews relating to capacity service levels, operational changes and orders, introduction of new services and ongoing requirements by Reuters. There is also provision for quarterly meetings to discuss the contract and its operation and technical matters relating to the business continuity plans. Meetings are attended by representatives of Reuters, Radianz and their respective groups as appropriate.

Reuters has generally agreed to continue to use Radianz for its network services in support of global and strategic products during the term of the agreement. Detailed provisions in respect of rates and charges have been agreed between Reuters and Radianz, which Reuters believes are competitive with the cost of reasonably comparable services. Radianz has agreed that it shall provide the network services to Reuters on terms which are no less favourable than reasonably comparable services offered to any other customer of Radianz, and Reuters has agreed to spend an agreed amount with Radianz annually.

EXCHANGE CONTROL

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.

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

EXCHANGE RATES

The following table sets forth, for the periods indicated, the average or the high, and low Noon Buying Rates for pounds sterling in US dollars per £1.

FISCAL YEAR ENDED 31 DECEMBER	AVERAGE*	MONTH	HIGH	LOW
		August 2000	1.51	1.45
1996	1.57	September 2000	1.48	1.40
1997	1.65	October 2000	1.47	1.43
1998	1.66	November 2000	1.45	1.40
1999	1.62	December 2000	1.50	1.44
2000	1.52	January 2001	1.50	1.46
2001 (through 16 February 2001)	1.47	February 2001 (through 16 February 2001)	1.48	1.44

*The average exchange rates have been calculated using the Noon Buying Rates on the last trading day of each calendar month during the period.

On 16 February 2001 the Noon Buying Rate was \$1.45 = £1.

Fluctuations in the exchange rate between the pound sterling and the US dollar will affect the US dollar amounts received by holders of the ADSs upon conversion by the depositary of cash dividends paid in pounds sterling on the ordinary shares and represented by the ADSs. Also, fluctuations in the exchange rate may affect the relative market prices of the ADSs in the US and the ordinary shares in the UK.

For the effect on 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 on page 34.

INFORMATION FOR SHAREHOLDERS continued

TAXATION FOR US SHAREHOLDERS

The following discussion of taxation is intended only as a descriptive summary and does not purport to be a complete technical analysis or listing of all potential tax effects relevant to 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 published practice in force as of 31 December 2000. The statements herein are subject to any changes in UK or US law, in UK Inland Revenue practice and in any double taxation convention between the US and the UK, occurring after the date of this Report.

UK taxation consequences

UK taxation of dividends - - refund of tax credits

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

A shareholder who is an individual resident for tax purposes in the UK, is entitled to a tax credit on cash dividends paid by Reuters on or after 6 April 1999 on ordinary shares equal to one-ninth of the cash dividend or 10% of the dividend plus the tax credit. The tax credit may be set off against a UK resident individual shareholder's total income tax liability, but no cash refund will be available, save that where ordinary shares are held in Personal Equity Plans and Individual Savings Accounts, the tax credit on dividends received into such accounts before 6 April 2004 will generally be repayable.

For dividends paid prior to 6 April 1999, under the terms of the UK/US Double Taxation Convention 1975 (the treaty), which is currently being renegotiated, certain categories of US resident holders of ordinary shares or ADRs (eligible US holders) were generally entitled to receive from the UK Inland Revenue payment of a refund (refund) of the tax credit available to UK individual resident shareholders which was then 25% of the cash dividend. A 15% withholding tax was imposed on the sum of the dividend plus the refund (the gross dividend). For example, if a dividend of £80 had been paid prior to 6 April 1999, that dividend would have resulted in a £20 refund (the tax credit available to UK resident shareholders). The gross dividend of £100 (£80 plus £20) would have been subject to an UK withholding tax of £15. Thus, the eligible US holder would have received £85 (£80 cash dividend plus £5 UK tax payment).

The changes made by UK legislation for dividends paid on or after 6 April 1999 mean that an eligible US holder effectively ceases 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. Hence, using the example set out above, an £80 cash dividend would result in an eligible US holder receiving £80 after deduction of withholding tax of £8.89 (being equal to the tax credit on the cash dividend). Any arrangements that were in place for an eligible US holder to receive a UK tax payment have therefore ceased.

As was the case prior to 6 April 1999, special rules apply for the purposes of determining the tax credit available to a US corporation which, either alone or together with one or more associated corporations, controls, directly or indirectly, 10% or more of the voting stock of Reuters.

UK taxation of capital gains

The following categories of US persons may be liable for both UK and US tax in respect of a gain on the disposal of ordinary shares or ADRs: (i) US citizens resident or ordinarily resident in the UK, (ii) US corporations resident in the UK by reason of their business being managed or controlled in the UK, and (iii) US citizens or corporations which are trading or carrying on a profession or vocation in the UK through a branch or agency and which have used, held, or acquired, the ordinary shares or ADRs for the purposes of such trade, profession or vocation of such branch or agency. However, subject to applicable limitations, 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.

UK inheritance tax

An individual who is domiciled in the US for the purposes of the UK/US estate and gift tax convention and who is not a national of the UK for the purposes of that convention, generally will not be subject to UK inheritance tax in respect of the ordinary shares or ADRs on the individual's death, or on a transfer of the ordinary shares or ADRs during the individual's lifetime. However, the individual will be subject to UK inheritance tax if the ordinary shares or ADRs are part of the business property of a permanent establishment of the individual in the UK, or pertain to a fixed base in the UK of an individual who performs independent personal services. Special rules apply to ordinary shares or ADRs held in trust. In the exceptional case, where the disposition is subject both to UK inheritance tax and to US federal gift or estate tax, the convention generally provides for any tax paid in the UK to be credited against tax liable to be paid in the US, or for tax paid in the US to be credited against the tax payable in the UK, based on priority rules set out in the convention.

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UK stamp duty and stamp duty reserve tax

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

UK stamp duty will generally be charged on conveyances or transfers of ordinary shares, at the rate of 0.5% of the amount or value of the consideration, if any, for the transfer.

SDRT will be imposed, at the rate of 0.5% of the amount or value of the consideration for the transfer, if an agreement is made for the transfer of ordinary shares, unless an instrument of transfer of the ordinary shares in favour of the purchaser, or its nominee, is executed and duly stamped within six years of the day that the agreement is made (or, in a case where the agreement is conditional, the day that the condition is satisfied) in which case, any SDRT paid will be repaid (together with interest where the SDRT is not less than £25) on a claim for repayment or, to the extent not paid, the charge to SDRT will be cancelled. SDRT is in general payable by the purchaser of ordinary shares, but there are regulations which provide for collection from other persons in certain circumstances.

UK stamp duty or SDRT will generally be imposed on any instrument transferring ordinary shares to a person, or to a nominee or agent for such a person, whose business is or includes issuing depositary receipts (such as the ADRs) for relevant securities. In these circumstances, stamp duty or SDRT will be charged at the rate of approximately 1.5% of the amount or value of the consideration for conveyance or transfer on sale or, otherwise, 1.5% of the value of the security transferred at the date the instrument is executed.

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

US taxation consequences

The following is a summary of certain US federal income tax consequences of the ownership of ordinary shares or ADRs by a US holder that holds the ordinary shares or ADRs as capital assets, and does not take into account the specific circumstances of any particular investors, some of which may be subject to special rules. In addition, the summary is based in part upon the representations of the depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

For purposes of this discussion, a US holder is any beneficial owner of ordinary shares or ADRs that is (i) a citizen or resident of the US, (ii) a corporation organised under the laws of the US or any US State, (iii) an estate the income of which is subject to US federal income tax without regard to its source, or (iv) a trust if a court within the

US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust.

US taxation of dividends

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

INFORMATION FOR SHAREHOLDERS continued

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

US taxation of capital gains

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

PFIC

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

FINANCIAL DIARY FOR 2001

Tuesday 13 February	Results for year 2000 announced
Wednesday 14 March	Ordinary shares go ex-dividend ADSs go ex-dividend Annual report and annual review posted to shareholders
Tuesday 24 April	First quarter trading statement issued Annual General Meeting Time: 11:30 am Venue: Gibson Hall, 13 Bishopsgate, London EC2 Extraordinary General Meeting Time: 11:45 am Venue: Gibson Hall, 13 Bishopsgate, London EC2
Thursday 26 April	Final dividend for 2000 payable to ordinary shareholders on the register as at 16 March 2001
Thursday 3 May	Final dividend payable to ADS holders on the record as at 16 March 2001
Tuesday 24 July	Results for first six months of 2001 announced
Wednesday 1 August	Ordinary shares go ex-dividend ADSs go ex-dividend
Wednesday 5 September	Interim dividend for 2001 payable to ordinary shareholders on the register as at 3 August 2001
Wednesday 12 September	Interim dividend payable to ADS holders on the record as at 3 August 2001
Thursday 18 October	Third quarter trading statement issued

DOCUMENTS ON DISPLAY

Documents referred to in this report are filed in the US with the SEC and can be read and copied at the SEC’s public reference room located at 450 Fifth Street, NW Washington, DC 20549. Information on the operation of the public reference room can be obtained in the US by calling the SEC at 1-800-SEC-0330. Reuters public filings with the SEC are also available on the website maintained by the SEC at www.sec.gov.

SUMMARY OF 1999 AND 2000 RESULTS

£M REVENUE	Q1	Q2	2000 Q3	Q4	Q1	Q2	1999 Q3	Q4
Reuters Information								
EMA	246	245	257	260	247	243	243	241
The Americas	91	103	97	104	83	86	87	87
Asia/Pacific	80	84	84	86	75	74	75	78
Total	417	432	438	450	405	403	405	406
Reuters Trading Solutions								
Transactions	101	103	99	99	102	100	101	100
Applications and Enterprise Solutions	66	86	87	146	78	87	82	102
Retail Solutions	9	7	10	9	5	7	6	10

Total	176	196	196	254	185	194	189	212
Reuters Financial	593	628	634	704	590	597	594	618
Reuterspace	43	54	66	72	37	37	41	42
Instinet								
US	141	141	146	186	98	102	99	108
International	56	43	43	48	27	28	30	33
Total	197	184	189	234	125	130	129	141
TSI/RBB	—	—	—	—	23	29	—	—
Intra-group revenue	(1)	(2)	(1)	(2)	(4)	(2)	(1)	(1)
Total revenue	832	864	888	1,008	771	791	763	800
Adjustment for TSI/RBB	—	—	—	—	(23)	(29)	—	—
Adjustment for Intra-group revenue	1	2	1	2	4	2	1	1
Divisional revenue	833	866	889	1,010	752	764	764	801

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EM COSTS	H1	2000 H2	FY	H1	1999 H2	FY
Reuters Information	(702)	(752)	(1,454)	(694)	(672)	(1,366)
Reuters Trading Solutions	(271)	(317)	(588)	(262)	(288)	(550)
Reuters Financial	(973)	(1,069)	(2,042)	(956)	(960)	(1,916)
Reuterspace	(120)	(182)	(302)	(79)	(93)	(172)
Instinet	(297)	(350)	(647)	(175)	(221)	(396)
TSI/RBB	—	—	—	(59)	—	(59)
Intra-group costs	3	3	6	6	2	8
Total costs	(1,387)	(1,598)	(2,985)	(1,263)	(1,272)	(2,535)
Adjustment for Intra-group costs	(3)	(3)	(6)	(6)	(2)	(8)
Adjustment for TSI/RBB	—	—	—	59	—	59
Divisional costs	(1,390)	(1,601)	(2,991)	(1,210)	(1,274)	(2,484)
Divisional profit						
Reuters Information	147	136	283	114	139	253
Reuters Trading Solutions	101	133	234	117	113	230
Reuters Financial	248	269	517	231	252	483
Reuterspace	(23)	(44)	(67)	(5)	(10)	(15)
Instinet	84	73	157	80	49	129
Total	309	298	607	306	291	597
Net currency gain	3	(1)	2	3	3	6
Divisional profit	312	297	609	309	294	603
Adjustment for TSI/RBB	—	—	—	(7)	—	(7)
Total	312	297	609	302	294	596

SUMMARY OF 1999 AND 2000 RESULTS continued

£M						
DIVISIONAL PROFIT MARGIN	H1	2000 H2	FY	H1	1999 H2	FY
Reuters Information	17%	15%	16%	14%	17%	16%
Reuters Trading Solutions	27%	30%	29%	31%	28%	29%
Reuters Financial	20%	20%	20%	19%	21%	20%
Reuterspace	(23%)	(32%)	(29%)	(7%)	(12%)	(10%)
Instinet	22%	17%	20%	31%	18%	25%
TSI/RBB	—	—	—	(13%)	n/a	(13%)
Total divisional profit margin	18%	16%	17%	19%	19%	19%
Total divisional profit margin excluding TSI/RBB	18%	16%	17%	20%	19%	19%
Business transformation costs	(41)	(98)	(139)	—	—	—
Goodwill amortisation	(27)	(32)	(59)	(24)	(23)	(47)
Operating profit	244	167	411	278	271	549
Operating result from joint ventures	(3)	(14)	(17)	—	(6)	(6)
Operating result from associates	—	(16)	(16)	(1)	(10)	(11)
Profit on disposal of fixed assets/ investments	202	89	291	29	21	50
Profit on disposal of subsidiary undertakings	8	2	10	—	52	52
Amounts written off fixed asset investments	—	(30)	(30)	—	—	—
Income from fixed asset investments	1	4	5	—	2	2
Net interest	(2)	5	3	(6)	2	(4)
Profit before taxation	450	207	657	300	332	632
Taxation on profit on ordinary activities	(97)	(28)	(125)	(98)	(109)	(207)
Profit after taxation attributable to ordinary shareholders	353	179	532	202	223	425
Tax rate on profit before goodwill	20%		17%	30%		30%
Basic earnings per ordinary share	25.2p		37.9p	14.3p		30.2p
Earnings per ADS (US\$ rate used = \$1.49)	\$ 2.25		\$ 3.39	\$ 1.28		\$ 2.70
Dividend per ordinary share	3.65p	12.35p	16.00p	3.65p	11.00p	14.65p
Number of ordinary shares ranking for dividend (millions)	1,404	1,405		1,413	1,402	

£M		
NET ASSETS	2000	1999
Reuters Information	157	276
Reuters Trading Solutions	178	154
Reuters Financial	335	430
Reuterspace	315	110
Instinet	234	214
Central	218	(153)

	1,102	601
User Accesses at period end (000s)		
Information product accesses		
High tier	215	210
Middle tier	134	142
Lower tier	62	42
Mobile	56	41
Other	40	42
Information product total	507	477
Dealing accesses	21	23
Instinet accesses	30	21
Total accesses	558	521
Revenue per access (£000)		
Information products		
Total high tier	6.1	6.0
Total Reuters Information	3.9	3.6
Dealing	18.4	17.6
Instinet	31.4	27.8
Instinet NYSE market share %	3.0%	2.4%
Instinet Nasdaq market share %	13.7%	13.3%
Total subscriber locations at period end (000s)	50.6	52.8
Market value of listed Greenhouse Fund investments at period end (£m)	99	438
Market value of TSI holding at period end (£m)	3,166	3,150

ELEVEN YEAR CONSOLIDATED FINANCIAL SUMMARY

Infrastructure

Shares issued (millions)	1,429	1,423	1,422	1,694	1,689	1,677	1,668	1,662	1,753	1,743	1,735
Employees	18,082	16,546	16,938	16,119	15,478	14,348	13,548	11,306	10,393	10,450	10,731
User accesses	558,000	521,000	469,000	429,000	362,000	327,100	296,700	227,400	200,800	201,800	200,900

NOTES:

1997 and 1998 have been restated to reflect the adoption of FRS 12.

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

1990 to 1996 have not been restated to reflect the change to reporting user accesses in 1999.

1990 to 1991 have not been restated to reflect the change to reporting user accesses in 1994.

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

1990 to 1994 have not been restated for FRS 10.

1990 to 1991 have not been restated to reflect the effects of the prior year adjustment for post-retirement medical benefits made in 1992.

1990 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.

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 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 held by employee share ownership trusts. In 1990 to 1997 shares in Reuters Holdings PLC held by group companies are also deducted.

(3) Book value per ordinary share represents adjusted shareholders' equity divided by the number of shares in issue after deducting shares held by employee share ownership trusts. In 1990 to 1997 shares in Reuters Holdings PLC held by group companies are also deducted from shares in issue. Adjusted shareholders' equity is calculated after deducting the carrying value of interests in shares of Reuters Holdings PLC (1990 to 1997).

(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. In 1998 a weighted average has been used to reflect the capital reorganisation.

The information in this document that is referenced in the following table is included in Reuters annual report on Form 20-F for 2000 (the 2000 Form 20-F) filed with the SEC. No other information in this document is included in the 2000 Form 20-F. The 2000 Form 20-F is the only document that is incorporated by reference to this report in any filings by Reuters under the United States Securities Act of 1933, as amended. The 2000 Form 20-F has not been approved or disapproved by the SEC nor has the SEC passed upon the adequacy or accuracy of the 2000 Form 20-F.

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GLOSSARY

Term used in annual report	US equivalent or brief description
Allotted	Issued
Associated undertakings	Affiliates accounted for under the equity method
Called-up share capital	Ordinary shares, issued and fully paid
Capital allowances	Tax term equivalent to US tax depreciation allowances
Cash at bank and in hand	Cash
Class of business	Industry segment
Combined code of practice	A set of corporate governance principles and detailed codes of practice
Creditors	Accounts payable
Creditors: Amounts falling due after more than one year	Long-term debt
Creditors: Amounts falling due within one year	Current liabilities
Debtors	Accounts receivable

Destination (of revenue)	The geographical area to which goods or services are supplied
Finance lease	Capital lease
Freehold	Ownership with absolute rights in perpetuity
Interest receivable	Interest income
Interest in shares of Reuters Group PLC	Treasury stock
Normalised profits and earnings	Exclude amortisation of goodwill and gains/losses on the disposal of subsidiaries and fixed asset investments
Origin (of revenue)	The geographical area from which goods or services are supplied to a third party or another geographical area
Profit	Income
Profit and loss account (statement)	Income statement
Profit and loss account reserve (under ‘capital and reserves’)	Retained earnings
Profit attributable to ordinary shareholders	Net income
Proposed dividend	Dividend declared by directors but not yet approved by shareholders
Underlying growth	Exclude acquisitions and disposals and significant once-off items in the period under review and is stated at comparable exchange rates
Share capital	Ordinary shares, capital stock or common stock issued and fully paid
Share premium account	Additional paid-in capital or paid-in surplus (not distributable)
Shares in issue	Shares outstanding
Stocks	Inventories
Tangible fixed assets	Property and equipment

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dividend queries, duplicate
mailings and address changes**

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Switzerland
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4-3-13 Toranomom
Minato-ku, Tokyo 105
Japan
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Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA
Tel: 0870 601 5366
Fax: 0870 900 0020

American Depositary Shares:

Morgan Guaranty Trust
Company of New York
PO Box 842006
Boston MA 02284-2006
Tel: 1 (781) 575 4328
Fax: 1 (781) 575 4088

Listings:

London Stock Exchange and Nasdaq Washington DC (American Depositary Share Symbol RTRSY).

Options on ordinary shares are traded on the London Traded Options Market. The American Stock Exchange in New York and the Chicago Board Options Exchange list options on American Depositary Shares of Reuters.

Share price information:

Share price information about Reuters Group PLC is available on Reuters 3000 Xtra, Reuters Securities 3000, Reuters Securities 2000, Equity Pro and Reuters Plus products. The Reuters Instrument Codes (RICs) are as follows:

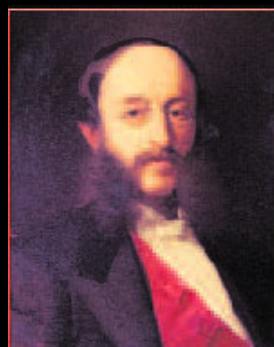
Ordinary shares	RTR.L
ADSs traded on Nasdaq	RTRSY.O

Annual report and Form 20-F:

The annual report and Form 20-F document is filed with the US Securities and Exchange Commission (SEC) and corresponds to the Form 10-K filed by US-based companies. Hard copies are available from the Investor Relations departments in London and New York. Electronic copies can be accessed through the internet on Reuters internet page (www.about.reuters.com/ar2000) or from the SEC's EDGAR Database via the SEC's home page (www.sec.gov). The annual review is also available in hard copy or through the internet.

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Reuters Group PLC Annual Report and Form 20-F 2000



>
Front cover: The 1873 portrait of Paul Julius Reuter by Hamburg-born artist, Rudolph Lehman, hangs in Reuters Fleet Street headquarters.

Now and always, an innovator.....

>
Front cover: 150 years later Reuters continues to give a global perspective. Bush and Gore supporters outside the US Supreme Court, are reflected in a policeman's sunglasses, as they await the Supreme Court's decision on the US presidential election. December 2000. Kevin Lamarque/Reuters



Item 19. Exhibits

- 1.1 Memorandum and Articles of Association of Reuters Group PLC.
- 2.1 Deposit Agreement, dated 18 February 1998 among Reuters Group PLC, Morgan Guaranty Trust Company of New York, as depositary, and all holders from time to time of American Depositary Receipts issued thereunder (incorporated by reference to Exhibit 2.2 to the Annual Report on Form 20-F filed by Reuters Group with respect to the fiscal year ended 31 December 1997 (the "1997 20-F")).
- 4.1 Syndicated Credit Facility Agreement, dated 4 December 1997 (the "Credit Agreement"), among Reuters Group PLC, Reuters Investments Limited, Chase Manhattan PLC, the banks listed therein and Chase Manhattan International Limited (incorporated by reference to Exhibit 2.3 to the 1997 20-F).
- 4.2 Amendment, dated 18 April 2000 among Reuters Group PLC, Reuters Investments Limited and Chase Manhattan International Limited to the Syndicated Credit Facility Agreement dated 4 December 1997.
- 4.3 Rules of The Reuters Group PLC Long-Term Incentive Plan 1997.
- 8.1 See Note 32 of the Notes to the Consolidated Financial Statements of Reuters Group PLC contained herein.
- 10.1 Consent of PricewaterhouseCoopers for incorporation by reference in Forms S-8 of their report dated 16 February 2001.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

REUTERS GROUP PLC
(Registrant)

Dated: March 13, 2001

By: /s/ David J. Grigson
David J. Grigson
Finance Director

THE COMPANIES ACTS 1985 AND 1989

A PUBLIC COMPANY LIMITED BY SHARES

Memorandum

AND

Articles of Association

OF

Reuters Group PLC

THE COMPANIES ACTS 1985 AND 1989

A PUBLIC COMPANY LIMITED BY SHARES

Memorandum of Association

OF

Reuters Group PLC

(as altered by special resolution passed on 12 December 1997)

1. The name of the Company is: REUTERS GROUP PLC(1).
2. The Company is to be a public company(1).
3. The Registered Office of the Company will be situated in England and Wales.
4. The objects for which the Company is established are:-
 - (1) To acquire and hold, directly or indirectly, all or any part of the issued share capital of Reuters Holdings PLC and generally to carry on business as an investment holding company and for that purpose to acquire and hold, either in the name of the Company or in that of any nominee, shares, stocks, debentures, debenture stock, bonds, notes, options, obligations and securities issued or guaranteed by any company wherever incorporated or carrying on business and debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world and to exercise and enforce all rights and powers conferred by or incident to the ownership of any such shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred or capable of exercise whether by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof or otherwise and to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit
 - (2) To carry on, acquire, obtain and supply wireless, telegraphic, telephonic, telex or other news and intelligence, and to issue, publish and circulate, and

(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.

otherwise utilise, with a view to the profit or advantage of the Company, the same news and intelligence

- (3) To construct, purchase, hire or otherwise acquire or work, wireless installations, satellites and other electronic equipment, telegraphs, telex, telephones and other means of communications and telecommunications
- (4) To undertake and facilitate the collection and remittance of money, securities and other valuables, merchandise and property in, to and between any part or parts of the world, to grant and issue letters of credit and circular notes, to receive deposits of money and securities, to open credits and generally to utilise the means of inter-communication possessed by the Company, for the purpose of granting pecuniary, financial and commercial facilities, in and between any part or parts of the world
- (5) To carry on any other business of any nature whatsoever which may seem to the Directors to be capable of being conveniently carried on in connection or conjunction with any business of the Company herein authorised or to be expedient with a view to rendering profitable or more profitable any of the Company's assets or utilising its know-how or expertise
- (6) To subscribe, underwrite, purchase or otherwise acquire, and to hold, dispose of, and deal with, any shares or other securities or investments of any nature whatsoever, and any options or rights in respect thereof, and to buy and sell foreign exchange
- (7) To draw, make, accept, endorse, discount, negotiate, execute, and issue, and to buy, sell and deal with bills of exchange, promissory notes, and other negotiable or transferable instruments or securities
- (8) To purchase, or otherwise acquire for any estate or interest any property or assets or any concessions, licences, grants, patents, trade marks, copyrights or other exclusive or non-exclusive rights of any kind and to develop and turn to account and deal with the same in such manner as may be thought fit and to make experiments and tests and to carry on all kinds of research work
- (9) To build, construct, equip, execute, carry out, improve, work, develop, administer, maintain, manage or control works, plants, factories, wharves, jetties, roads, railways, warehouses, depots, offices and other buildings, structures or facilities of all kinds, whether for the purposes of the Company or for sale, letting or hire to or in return for any consideration from any company, firm or person, and to contribute to or assist in or carry out any part of any such operation
- (10) To amalgamate or enter into partnership or any joint venture or profit sharing arrangement or other association with any company, firm or person
- (11) To purchase or otherwise acquire and undertake all or any part of the business, property and liabilities of any company, firm or person carrying on any

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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

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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 or, and to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any individuals who are or were at any time in the employment or service of the Company or of any company which is its holding company or is a subsidiary of the Company or any such holding company or otherwise is allied to or associated with the Company, or who are or were at any time directors or officers of the Company or of any such other company, and the spouses, widows, widowers, families and dependants of any such individuals; to establish and subsidise or subscribe to any institutions, associations, clubs or funds which may be considered likely to benefit any such other company; and to make payments for or towards the insurance of any such persons
- (23) To establish and maintain, and to contribute to, any scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of its employees or former employees, of those of its subsidiary or holding company or any subsidiary of its holding company, or by or for the benefit of such other persons as may for the time being be permitted by law, or any scheme for sharing profits with its employees or those of its subsidiary and/or associated companies, and (so far as for the time being permitted by law) to lend money to the Company's employees (other than directors) with a view to enabling them to acquire shares in the Company or its holding company
- (24) To distribute among members of the Company in specie or otherwise, by way of dividend or bonus or by way of reduction of capital, all or any of the property or assets of the Company, or any proceeds of sale or other disposal of any property or assets of the Company, with and subject to any incident authorised and consent required by law
- (25) (i) To purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees or auditors of the

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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 £100 divided into 100 shares of £1 each with power to increase or to divide the shares in the capital of the Company for the time being into different classes having such rights, privileges and restrictions as to voting or otherwise as the Articles of Association may from time to time prescribe.⁽²⁾

-
- (2) By virtue of an ordinary resolution passed on 2 December 1997 the 2 issued shares of £1 each were subdivided into 8 ordinary shares of 25p each, the 98 unissued but authorised shares of £1 each were converted into redeemable preference shares of £1 each and the authorised share capital of the Company was increased to £50,000 by the creation of 49,900 redeemable preference shares of £1 each.

By virtue of a special resolution passed on 16 December 1997 (approved by the shareholders of Reuters Holdings PLC on 19 January 1998) the authorised capital of the Company was increased to £525,000,001 by the creation of 2,099,800,000 ordinary shares of 25 pence each and one Founders Share of £1.

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We, the persons whose names and addresses are subscribed hereafter are desirous of being formed into a company in pursuance of this Memorandum and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Names, Addresses and Descriptions of the Subscribers	Number of Shares taken by each Subscriber
---	--

Chettleburgh's Limited By Robert Stephen Kelford a duly authorised Officer Temple House 20 Holywell Row London EC2A 4JB	One Ordinary Share
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Company Registration Agents

Chettleburgh International Limited By Robert Stephen Kelford a duly authorised Officer Temple House 20 Holywell Row London EC2A 4JB	One Ordinary Share
--	--------------------

Anglo-Japanese Consultants

Total Shares Taken	Two Ordinary Shares
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Dated this 2nd day of December, 1996

Witness to the above signatures:

Roland John Chettleburgh
17 Downhall Close
Rayleigh
Essex
SS6 9LU

Company Registration Agent

The 49,998 redeemable preference shares of £1 each were redeemed on 26 February 1998 and by operation of the articles of association of the Company were converted into 199,992 ordinary shares of 25 pence.

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No. 3296375

THE COMPANIES ACTS 1985 AND 1989

A PUBLIC COMPANY LIMITED BY SHARES

Articles of Association

OF

Reuters Group PLC

(adopted pursuant to a Special Resolution passed on 16 December 1997
and amended pursuant to a special resolution passed on 21 April 1998)

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Articles of Association

OF

Reuters Group PLC

(adopted pursuant to a Special Resolution passed on 16 December 1997)

PRELIMINARY

1. Table A not to apply

The regulations in Table A in the Companies (Tables A to F) Regulations 1985 shall not apply to the Company.

F.2 Definitions and Interpretation

(I) In these Regulations (if not inconsistent with the subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively:-

the Act	The Companies Act 1985.
ADR Custodian	a custodian (or depositary), approved by the Company, under arrangements whereby such custodian (or depositary) holds shares in the Company and either itself or some other person issues American Depositary Receipts evidencing American Depositary Shares which represent such shares in the Company (or evidence of a right to receive the same).
Certificated Share	a share which is recorded in the Register as being held in certificated form.
the Company	Reuters Group PLC
the Deed of	the Deed of Mutual Covenant referred to in Clause 4(16)
<hr/>	
Mutual Covenant	of the Memorandum of Association as amended from time to time.
Director	a Director for the time being of the Company.
F Regulation	any of these Regulations to the number of which the letter “F” is prefixed.
the Founders Share	the Founders Share of £1 of the Company.
the Founders Share Company	Reuters Founders Share Company Limited in its capacity as the holder of the Founders Share.
in writing	written or produced by any reasonably durable substitute for writing or partly one and partly another.
month	calendar month.
the Office	the registered office of the Company from time to time.
Operator	has the meaning given to that expression in the Uncertificated Securities Regulations.
Ordinary Shares	the ordinary shares of 25p each of the Company.
Paid	paid or credited as paid.
Participating Issuer	participating issuer, as defined in the Uncertificated Securities Regulations.
Participating Security	a share or class of shares or a renounceable right of allotment of a share, title to which is permitted to be transferred by means of a Relevant System in accordance with the Uncertificated Securities Regulations.

Register	Unless the context otherwise requires, the register of members kept pursuant to section 352 of the Act and any register maintained by the Company of persons holding any renounceable right of allotment of a share
Relevant System	relevant system, as defined in the Uncertificated Securities Regulations.
Reuters News Services	any news services which may from time to time be supplied by Reuters.
Reuters	the Company and every subsidiary undertaking of the Company from time to time supplying news services.

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the Reuters Group	the Company and its subsidiary undertakings from time to time.
the Reuter Trustees	the members and directors from time to time of the Founders Share Company.
Seal	the Common Seal of the Company.
Securities Seal	an official seal kept by the Company by virtue of section 40 of the Act.
the Statutes	the Act and every act and subordinate legislation (including, but not limited to, the Uncertificated Securities Regulations) from time to time in force concerning companies (whether or not a company within the meaning of the Act) and affecting the Company.
these Regulations	these articles of association as amended from time to time.
the London Stock Exchange	London Stock Exchange Limited.
the Transfer Office	the place where the Register is situate from time to time.
the Uncertificated Securities Regulations	the Uncertificated Securities Regulations 1995 (S.I. 1995 no. 3272) including any modification thereof or any regulations in substitution therefor made under section 207 of the Companies Act 1989 and for the time being in force.
Uncertificated Share	a share title to which is recorded in the Register as being held in uncertificated form and title to which may, by virtue of the Uncertificated Securities Regulations, be transferred by means of a Relevant System.
the United Kingdom	Great Britain and Northern Ireland.
year	calendar year.

(II) In these Regulations (if not inconsistent with the subject or context):-

- (A) The expression “Employees’ Share Scheme” shall have the meaning given to it by section 743 of the Act;
- (B) The word “Secretary” shall include any person appointed by the Directors to perform any of the duties of the Secretary, and where two

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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.

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- (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

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- (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;

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- (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;

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- (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,

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capital redemption reserve and profit and loss account), whether or not available for distribution, and applied in paying up in full the appropriate number of shares. A resolution of the Directors capitalising part of the reserves has the same effect as if the capitalisation had been declared by ordinary resolution of the Company pursuant to Regulation 140. In relation to the capitalisation the board may exercise all the powers conferred on it by Regulation 140 without an ordinary resolution of the Company.

F.8 Company may purchase its own shares (other than the Founders Share)

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

F.9 Company may reduce its capital - exception regarding the Founders Share

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

SHARES

F.10

(A) Company may issue shares with whatever rights or restrictions, but Founders Share Company consent required for issue of shares not identical to Ordinary Shares

Subject as otherwise provided by these Regulations and without prejudice to the rights attached to any shares or class of shares from time to time issued, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights, or be issued subject to or have attached such restrictions, whether as regards dividend, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes the Company may issue any shares which are, or at the option of the Company or the holders are liable, to be redeemed. Provided always that, without the prior written consent of the Founders Share Company, no share shall be capable of being issued having attached thereto any rights which are not identical in all respects with those attached to the Ordinary Shares.

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(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

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;

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- (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.

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LIMITATION OF SHAREHOLDINGS

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

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- (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 fall to be disregarded by virtue of section 209(10)(c) of the Act; and
 - (c) any interest of another person which a person is taken to have by virtue of the application of section 203 or 205 of the Act where the interest of that other person falls

within sub-paragraphs (a) or (b) above;

- (7) if a notification is given in compliance with such rights and obligations and some or all of the shares in the Company to which it relates are the subject of such a notification only because of the provisions of sub-paragraph (1) and/or (3) above, then such notification shall state that some or all (as the case may be) of the shares to which it relates are

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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.

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(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 á 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.

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(I) Cesser of voting restrictions

The Voting Restrictions shall cease to apply:-

- (1) to any shares sold by a Directors' Disposal;
- (2) to any Relevant Shares if the Directors resolve that they are satisfied that the Relevant Person concerned has ceased to be interested in them; and
- (3) if the Directors resolve that they are satisfied that a Required Disposal has been made, to the shares comprised in such disposal and to any other shares in which the former Relevant Person concerned continues to be interested;

from the date of such sale or resolution, as the case may be, but without prejudice to their imposition again if the Directors serve a new Restriction Notice in respect of them.

(J) Directors' resolution as to a person being Relevant Person conclusive

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

(K) Directors' resolution as to shares being shares of a Relevant Person conclusive

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

(L) Notices under Regulation F.15 to be in writing

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

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(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.

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(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

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offers of securities, then so long as he does not become interested in any further such shares (except solely by so underwriting any further such offer) he shall be allowed one year or such longer period as the Directors consider reasonable (either of which the Directors may in their absolute discretion extend) in which to make the Required Disposal and supply reasonable evidence of it to the Company, and any Restriction Notice shall be modified accordingly.

UNCERTIFICATED SHARES

16.

(A) Directors may permit shares to be a Participating Security

Subject to the Statutes and the rules of any Relevant System, the Directors may permit the holding and transfer of any class of shares in uncertificated form by means of a Relevant System and, subject as aforesaid, the Directors may at any time determine that any class of shares shall cease to be a Participating Security.

(B) Shares may be changed from uncertificated to certificated form and vice versa

Where any class of shares in the capital of the Company is a Participating Security, any share in such class may be changed from an Uncertificated Share to a Certificated Share and from a Certificated Share to an Uncertificated Share in accordance with and subject to the provisions of the Uncertificated Securities Regulations and the rules and procedures of the Relevant System.

(C) Uncertificated Shares are not a separate class

Subject to the Statutes, Uncertificated Shares shall not be regarded as forming a separate class of shares from Certificated Shares of the same class.

(D) Disapplication of inconsistent Regulations

In relation to any class of shares which is a Participating Security, and for so long as that class of shares or any part of that class of shares remains a Participating Security, these Regulations shall (notwithstanding anything contained in these Regulations) only apply to Uncertificated Shares to the extent that they are consistent with:-

- (1) the holding of shares in that class in uncertificated form;
- (2) the transfer of title to shares in that class by means of a Relevant System; and
- (3) the Uncertificated Securities Regulations.

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POWER OF SALE OF UNCERTIFICATED SHARES

F.17 Powers of Company in respect of procuring sales of Uncertificated Shares

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

- (1) request or require the deletion of any computer-based entries in the Relevant System relating to such shares;
- (2) alter such computer-based entries so as to divest the registered holder of such shares of the power to transfer them to any person other than a transferee identified by the Company;
- (3) require by notice in writing any holder of such shares:
 - (a) to change his holding of such shares into certificated form within such period as may be specified in the notice; or
 - (b) direct the holder to take such steps as may be necessary to sell or transfer such shares;
- (4) appoint any person to take such steps in the name of the holder of such shares as may be required to effect transfer of such shares and such steps shall be as effective as if they had been taken by the registered holder of the shares concerned.

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

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

(B) Deemed variations or abrogations of Founders Share rights

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

- (1) any Special Resolution the effect of which, if duly passed, would be to alter, or to delete, or in any way to derogate from the effect of, any F Regulation or to remove the prefix "F" from any F Regulation;
- (2) any resolution to wind up the Company voluntarily or pursuant to paragraph (a) of section 122 of the Insolvency Act 1986;
- (3) any resolution for, or approving or sanctioning, any reconstruction of the Company;
- (4) any resolution the effect of which, if duly passed, would be to attach or to authorise the attachment to any share (whether issued or unissued) of any voting rights which are not

identical in all respects with those attached to the Ordinary Shares;

- (5) any resolution to amend any such resolution as is described in any of the preceding subparagraphs 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;

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- (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

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cause to be served at the Office another Founders Share Control Notice pursuant to and in accordance with paragraph (C) above.

(E) Voting rights of Founders Share whilst Founder Share Control Notice in force

At all times after the service at the Office of any Founders Share Control Notice, until any Rescission Notice rescinding that Founders Share Control Notice is served, the Founders Share shall confer upon the Founders Share Company the right to cast, on any poll which shall be taken on any Ordinary, Special, Extraordinary or other Resolution which is proposed at any General Meeting of the Company, such number of votes as shall be necessary to ensure the effective passing of such Resolution if those votes are cast in favour thereof or (as may be appropriate) to ensure the defeat of such resolution if those votes are cast against such Resolution, and such right may be exercisable either by a representative appointed by the Founders Share Company in accordance with section 375(1)(a) of the Act, or by any proxy for the Founders Share Company.

(F) Founders Share Company decisions conclusive

Any opinion of the Founders Share Company, which is expressed in and for the purposes of any Founders Share Control Notice, or which is manifested by any Rescission Notice, shall be conclusive, final and binding on all persons concerned, and the validity of any Founders Share Control Notice or of any Rescission Notice shall not be impeached by any person on the ground that there was not any basis or any reasonable basis upon which the Founders Share Company could have arrived at any such opinion, or on the ground that any conclusion of fact which the Founders Share Company relied on or might have relied on in or for the purpose of arriving at any such opinion was incorrect, or on any other ground whatsoever.

F.20

(A) Founders Share Company may requisition Extraordinary General Meetings

The Founders Share Company shall be entitled at any time and from time to time to serve upon the Company at the Office, a requisition in writing, signed on behalf of the Founders Share Company, requiring the Directors:-

- (1) to convene an Extraordinary General Meeting of the Company for the purposes specified in such requisition; and
- (2) to ensure that every copy of any notice by which an Extraordinary General Meeting is convened pursuant to such requisition shall be accompanied by a copy of such statement in writing (if any) of not more than five thousand words as shall be attached to such requisition.

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(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

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Founders Share Control Notice which has been served at the Office pursuant to and in accordance with the provisions of paragraph (C) of Regulation F.19 shall not have been rescinded by a Rescission Notice served at the Office pursuant to and in accordance with the provisions of paragraph (D) of Regulation F.19, the Founders Share Company shall be entitled at any time and from time to time to convene an Extraordinary General Meeting of the Company for such purposes as the Founders Share Company shall in its absolute discretion think fit, and shall also be entitled to cause every copy of any notice by which any Extraordinary General Meeting is so convened to be accompanied by a copy of such statement in writing of not more than five thousand words as the Founders Share Company shall in its absolute discretion think fit. Any Extraordinary General Meeting which is convened by the Founders Share Company pursuant to this paragraph (D) shall be convened in such manner, as nearly as possible, in which Extraordinary General Meetings are to be convened by the Directors pursuant to paragraph (B) of this Regulation, but so that the requirement as to minimum notice referred to in paragraph (B) of this Regulation shall not apply.

F.21 Founders Share Company may receive notice of and attend and speak at General Meetings

The Founders Share Company shall be entitled:-

- (A) to receive notice of every General Meeting of the Company, and of every separate General Meeting of the holders of the shares of any class in the Company's issued share capital; and
- (B) to attend, either by a representative appointed in accordance with section 375(1)(a) of the Act, or by any proxy, at any such General Meeting or separate General Meeting; and
- (C) through any such representative or proxy, to speak at any such General Meeting or separate General Meeting;

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

F.22

(A) Consultation between Directors and Reuter Trustees

The Reuter Trustees shall be entitled, at the invitation of the Directors, to attend meetings of the Directors and to confer with the Directors, and the Reuter Trustees shall generally be available to act in a consultative capacity with the Directors.

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(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.

(A) Company to reimburse Founders Share Company for expenses of Reuter Trustees

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

- (1) to indemnify the Reuter Trustees in respect of their travelling, hotel and other reasonable expenses incurred in attending and returning from all meetings of the Reuter Trustees as directors and members of the Founders Share Company and in carrying on the functions of the Founders Share Company, including (but without limitation) the exercise of the rights, powers and duties exercisable by the Founders Share Company and the Reuter Trustees;
- (2) to indemnify the Founders Share Company in respect of all disbursements, fees and expenses which have been incurred or paid or will or may become liable to be incurred by it including in particular (but without limitation) all expenses incurred in enforcing the Reuter Trust Principles as contained and defined in the Deed of Mutual Covenant and any other provisions contained in the Deed of Mutual Covenant and in carrying out the objects of the Founders Share Company, whether by judicial proceedings or otherwise; and
- (3) to comply with all statutory requirements in force (and whether arising under taxation statutes or statutes relating to companies or otherwise) and applicable to the Founders Share Company.

(B) Company to fund or procure company secretarial and administrative services for Founders Share Company

The Company will pay to the Founders Share Company on demand the cost of (or at the option of the Founders Share Company procure the provision without cost to the Founders Share Company of) all company secretarial services and other ancillary administrative services which the Founders Share Company may from time to time request.

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SHARE CERTIFICATES

24. Contents of share certificates

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

25. Certificates for joint holders

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

26. Entitlement of members holding Certificated Shares to share certificates

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

27. Entitlement to balancing certificates

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

28.**(A) Entitlement to consolidating certificates**

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

(B) Directors may issue split certificates

If any member shall surrender for cancellation a share certificate representing shares held by him and shall request the Company to issue in lieu two or more share certificates representing such Certificated Shares in such proportions as he may specify, the Directors may, subject to the provisions of Regulation 29 below, if they think fit, comply with such request.

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(C) Replacement of damaged, lost or stolen certificates

If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares must be issued without charge (other than the exceptional out of pocket expenses (if any) referred to below) to the holder upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) upon compliance with such conditions as to evidence and indemnity and the payment of any exceptional out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.

(D) Requests for replacement certificates for joint holders

In the case of shares held jointly by several persons any such request may be made by any one of the joint holders.

29.

(A) Entitlement to certificate for shares changed to Certificated Shares

Subject to the Statutes, these Regulations and the requirements of the London Stock Exchange, where any Uncertificated Share is changed to certificated form, the holder (other than a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange referred to in Regulation 24) is entitled, unless the terms of issue of the shares provide otherwise, without charge, to one certificate in respect of all the Uncertificated Shares so changed to certificated form.

(B) No entitlement to certificate in respect of Uncertificated Shares

The provisions of Regulations 24 to 29 (inclusive) shall not apply so as to require the Company to issue to any person a certificate in respect of any share where such person holds such share in uncertificated form.

CALLS ON SHARES

30. Directors may make calls for amounts unpaid on shares

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

31. Obligation to pay calls

Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly

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and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

32. Interest on unpaid calls

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

33. Calls deemed to be made when so provided by terms of issue of shares

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

34. Directors' discretion as to amounts and times of calls on issue of shares

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

35. Directors may accept and pay interest on moneys in advance of calls

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

FORFEITURE AND LIEN

36. Directors may serve payment notice in respect of unpaid calls

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

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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

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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.

(A) Requirements as to form of transfers of Certificated Shares

All transfers of Certificated Shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee.

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(B) Requirements as to transfers of Uncertificated Shares

A member may transfer all or any of his Uncertificated Shares in the manner provided for in the rules

and procedures of the Operator of the Relevant System and in accordance with and subject to the Uncertificated Securities Regulations.

(C) Transferor to remain holder until transfer actually registered

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

46. Directors may suspend registration of transfers

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

47.

(A) Directors may refuse to register certain renunciations and transfers of Certificated Shares

The Directors may refuse to register an allotment or a transfer of Certificated Shares (whether fully paid or not) in favour of more than four persons jointly. If the Directors refuse to register a renounceable letter of allotment or a transfer of a Certificated Share they shall within two months after the date on which the letter of allotment or transfer was lodged with the Company send to the allottee or transferee notice of the refusal.

(B) Directors may refuse to register transfers of Certificated Shares of more than one class of share, unstamped transfers or transfers unaccompanied by proof of transferor's title

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

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48.

(A) Registration of transfers of Uncertificated Shares

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

(B) Directors to notify refusals to register transfers of Uncertificated Shares

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

49. Company may retain registered transfers

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

50. No fee for registration of transfers or related documents

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

51. Company may destroy documents after certain periods

The Company shall be entitled to destroy all instruments of transfer or other documents which have been registered or on the basis of which registration was made at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other such document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:-

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- (1) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (2) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Regulation;
- (3) reference herein to the destruction of any document include references to disposal thereof in any manner.

TRANSMISSION OF SHARES

52. Personal representatives of deceased holders entitled to shares but liabilities of estate continue

In case of the death of a shareholder, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing in this Regulation shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

53.

(A) Registration of persons entitled to shares by operation of law

Any person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire of his or transfer such share to some other person.

(B) Registration of other persons

If he elects to have another person registered, he shall:

- (1) in the case of a Certificated Share, execute an instrument of transfer of the Certificated Share to that person; or
- (2) in the case of an Uncertificated Share, either procure that instructions are given by means of the Relevant System to effect the transfer of such Uncertificated Share to that person in accordance with the Uncertificated Securities Regulations, or procure that the Uncertificated Share is changed to certificated form and execute an instrument of transfer of that Certificated Share to that person.

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(C) Limitations apply to such transfers

All the limitations, restrictions and provisions of these Regulations relating to the right to transfer

and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer executed or instruction given by such member.

54. Entitlement to share rights pending registration of persons entitled to shares by operation of law

Save as otherwise provided by or in accordance with these Regulations, a person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in respect of the share.

UNTRACED SHAREHOLDERS

55.

(A) Company may sell shares of untraced holders after certain periods

The Company shall be entitled to sell the shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if and provided that:-

- (1) during the period of twelve years prior to the date of the publication of the advertisements referred to in paragraph (2) below (or, if published on different dates, the first thereof) no communication has been received by the Company from the member or the person entitled by transmission and no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the member or to the person entitled by transmission to the shares at his 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

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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.

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GENERAL MEETINGS

56. Annual General Meetings to be held

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

57. Directors to convene Extraordinary General Meetings

The Directors may whenever they think fit, and shall on any requisition made in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

F.58

(A) Periods of notice for General Meetings

An Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty one days' notice in writing at the least, and any other Extraordinary General Meeting by fourteen days' notice in writing at the least. 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.

(B) Determination of record date for serving notices of meetings

For the purposes of serving notices of meetings, whether under section 370(2) of the Act or any other enactment or under these Regulations, the Directors may determine that persons entitled to receive such notices are those persons entered

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on the Register at the close of business on a day determined by the Directors, provided that, if the Company is a participating issuer, the day determined by the Directors may not be more than 21 days before the day that the relevant notice of meeting is sent.

(C) Accidental non-delivery of notice to or non-receipt of notice by any person (except Founders Share Company) not to invalidate proceedings at meeting

The accidental omission to give notice to or the non-receipt of notice by any person entitled thereto (other than in each case the Founders Share Company) shall not invalidate the proceedings at any General Meeting.

59.

(A) Contents of notices of General Meetings

Every notice of a General Meeting shall specify the principal meeting place and the satellite meeting places (if any) and the day and hour of the meeting and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.

(B) Notice of Annual General Meeting

In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

(C) Notices to identify special business

In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and, if any resolution is to be proposed as an Extraordinary Resolution or as a Special Resolution, the notice shall contain a statement to that effect.

(D) Determination of record date for entitlement to attend and vote at general meetings

For the purposes of determining which persons are entitled to attend or vote at any General Meeting, the notice may also specify a time (which shall not be more than 48 hours before the time fixed for the meeting) by which a person must be entered on the Register in order to have the right to attend or vote at the meeting. Changes to entries on the Register after the time so specified in the notice shall be disregarded in determining the rights of any person to so attend or vote.

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60. Routine business of Annual General Meetings

Routine business shall mean and include any business transacted at an Annual General Meeting of the following classes:-

- (1) declaring dividends;
- (2) receiving and/or adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;
- (3) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (4) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
- (5) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
- (6) granting, renewing or varying authority under section 80 of the Act or disapplying section 89 of the Act.

PROCEEDINGS AT GENERAL MEETINGS

61.

(A) Chairmanship of General Meetings

The Chairman of the Directors, failing whom one of the Deputy Chairmen, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.

(B) Directors may attend and speak at General Meetings

A Director is entitled to attend and speak at a General Meeting and at a separate General Meeting of the holders of a class of shares or debentures whether or not he is a member.

F.62

(A) Directors may make provision for persons (other than Founders Share Company) to attend General Meetings at satellite venues

The Directors may resolve to enable persons entitled to attend a General Meeting (other than the representative or proxy of the Founders Share

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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

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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.

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(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

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notwithstanding that it is given at less notice than would otherwise be required under these Regulations.

(C) Business at adjourned General Meetings

No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Business transacted at any adjourned meeting shall be treated as business transacted at the General Meeting which had been adjourned. Where a meeting is adjourned for an indefinite period, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or for an indefinite period, not less than seven days' notice of the adjourned meeting shall be given, subject always to the provisions of paragraph (B) of Regulation F.58, in like manner as in the case of the original meeting. At any adjourned meeting held pursuant to any of the provisions of this Regulation all of the provisions of Regulation 60 and Regulation F.63 shall apply as though every reference in those Regulations to a General Meeting included a reference to any such adjourned meeting.

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

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- (D) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
- (E) the Founders Share Company, present either by a representative appointed in accordance with section 375(1)(a) of the Act or by proxy.

Provided that:-

- (1) any such resolution as is mentioned in Regulation F.18, and
- (2) any resolution which is proposed at a General Meeting at a time when a Founders Share Control Notice, which has been served at the Office pursuant to and in accordance with paragraph (C) of Regulation F.19, has not been rescinded by any Rescission Notice served at the Office pursuant to and in accordance with paragraph (D) of that Regulation,

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

68.

(A) Withdrawal of demand for poll

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

(B) Procedure for polls

A poll which is duly demanded (or which is required to be taken) on the choice of a chairman or on a question of adjournment shall be taken forthwith. A poll which is duly demanded (or which is required to be taken) on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman

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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

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.

(D) Direction Notices and depositaries

Where any person appearing to be interested in any shares has been served with a notice under section 212 of the Act and such shares are held by a recognised depositary, the provisions of this Regulation shall be deemed to apply only to those shares held by the recognised depositary in which such person appears to be interested and references to default shares shall be construed accordingly.

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(E) Obligations of depositary under Direction Notice

Where the member on whom a notice under section 212 of the Act has been served is a recognised depositary, the obligations of the recognised depositary acting in its capacity as such shall be limited to disclosing to the Company such information relating to any person appearing to be interested in the shares held by it as has been recorded by the recognised depositary pursuant to the arrangements entered into by the Company or approved by the Directors pursuant to which it was appointed as a recognised depositary.

(F) Interpretation of Regulation F.74

For the purposes of this Regulation:-

- (1) a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification under the said section 212 which either (a) names such person as being so interested or (b) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant section 212 notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;
- (2) the prescribed period in respect of any particular member is 14 days from the date of service of the said notice under the said section 212;
- (3) a transfer of shares is an approved transfer if but only if:-
 - (a) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a takeover offer (as defined in section 428(1) of the Act); or
 - (b) the Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the member and with other persons appearing to be interested in such shares; or
 - (c) the transfer results from a sale made through a recognised investment exchange as defined in the Financial Services Act 1986 or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded.
- (4) a recognised 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.

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(G) Saving for Directors powers under Section 216

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

F.75 Founders Share Company may require Directors to serve Section 212 notice or Direction Notice or to apply to Court under Section 216

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

- (1) to serve in accordance with section 212 of the Act such notice or notices upon such person or respective persons as shall be specified in such requisition; and/or
- (2) to serve in accordance with paragraph (B) of Regulation F.74 a Direction Notice or Notices upon such person or respective persons and applying such of the provisions of paragraph (B) of Regulation F.74 as shall be specified in such requisition; and/or
- (3) to apply to the Court under section 216 of the Act for such order against such person or respective persons as shall be specified in such requisition,

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

F.76 Objections to admissibility of votes to be raised only at the relevant meeting - saving for votes of Founders Share

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

F.77 Votes on a poll may be given personally or by proxy

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

F.78 Proxy need not be a member

A proxy need not be a member of the Company.

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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.

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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.

DIRECTORS

84. Number of Directors

The Directors shall not be less than five nor more than fifteen in number, but the Company in General Meeting may at any time and from time to time by Ordinary Resolution alter the minimum number and/or the maximum number of Directors.

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85. No share qualification - Directors may attend and speak at General Meetings

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who

is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

86. Remuneration of non-executive Directors

Directors of the Company not holding executive office shall each be entitled to ordinary remuneration of such sum as shall be determined either before or after the adoption of these Regulations by an Ordinary Resolution of the Company in General Meeting.

87. Executive Directors - numbers and remuneration

Any Director who holds an executive office (including for this purpose the office of Chairman or Deputy Chairman whether or not such office is held in an executive capacity) may be paid such remuneration by way of salary, commission or otherwise as the Directors may determine. Any other Director who serves on any committee of the Directors or otherwise performs services which in the opinion of the Directors are outside the ordinary duties of a non-executive Director may be paid such remuneration, in addition to his ordinary remuneration, by way of salary, commission or otherwise as the Directors may determine. The maximum number of the Directors who may hold an executive office shall be the maximum number of Directors prescribed pursuant to Regulation 84 less five, provided that, if at any time there are less than such maximum number of Directors, no Director may be appointed who holds executive office or to an executive office unless there are at least five Directors not holding any executive office.

88. Directors' expenses

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.

89.

(A) Powers to give pensions to Directors

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

(B) Power to arrange Directors and Officers insurance

Without prejudice to the provisions of Regulation 155 the Directors shall have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees or auditors of the Company, or of any other company which is its parent undertaking or in which the Company or such parent undertaking or any of the predecessors of the

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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.

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(C) Appointment to any other executive office not to cease with Directorship unless contract so provides

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

92. Directors may delegate powers to executive Directors

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

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

93. Section 293 to apply to the Company

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

94. Vacation of office as Director:

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

(A) *if prohibited from acting by law:*

If he shall become prohibited by law from acting as a Director;

(B) *on resignation:*

If he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;

(C) *on insolvency:*

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

(D) *as a consequence of mental disorder:*

If in England or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the

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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 the greater of (i) one-third of the Directors (or, if the number of Directors is not a multiple of three, the number nearest to but not greater than one-third) and (ii) the number of Directors required to retire pursuant to Article 96 shall retire from office by rotation.*

96. Which Directors to retire

The Directors to retire by rotation at an Annual General Meeting shall comprise any Director who: (i) is due to retire at the meeting by reason of age; (ii) wishes to retire and not offer himself for re-election; or (iii) shall not have retired from office by rotation in the period of three years ending on the date of the meeting.** Any further Directors so to retire shall be those of the Directors who have been longest in office since their last re-election or appointment and so that as between persons who become or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

97. Appointment of Directors by Company

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

- (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;

* Amended by Special Resolution passed on 21 April 1998.

** Amended by Special Resolution passed on 21 April 1998.

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- (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:-

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- (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.

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(D) Alternates may be interested in contracts, be paid expenses and be indemnified

An alternate Director shall be entitled to contract and be interested in and benefit from contracts or

arrangements or transactions and to be repaid expenses and to be indemnified to the same extent as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

MEETINGS AND PROCEEDINGS OF DIRECTORS

103.

(A) Directors may meet and regulate proceedings - determining resolutions

Subject to the provisions of these Regulations the Directors may meet together for the despatch of business, adjourn and otherwise regulate their proceedings as they think fit. Without prejudice to the generality of the foregoing, the Directors may determine by resolution (a “**determining resolution**”) that questions on certain matters may only be determined by a special majority of votes. To be valid a resolution varying or revoking a determining resolution will require the same special majority of votes as is required to determine questions on matters which are the subject of the determining resolution.

(B) Directors may summon meetings of Directors

At any time any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of the Directors. Any Director may waive notice of any meeting and any such waiver may be retroactive.

104. **Quorum for Directors’ meetings**

The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number shall be five. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions from time to time exercisable by the Directors.

105. **Questions to be determined by majority voting**

Subject to Regulations 103 and 109, questions arising at any meeting of the Directors shall be determined by a majority of votes.

106.

(A) Directors’ interests in contracts - general prohibition on voting

Save as herein provided, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has an interest

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which (together with any interest of any person connected with him within the meaning of section 346 of the Act) is, to his knowledge, a material interest, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company.

(B) Exceptions to prohibition on voting

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

- (1) The giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (2) The giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (3) Any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or is to be interested as a participant in the underwriting or sub-underwriting thereof;

- (4) Any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with persons connected with him within the meaning of section 346 of the Act) does not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the Act) representing one per cent. or more of the issued shares of any class of such company (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

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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

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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.

(A) Chairmanship of Directors

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

(B) Rights of Deputy Chairmen to act

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

(A) Resolutions of Directors in writing

A resolution in writing of the Directors shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened and held where:

- (i) the resolution is signed or approved by all the Directors, in which case the resolution shall have effect at the time and date when the resolution is last signed or approved by a Director; or
- (ii)
 - (a) the resolution has been served on all the Directors and alternate Directors entitled to receive notice of a meeting of Directors (being at least such number of Directors as would constitute a quorum of a meeting of Directors);
 - (b) the resolution is signed or approved in accordance with paragraph (B) below by three-quarters of the Directors who would be entitled to vote on the resolution if it were considered at a meeting of Directors (or, if their number is not a multiple of four, the number nearest to but not less than three-quarters); and

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- (c) no Director has within forty-eight hours of the time (the “service time”) at which the resolution is served on him, or deemed to have been served on him in accordance with paragraph (E) below, notified the Secretary that he requires the resolution to be considered by a meeting of Directors,

in which case the resolution shall, subject to the terms of the resolution, have effect at the expiry of the later of (aa) the period of forty-eight hours following the service time in respect of the Director or alternate Director on whom the resolution is served or deemed to have been served last, (bb) the date and time when the resolution is signed or approved by the last Director required to constitute the necessary majority.

(B) Form of written resolutions

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

(C) Powers of alternates as to written resolutions

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

(D) Resolutions in writing by committees

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

(E) Service on Directors of resolutions to be passed in writing

Any resolution required under paragraph (A)(ii) above to have been served on a Director or alternate Director shall be delivered personally or sent by facsimile, telex, electronic mail or pre-paid first class post (air mail if overseas) to the facsimile or telex number or address to which notices of a meeting of Directors

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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.

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(B) Participation in meetings by audio-visual means

A Director or his alternate Director may participate in a meeting of the board or a committee of the board through the medium of conference telephone, video conferencing or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in

person at the meeting and is counted in a quorum and entitled to vote. Subject to the Statutes, all business transacted in this way by the board or a committee of the board is for the purposes of these Regulations deemed to be validly and effectively transacted at a meeting of the board or a committee of the board although fewer than two Directors or alternate Directors are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

BORROWING POWERS

113.

(A) Directors may exercise borrowing powers of Company

Subject to the following provisions in this Regulation 113, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

(B) Limit on exercise of borrowing powers

The Directors shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to ensure (as regards subsidiary undertakings, to the extent possible) that the aggregate principal amount outstanding in respect of moneys borrowed by the Reuters Group does not at any time without the previous sanction of an Ordinary Resolution of the Company exceed a sum equal to the higher of two and a half times the Adjusted Capital and Reserves and £5,000 million (or its equivalent from time to time) or such greater amount as the Company in general meeting may decide.

(C) Definition of “Adjusted Capital and Reserves”

In this Regulation the expression “Adjusted Capital and Reserves” means at any material time a sum equal to the aggregate of:-

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

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- (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

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would have remained unamortised had such goodwill been written off in accordance with United States generally accepted accounting principles; and

- (f) excluding minority interests in subsidiary undertakings.

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

(D) Interpretation of Regulation 113

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

- (1) there shall be deemed, subject as hereinafter provided, to have been borrowed and to be outstanding as borrowed moneys of the relevant member of the Reuters Group (to the extent that the same would not otherwise fall to be taken into account):-
 - (a) the principal amount of all debentures of any member of the Reuters Group which are not for the time being beneficially owned within the Reuters Group;
 - (b) the outstanding amount of acceptances (not being acceptances of trade bills in respect of the purchase or sale of goods in the ordinary course of trading) by any member of the Reuters Group or by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Reuters Group;
 - (c) the nominal amount of any issued and paid up share capital (other than equity share capital) of any subsidiary undertaking of the Company not for the time being beneficially owned by other members of the Reuters Group;
 - (d) the nominal amount of any other issued and paid up share capital and the principal amount of any other debentures or other borrowed moneys (not being shares or debentures which or borrowed moneys the indebtedness in respect of which is for the time being beneficially owned within the Reuters Group) the redemption or repayment whereof is guaranteed or wholly or partly secured by any member of the Reuters Group;

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

- (3) any amounts borrowed by any member of the Reuters Group from bankers or others for the purpose of financing any contract up to an amount not exceeding that part of the price receivable under such contract which is guaranteed or insured by the Export Credits Guarantee Department or other like institution carrying on a similar business shall be deemed not to be borrowed moneys;
 - (4) moneys borrowed by a partly owned subsidiary undertaking and not owing to another member of the Reuters Group shall be taken into account subject to the exclusion of a proportion thereof equal to the minority proportion and moneys borrowed and owing to a partly owned subsidiary undertaking by another member of the Reuters Group shall be taken into account to the extent of a proportion thereof equal to the minority proportion; for the purposes aforesaid "minority proportion" shall mean the proportion of the issued equity share capital of such partly owned subsidiary undertaking which is not attributable to the Company;
 - (5) borrowed moneys of any member of the Reuters Group expressed in or calculated by reference to a currency other than sterling shall be translated into sterling by reference to the rate of exchange used for the conversion of such currency in the latest audited balance sheet of the relevant member of the Reuters Group or, if the relevant currency was not thereby involved, by reference to the rate of exchange or approximate rate of exchange ruling on such date and determined on such basis as the Auditors may determine or approve.
- (D) In establishing the amounts of all monies borrowed by the Reuters Group referred to in this Regulation 113 there shall be set against the gross borrowings of the Reuters Group cash deposits (including certificates of deposit and similar instruments having a maturity of less than one year), and other marketable investments of the Reuters Group (other than shares in the Company and investments held by a company in the Reuters Group in a capacity other than for its own account or for that of any other undertaking in the Reuters Group).
- (E) No person dealing with the Company or any of its subsidiary undertakings shall be concerned to see or enquire whether the said limit is observed and no debt

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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 subparagraphs (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

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Company shall invalidate any prior act of the Directors which would have been valid if such Regulation had not been made.

116. Non-limitation of Regulation 115 powers by other authorities or powers

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

117. Directors may establish local boards or agencies

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

118. Directors may appoint attorneys

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

119. Directors may elect a President of the Company

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

120. Mode of signing cheques and other instruments

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

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REGISTERS

121.

(A) Entries on Registers of numbers of Uncertificated Shares and Certificated Shares

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

(B) Directors may keep branch Registers

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

SECRETARY

122. Directors to appoint and may remove Secretary; Joint Secretaries and Assistant Secretaries

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

THE SEAL

123.

(A) Directors' authority required for use of Seal and any Securities Seal

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

(B) Mode of affixing Seal and Securities Seal

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

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(C) Signing of sealed documents

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

(D) Use of Securities Seal

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

(E) Execution of Deeds not under Seal

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

(F) Deeds to be authorised by Directors

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

124. Company may provide for an official seal for use abroad

The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

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

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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.

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(B) Directors may pay dividends to ADR Custodians in currencies other than sterling

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

130. Distributable reserves

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

131. Pre-acquisition profits distributable

Subject to the provisions of the Statutes, where any asset, business or property is bought by the Company as from a past date the profits and losses thereof as from such date may at the discretion of the Directors in whole or in part be carried to revenue account and treated for all purposes as profits or losses of the Company. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest, such dividend or interest may at the discretion of the Directors be treated as revenue and it shall not be obligatory to capitalise the same or any part thereof.

132. No dividends to bear interest against the Company

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

133.

(A) Directors may make deductions from dividends

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

(B) Directors may retain dividends on shares of persons entitled by operation of law pending registration

The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore

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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

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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.

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(C) Payment of foreign currency dividends to ADR Custodians

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

138. Receipts for dividends to joint holders

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

F.139 Dividend resolution may specify record date at any time

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

CAPITALISATION OF PROFITS AND RESERVES

140. Directors may make capitalisation issues of shares

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

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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

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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

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

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(G) Scrip dividend shares to rank *pari passu* with existing shares

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

(H) Directors may determine terms and conditions of offers of scrip dividends

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

ACCOUNTS

142. Accounting records to be kept at Office; members' right of inspection

Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes shall be kept at the Office, or at such other place as the Directors think fit, and shall always be open to inspection by the officers of the Company. Subject as aforesaid no member of the Company or other person shall have any right of inspecting any account or book or document of the Company except as conferred by statute or ordered by a court of competent jurisdiction or authorised by the Directors.

143. Balance sheets and profit and loss accounts to be sent to members and others

A copy of every balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto) shall not less than twenty one days before the date of the meeting be sent to every member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statutes or of these Regulations. Provided that this Regulation shall not require a copy of these documents to be sent to more than one of joint holders or to any person of whose address the Company is not aware, but any member or holder of debentures to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office and provided further that if the Statutes so permit the Company need not send copies of such documents to members who do not wish to receive them but may send them such summary financial statement or other documents as may be authorised by the Statutes. If all or any of the shares or debentures of the Company shall for the time being be listed or dealt in on the London Stock Exchange there shall be forwarded to the appropriate officer of the London Stock Exchange such number of copies of such documents as may from time to time be required under its Regulations or practice.

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AUDITORS

144. Validity of acts of Auditors

Subject to the provisions of the Statutes, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently disqualified.

145. Auditors entitled to notice of and to attend and be heard at General Meetings

An Auditor shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting which any member is entitled to receive and to be heard at any General Meeting on any part of the business of the meeting which concerns him as Auditor.

NOTICES

F.146 Mode of delivery of notices; when notices deemed delivered

Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it through the post in a prepaid cover addressed to such member at his registered address, 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.

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147. Transferees and persons entitled by operation of law bound by notices in respect of shares pending registration

A person who becomes entitled to a share by transmission, transfer or otherwise is bound by a notice in respect of that share (other than a notice served by the Company under section 212 of the Act) which, before his name is entered in the Register, has been properly served on a person from whom he derives his title.

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

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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

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any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

THE REUTERS NEWS SERVICES

F.156 Entitlement of certain members to receive Reuters News Services

The Press Association Limited, the Newspaper Publishers Association Limited, AAP Information Services Proprietary Limited and New Zealand Press Association Limited shall be entitled to receive the Reuters News Services upon payment of such consideration as may be agreed from time to time. Upon and subject to the terms of any such agreement:-

- (i) The Press Association Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively.
- (ii) The Newspaper Publishers Association Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively.
- (iii) AAP Information Services Proprietary Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively.
- (iv) New Zealand Press Association Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively.

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Chase Manhattan International Limited
Trinity Tower
9 Thomas More Street
London E1W 1YT

18 April 2000

Reuters Group PLC
85 Fleet Street
London EC4P 4AJ

Reuters Investments Limited
85 Fleet Street
London EC4P 4AJ

Dear Sirs

Syndicated Credit Facility dated 4 December 1997 between Reuters Group Limited (subsequently re-registered as Reuters Group PLC) (as Parent), Reuters Investments Limited (as Original Borrower), Chase Manhattan PLC (as Arranger), certain financial institutions (as Banks) and Chase Manhattan International Limited (as Agent) (the “Facility Agreement”).

We refer to the Facility Agreement. Terms defined in the Facility Agreement have the same meaning in this letter.

We hereby agree that the following amendments be made to the Facility Agreement:

- 1 A new paragraph (k) shall be added to the definition of “Permitted Encumbrance” which shall read as follows:

 “(k) any Encumbrance arising from any repo or similar sale and purchase agreement entered into by any member of the Group; and”
- 2 The current paragraph (k) of the definition of “Permitted Encumbrance” shall be renumbered paragraph (l).

This letter may be signed in any number of counterparts.

It is intended that this letter takes effect as a Deed notwithstanding the fact that a party may only execute this letter under hand.

Please acknowledge your acceptance of the terms of this letter by signing and returning the enclosed copy of this letter.

This letter is governed by English Law.

Yours faithfully

For and on behalf of

Chase Manhattan International Limited
(in its capacity as Agent (and acting on behalf of the Majority Banks))

Accepted and agreed to as of the date first above written.

Executed as a Deed and delivered by
Reuters Group PLC acting by a director
and the Secretary

Executed as a Deed and delivered by
Reuters Investments Limited acting by a director
and the Secretary

REUTERS GROUP PLC

RULES OF

THE REUTERS GROUP PLC LONG-TERM INCENTIVE PLAN 1997

Date approved at EGM	:	16 December 1997
Date adopted by Board of Directors	:	12 December 1997
Amended by Remuneration Committee	:	19 July 1999
Further amended by Remuneration Committee	:	5 December 2000

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1. DEFINITIONS

In these Rules:-

1.1 The following words and expressions shall have the following meanings:-

“Act”	means the Income and Corporation Taxes Act 1988.
“ADR”	means an American Depositary Receipt representing one or more ADSs.
“ADS”	means an American Depositary Share representing six Shares (or such other number of Shares as are comprised in an ADS from time to time).
“Close Period”	means any period during which the directors of the Company are prohibited by: <ul style="list-style-type: none"> (a) the London Stock Exchange Model Code for Securities Transactions by Directors of Listed Companies; or (b) the Company’s own code on share transactions from dealing in Shares.
“Company”	means Reuters Group PLC.
“Comparator Group”	means the companies comprising the FTSE 100 Share Index (including for the avoidance of doubt the Company) on the first day of the relevant Measurement Period on which the London Stock Exchange is open for trading.
“Confirmation of Entitlement”	means a letter in, or substantially in, the form of Schedule 4 to these Rules.
“Control”	shall have the meaning given by Section 840 of the Act (and “Controlled” shall be construed accordingly).
“Crystallisation”	means the determination (subject to Rule 8) of the entitlement of a Participant under any Share Rights in accordance with Rule 7; and “Crystallise” and “Crystallised” shall be construed accordingly.

“Crystallisation Date”	means, in relation to any Share Rights, the first day following the end of the Measurement Period for those Share Rights.
“Date of Grant”	means in respect of any Share Rights the date on which the Trustees exercise their discretion under Rule 4.1.
“Deferral Notice”	means a notice in, or substantially in, the form of Schedule 5 to these Rules.
“Depository”	means Morgan Guaranty Trust Company of New York as depository of the Company’s American Depositary Receipt programme, or any substitute depository appointed by the Company from time to time.
“Executive”	means any executive employed by a Group Company.
“Fair Market Value”	means the closing price of Shares in pounds sterling on the business day immediately preceding the date appearing on the relevant Notice of Exercise as shown on the “Daily Briefing” screen on the Company’s VTX system, and in the case of ADS converted into US dollars at the pound sterling/US

dollar spot rate of exchange for the relevant day as shown in the “Currency Trading” section of the Wall Street Journal.

“Group”	means the group of companies comprising the Company and its Subsidiaries.
“Group Company”	means a Company which is a member of the Group.
“Letter of Grant”	means a letter in, or substantially in, the form of Schedule 1 to these Rules.
“Linked Share Award”	means a Share Right to acquire Shares combined with a Parallel Bonus which shall comprise: (a) a right to acquire a specified number of Shares at an exercise price per Share which is not less than the Open Market Value of a Share on the Date of Grant of that Linked Share Award; and

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- (b) a Parallel Bonus the maximum potential value of which is equal to the Open Market Value of a Share on the Date of Grant of the Linked Share Award multiplied by the number of Shares comprised in the Share Right of which that Parallel Bonus is a part

and which shall together constitute a Share Right subject to the Rules.

“Measurement Period”	means in respect of any Share Rights the period beginning on 1 January in the year of grant of such Share Rights and ending on 31 December in the year preceding the third, fourth or fifth anniversary of the date of such grant as determined in accordance with Rule 7.
“Notice of Exercise”	means a notice of exercise of Share Rights set out on the reverse of each Share Rights Certificate.
“Open Market Value”	means on any day the middle market quotation of a Share as derived from the Daily Official List of the London Stock Exchange for the dealing day immediately preceding that day.
“Parallel Bonus”	means a cash bonus forming part of a Linked Share Award which will only be payable if and to the extent that the Share Right to which it is linked is exercised and which will lapse and be forfeited to the extent that the Share Right of which it forms part lapses.
“Participant”	means any individual who has been granted Share Rights which have not lapsed or been Released or been fully exercised.
“Plan”	means the Reuters Long-Term Incentive Plan as constituted by these Rules.
“Release”	means the release of any Share Rights to a Participant by the Trustees as a result of satisfaction of the requirements of Rule 7 and Rule 8 (or, as the case may be, Rule 10) such that the Participant becomes entitled absolutely to receive his entitlement pursuant to such Share Rights and “Released” shall be construed accordingly.
“Release Date”	means in relation to any Share Rights the date of Release being the first date on which a Share

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Right may be exercised provided that if such date falls within a Close Period, the Release Date shall be the day following the end of such Close Period.

“Remuneration Committee”	means the remuneration committee of the Board of Directors of the Company.
“Rules”	means these Rules (including any amendments made in accordance with

Rule 2).

“Share Award”	means a right subject to these Rules to acquire Shares only.
“Share Rights”	means the right to acquire, subject to the performance conditions in Rules 7.3, 7.4 and 7.5, either: (a) Shares from the Trustees pursuant to a Share Award; or (b) Shares and a Parallel Bonus from the Trustees pursuant to a Linked Share Award.
“Share Rights Certificate”	means a certificate in, or substantially in, the form of Schedule 2 to these Rules in respect of a Share Award or Schedule 2A in respect of a Linked Share Award.
“Shares”	means fully paid ordinary shares of 25p each in the capital of the Company for the time being.
“Stamp Duty Reserve Tax” or “SDRT”	means an ad valorem stamp duty (or any successor tax) at the applicable rate from time to time (currently 1.5%), imposed on the transfer of ordinary shares to an agent of a depository, pursuant to which such depository issues depository receipts such as ADRs. For the purpose of this Plan, SDRT shall be calculated by reference to Fair Market Value of the relevant Shares.
“Subsidiary”	means a subsidiary as defined in Section 736 of the Companies Act 1985 (as amended).
“Trust”	means the Reuters Employee Share Ownership Trust No I or the Reuters Employee Share Ownership Trust No II, as the case may be.
“Trustees”	means the trustees of the relevant Trust.

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- 1.2 Words or expressions defined in the Act and in the Companies Acts 1985 and 1989 shall bear the same meanings in these Rules.
- 1.3 Where the context so admits or requires words importing the singular shall include the plural and vice versa and words importing the masculine shall include the feminine.
- 1.4 Any reference to a statutory provision shall be deemed to include that provision as the same may from time to time be amended or re-enacted and any statutory instrument pursuant thereto.
- 2. SCOPE AND INTERPRETATION OF RULES**
- 2.1 These Rules govern the grant, Crystallisation, Release and exercise of Share Rights under the Plan.
- 2.2 In addition to the power conferred on them by Rule 7.6 the Remuneration Committee shall have the power from time to time to make and amend such regulations for the implementation and administration of the Plan as it thinks fit and to make any amendments to these Rules provided that
- 2.2.1 no such amendment which would have the effect of altering adversely any of the existing rights of Participants shall be made unless the Company shall have invited every such Participant to give an indication as to whether or not he approves of the amendment and the amendment is approved by all of those Participants who have given such an indication; and
- 2.2.2 the provisions of the Plan relating to:
- (i) the persons to whom Share Rights may be granted under the Plan;
 - (ii) limits on the number or amount of the Shares available for the Plan;
 - (iii) the maximum entitlement of any one Participant; and
 - (iv) the basis for determining a Participant’s entitlement to, and the terms of, Share Rights to be provided and for the adjustment thereof (if any) in the event of any variation of capital:

cannot be altered to the advantage of Participants without the prior approval of shareholders of the

- 2.3 Notwithstanding anything to the contrary in the Rules, Share Rights may be granted (i) to an individual who does not fall within Rule 3, (ii) of amounts which exceed those set out in Rule 5 and/or (iii) on terms which are different from those set out in the Rules if:

2.3.1 the grant of Share Rights to that individual is to facilitate, in unusual circumstances, his recruitment or retention; and

2.3.2 the prior approval of the UK Listing Authority to the grant of the Share Rights is obtained.

Where a grant of Share Rights is made in these circumstances, the Remuneration Committee shall procure that full disclosure is made in accordance with paragraph 13.13A(b) of the Listing Rules of the matters referred to in that paragraph.⁽¹⁾

- 2.4 Any matter relating to the Plan not included in these Rules and any interpretation of the meaning of these Rules shall be determined by the Remuneration Committee whose decision in this respect shall be final and conclusive.

3. ELIGIBILITY

- 3.1 Members of the Executive Committee of the Company, and other full-time senior Executives recommended by the Chief Executive of the Company and approved by the Remuneration Committee, shall be eligible to receive Share Rights.

- 3.2 To receive any Share Rights an Executive must be eligible in accordance with Rule 3.1 on or before 30 June in the year in which such Share Rights are granted.

4. GRANT OF SHARE RIGHTS

- 4.1 Share Rights shall be granted in such manner of such type (being either a Share Award or a Linked Share Award) and to such Executives as the Trustees in their absolute discretion think fit, but in exercising this discretion, the Trustees shall have regard to the recommendations of the Remuneration Committee as specified in Rule 4.3.

- 4.2 The Chief Executive of the Company (or, in the case of a proposed grant to the Chief Executive, the Chairman of the Company) shall propose to the Remuneration Committee those Executives to whom he suggests Share Rights should be granted and whether such Share Rights shall comprise a Share Award or a Linked Share Award.

- 4.3 The Remuneration Committee shall recommend to the Trustees that the Trustees grant Share Rights (being either a Share Award or a Linked Share

(1) Rule 2.3 was inserted by a resolution of the Remuneration Committee passed on 5 December 2000.

Award) to such of the Executives proposed under Rule 4.2 as the Remuneration Committee in its absolute discretion thinks fit.

- 4.4 When granting Share Rights, the Trustees shall have regard to the recommendations of the Remuneration Committee, provided that no Share Rights shall be granted during:

4.4.1 a Close Period; or

4.4.2 a period when dealing in Shares, options or rights over Shares is prohibited by statute, order or regulation in the jurisdiction in which an Executive to whom any Share Rights are proposed to be granted resides.

- 4.5 As soon as practicable after the Trustees have granted any Share Rights the Trustees shall instruct the Company to send to each Executive to whom such Share Rights have been granted:

- 4.5.1 a Letter of Grant in the form of Schedule 1; and
- 4.5.2 a Share Rights Certificate in the form of Schedule 2 or 2A (as the case may be).

5. CALCULATION OF SHARE RIGHTS

- 5.1 Any Share Rights granted shall comprise a Share Award or a Linked Share Award (as specified at the Date of Grant) the value of which, subject to the rest of this Rule 5.1, shall be equal to up to 100% of the Participant's basic annual salary at the Date of Grant of the Share Rights as computed in accordance with Rule 5.2 or 5.3 as the case may be. If the Trustees are, in any year, prevented from granting Share Rights to a Participant by reason of Rule 4.4, then the Trustees may in any subsequent year grant that Participant additional Share Rights the value of which shall be equal to 100% of the Participant's basic annual salary on the date on which the Trustees would otherwise have granted the Share Rights to the Participant but for Rule 4.4 as computed in accordance with Rule 5.2.(2)
- 5.2 In respect of a Share Award the number of Shares to which a Participant may become entitled under any Share Rights granted to him shall be calculated by dividing the value of those Share Rights (determined in accordance with Rule 5.1) by the average value of a Share during the preceding calendar year (determined by reference to the daily closing price of Shares during such year, adjusted appropriately to reflect any capital changes during that year).
- 5.3 In respect of a Linked Share Award:
 - 5.3.1 the number of Shares subject thereto shall be calculated in accordance with Rule 5.2 as if that element of the Linked Share Award were a

(2) Rule 5.1 was amended by a resolution of the Remuneration Committee passed on 19 July 1999.

Share Award the exercise price per Share payable on exercise of such element in whole or in part being the Open Market Value of a Share on the Date of Grant of that Linked Share Award; and

- 5.3.2 the Parallel Bonus shall be the number of Shares calculated under Rule 5.3.1 above multiplied by the Open Market Value of a Share on the Date of Grant of that Linked Share Award.

6. RESTRICTIONS ON TRANSFER OF SHARE RIGHTS

- 6.1 Share Rights shall be personal to a Participant and neither any Share Rights nor any rights under any Share Rights may be transferred, assigned, pledged, charged or otherwise disposed of by a Participant to any person other than to his personal representatives in the event of his death (in which case the provisions of Rule 8.4 shall apply).
- 6.2 If a Participant transfers or attempts to transfer any Share Rights or any rights under any Share Rights in breach of Rule 6.1, the Share Rights concerned shall lapse forthwith.

7. CRYSTALLISATION

- 7.1 For the purposes of this Rule 7, Total Shareholder Return ("TSR") in respect of each member of the Comparator Group shall be calculated as follows:
 - 7.1.1 on the first day of the Measurement Period an average shall be taken of the daily closing prices of the relevant company's shares during the calendar year preceding the year in which the Share Rights are granted and such amount shall be deemed a cash outflow;
 - 7.1.2 on the last day of the Measurement Period an average shall be taken of the daily closing prices of the relevant company's shares during the calendar year ending on that date and such amount shall be deemed a cash inflow;
 - 7.1.3 gross dividends paid by the relevant company during the Measurement Period shall be deemed a cash inflow on the last day of the month during which the relevant company's shares go ex-dividend;
 - 7.1.4 an adjustment shall be made for any stock split, scrip issue or rights issue occurring during the Measurement Period with the exercise of rights deemed a cash outflow;
 - 7.1.5 an appropriate adjustment shall be made for any merger, takeover or other change in capital so as to preserve the original notional investment;

- 7.1.6 the TSR shall be the internal rate of return calculated from the amounts determined in accordance with Rules 7.1.1 to 7.1.5.

- 7.2 As soon as practicable following the Measurement Period ending on 31 December in the year preceding the third anniversary of the date of grant of any Share Rights, the TSR of each member of the Comparator Group shall be listed in order so that the member of the Comparator Group having the highest TSR is placed at the top of the list.
- 7.3 If the list referred to in Rule 7.2 indicates that the TSR of the Company is equal to or greater than the TSR of the company which is placed seventy-fifth from the bottom (twenty-sixth from the top) on such list, the Participant shall become entitled on exercise of the Share Rights in accordance with these Rules:
- 7.3.1 to acquire all the Shares comprised in the Share Rights granted by way of a Share Award; or
- 7.3.2 to acquire all the Shares and the maximum Parallel Bonus comprised in the Share Rights granted by way of a Linked Share Award.
- 7.4 If the list referred to in Rule 7.2 indicates that the TSR of the Company is equal to or less than the TSR of the company which is placed thirty-fifth from the bottom (sixty-sixth from the top) on such list the Participant shall not become entitled to acquire any of the Shares or (as the case may be) Shares and Parallel Bonus comprised in the Share Rights.
- 7.5 If neither Rule 7.3 nor Rule 7.4 applies, the number of Shares and the quantum of any Parallel Bonus (as appropriate) which the Participant shall be entitled to acquire pursuant to an exercise of his Share Rights shall be determined by the Company and notified to the Trustees, and will increase by 2 1/2 per cent per position on a straight line basis between the points indicated in Rule 7.3 and Rule 7.4 (unless the Participant seeks deferral of Crystallisation in accordance with Rule 7.7 or Rule 7.9).
- 7.6 The Remuneration Committee may from time to time in their discretion vary the performance criteria and/or the basis of calculation of TSR in relation to determining the number of Shares and the quantum of any Parallel Bonus (as appropriate) which a Participant is entitled to acquire pursuant to an exercise of any Share Rights granted after the exercise of such discretion PROVIDED THAT:
- 7.6.1 any such variations will not, in the opinion of the Remuneration Committee, be materially more favourable to the Participants; and
- 7.6.2 any such variation will be disclosed in the Company's annual report and accounts for the year in which Share Rights to which such variation relates are first granted.
- 7.7 Promptly following the preparation of the list referred to in Rule 7.2, the Company will send a copy of such list to each Participant. If a Participant has not become entitled to the full entitlement under his Share Rights in accordance with Rule 7.3, the Company will enclose with the list a letter in or

substantially in the form of Schedule 3 accompanied by a draft Deferral Notice in the form of Schedule 5. The Participant may, within 30 days of receiving the list, letter and draft Deferral Notice, seek deferral of Crystallisation by completing and submitting the Deferral Notice. Deferral of Crystallisation is subject to the approval of the Trustees, taking account of any recommendation made by the Remuneration Committee, upon receipt of the completed Deferral Notice from the Participant.

- 7.8 Where a request for deferral of Crystallisation has been approved by the Trustees, the Company will prepare a list equivalent to the list referred to in Rule 7.2 in respect of a Measurement Period ending on 31 December in the year preceding the fourth anniversary of the Date of Grant of such Share Rights, and the number of Shares and the quantum of any Parallel Bonus (as appropriate) which the Participant is entitled to acquire pursuant to an exercise of the relevant Share Rights shall be determined in accordance with Rules 7.3, 7.4 and 7.5.
- 7.9 Where Rule 7.8 applies, if a Participant does not become entitled to the full entitlement under his Share Rights in accordance with Rule 7.3, the Company will enclose with the list referred to in Rule 7.8 a draft Deferral Notice in or substantially in the form of Schedule 5. The Participant may seek a further deferral of Crystallisation in accordance with Rule 7.7. If such request for deferral is approved by the Trustees (taking account of any recommendation of the Remuneration Committee), the Company will prepare a list equivalent to the list referred to in Rule 7.2 in respect of a Measurement Period ending on 31 December in

the year preceding the fifth anniversary of the date of grant of such Share Rights. The number of Shares and the quantum of any Parallel Bonus (as appropriate) which the Participant is entitled to acquire pursuant to an exercise of the relevant Share Rights shall be determined in accordance with Rules 7.3, 7.4 and 7.5.

- 7.10 As soon as practicable after the Crystallisation Date of any Share Rights, and following the expiry of the 30 day period for the serving of a Deferral Notice under Rule 7.7, the Trustees shall send the Participant a Confirmation of Entitlement in the form of Schedule 4 informing the Participant of the maximum number of Shares and the quantum of any Parallel Bonus (as appropriate) which the Participant may acquire on exercise of the Share Rights. Such Confirmation of Entitlement will also specify the Release Date applicable to the Share Rights concerned.
- 7.11 No fraction of a Share shall be included in any Share Rights which have Crystallised and any fraction of a Share which, but for the provisions of this Rule 7.11, would be included in any Crystallised Share Rights shall be excluded from the relevant Share Rights. In the event that the quantum of any Parallel Bonus is not a whole number of pounds it shall be rounded down to the nearest whole pound.
- 7.12 For the avoidance of doubt, when computing the TSR of the Company the references to daily closing prices and to dividends and the like shall, as the context requires, be deemed to be references to the closing prices and

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dividends and the like of Reuters Holdings PLC or to the Company and Reuters Holdings PLC on an aggregated basis having regard to the Measurement Period or calendar year in question.

8. RELEASE OF SHARE RIGHTS

- 8.1 Share Rights shall be Released to Participants in accordance with the provisions of this Rule 8.
- 8.2 The Remuneration Committee may impose restrictions on the Release of Share Rights at its discretion.
- 8.3 A Participant shall not be entitled to Release of any Share Rights:-
- 8.3.1 subject to Rule 8.4, Rule 8.5 and Rule 10, before the fifth anniversary of the beginning of the relevant Measurement Period (or the sixth such anniversary if the relevant Measurement Period has been extended by operation of Rule 7.9); and
- 8.3.2 unless all restrictions placed on the Release of any Share Rights pursuant to the Remuneration Committee's discretion have been satisfied.
- 8.4 If a Participant dies during the period between the date of grant of any Share Rights and the Release of such Share Rights, upon a recommendation of the Remuneration Committee, the Trustees may in their absolute discretion allow the immediate Release of any Share Rights which have Crystallised at the date of such Participant's death and in addition consider the immediate Release of any Share Rights which have not Crystallised, in whole or in part, taking into account the length of the period since the Date of Grant and the level of performance by the Company during such period. To the extent that the discretion is not exercised the Share Rights (including the appropriate portion of any Parallel Bonus) will lapse. If the Trustees exercise their discretion so as to Release any Share Rights (whether Crystallised or not) in accordance with this Rule 8.4, such Share Rights to the extent Released may be exercised at any time up to 12 months after the date of the Participant's death and any Share Rights not so Released (including any part of the Parallel Bonus comprised therein) shall lapse and be forfeited. Any exercisable Share Rights (including any Parallel Bonus comprised therein) not exercised within that time shall lapse and be forfeited.
- 8.5 If a Participant ceases to be employed by a Group Company as a result of retirement, redundancy, illness, injury, disability, dismissal (other than for dishonesty or gross misconduct) or resignation (subject to any special terms agreed between the Trustees, upon the recommendation of the Remuneration Committee, and the relevant Participant), any Share Rights (including any Parallel Bonus comprised therein) of such Participant which have not Crystallised at the date of such cessation of employment shall not Crystallise unless upon a recommendation of the Remuneration Committee made within six months of the date of such cessation, the Trustees determine otherwise (for

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which purpose they shall take into account the circumstances of such cessation of employment).

- 8.6 Where a Participant is dismissed for dishonesty or gross misconduct all Share Rights (including any Parallel Bonus comprised therein) of such Participant shall (to the extent they have not been Released and

exercised) lapse forthwith. For the purposes of this Rule 8.6, a statement by the Remuneration Committee that a Participant has been dismissed for dishonesty or gross misconduct shall be conclusive.

- 8.7 If the provisions of Rule 8.4 or Rule 10 would otherwise have the effect that a Participant or the personal representatives of a Participant would be entitled to exercise any Share Rights after the expiry of the period of seven years less one day from the first day of the Measurement Period relevant to those Share Rights then such exercise period shall terminate on the day before the seventh anniversary of the relevant Measurement Period. Any Share Rights (including any Parallel Bonus comprised therein) which have Crystallised but have not been exercised in whole or in part, or have not otherwise lapsed, on or prior to the day before the seventh anniversary of the first day of the Measurement Period relevant to those Share Rights shall lapse and be forfeited following that day.

9. EXERCISE OF SHARE RIGHTS AND TRANSFER OF SHARES

- 9.1 A Participant shall be entitled to exercise any Share Rights at any time during the period commencing on the Release Date of those Share Rights (as specified in the Confirmation of Entitlement relating to those Share Rights) and ending on the day preceding the seventh anniversary of the beginning of the Measurement Period applicable to those Share Rights, subject to:
- 9.1.1 the provisions of Rules 8 and 10;
 - 9.1.2 the provisions of the Model Code for Securities Transactions issued by the Council of the Stock Exchange and the Company's own code on share transactions; and
 - 9.1.3 the Memorandum and Articles of Association of the Company.
- 9.2 Share Rights shall be exercisable in whole or in part during the period specified in Rule 9.1 by the Participant delivering his Share Rights Certificate, with the Notice of Exercise thereon duly completed, his Confirmation of Entitlement and;
- 9.2.1 a cheque for £1 in the case of a Share Award; or
 - 9.2.2 in the case of a Linked Share Award a cheque (subject to Rule 9.3.3) for an amount equal to the number of Shares comprised in the Share Rights in respect of which he wishes to exercise that Share Right multiplied by the exercise price per Share specified in the Confirmation of Entitlement of that Linked Share Award

to the Employee Share Schemes Administration Department of the Company, 85 Fleet Street, London EC4P 4AJ, specifying the number of Shares in respect of which the Share Rights are exercised, provided that no partial exercise of any Share Rights shall be permitted in respect of less than 100 Shares. The date of receipt by the Employee Share Schemes Administration Department of all such documents and cheque shall be the date on which the Share Rights are deemed to be exercised.

- 9.3.1 Any Shares to be transferred to a Participant following the exercise of any Share Rights shall (subject to Rule 9.8) be transferred to the relevant Participant as soon as practicable after the exercise of the relevant Share Rights. All expenses (including Stamp Duty Reserve Tax) which arise or result from the exercise of any Share Rights shall be the responsibility of the Participant. The amount payable by the Participant on exercise of Share Rights pursuant to Rule 9.2 will be applied in part in paying the stamp duty payable on the transfer of Shares from the Trust to the Participant.
- 9.3.2 On the exercise of Share Rights under a Linked Share Award an amount of cash equivalent to the number of Shares in respect of which the Share Right is then exercised multiplied by the exercise price per Share attributable to that Share Right shall be immediately payable (subject to all statutory deductions) by the Trustees to the Participant in respect of his Parallel Bonus.
- 9.3.3 A Participant may rather than receiving actual payment of a Parallel Bonus in accordance with Rule 9.3.2. elect and authorise the Trustees to apply the net amount of the same as part payment of the exercise price due under Rule 9.2 on exercise of the Share Rights and if such an election is made a Share Right will be deemed to have been duly exercised for the purposes of Rule 9.2 on receipt of such a written election together with a cheque for the balance of the exercise price required in respect of the number of Shares in respect of which the Share Right is being exercised.
- 9.3.4 For the avoidance of any doubt, in the case of a Linked Share Award a Parallel Bonus will only become payable if and to the extent that the Share Right under that Linked Share Award is exercised in accordance with Rule 9.2 and then only to that extent and in no circumstances will a Parallel Bonus or part thereof become payable without an exercise of the Share Rights or similar part thereof in accordance with Rule 9.2.
- 9.4 Any Participant may elect at the time of any exercise of Share Rights to receive ADSs instead of Shares

pursuant to such exercise by completing and sending to the Company's Employee Share Schemes Administration Department the Notice of Election on his Share Rights Certificate. If a Participant makes such an election, the Notice of Election must be accompanied by a US Dollar denominated cheque made payable to Reuters Limited for a sum equal to the Stamp Duty Reserve Tax on the Shares in respect of which the election to receive ADSs is made. If no such cheque is received by the Employee Share Schemes Administration Department with the

completed Notice of Election, the election to receive ADSs will be treated as invalid.

- 9.5 Following the exercise of any Share Rights accompanied by a valid election by the Participant concerned to receive ADSs instead of Shares, the Trustees will subject to Rule 9.8 deposit the number of Shares in respect of which the election has been made with the Depositary and will procure the issue to the Participant of an ADR in respect of the ADSs issued pursuant to such deposit.
- 9.6 No fraction of an ADS will be issued to a Participant who elects to receive ADSs pursuant to Rule 9.4. If the number of Shares in respect of which any Share Rights are exercised, and a valid election to receive ADSs is made, is not an integral multiple of six (or such other number of Shares as are comprised in one ADS from time to time), any excess Shares shall be retained by the Trustees for the benefit of the Trust.
- 9.7 In any case where a Participant exercises any Share Rights in part, the Trustees will procure the Company to send the Participant concerned a new Share Rights Certificate showing the balance of the Share Rights (including the balance of any Parallel Bonus (as appropriate)) which remain unexercised.
- 9.8 If, in respect of any Participant, the Trustees or the employing company of that Participant shall be required by the law of any jurisdiction to deduct or withhold any amounts in respect of tax and/or social security and/or employees' National Insurance contributions in respect of or on account of that Participant's liability for the same by reason of the Share Rights granted to him, (whether any such requirement arises at the date of grant of the Share Rights or at the date of exercise of the Share Rights or at some other date), or if the Participant shall be liable personally to account for tax and/or social security and/or employee's National Insurance contributions in respect of the Share Rights prior to the date of exercise of the same, or at a time when the Shares may not be sold by such Participant, then in any such case as specified by the Participant either:
- 9.8.1 the Participant shall grant to the Trustees the irrevocable authority, as agent of the Participant and on his behalf, to sell and/or to retain and sell subsequently such number of Shares subject to the Share Rights as is sufficient to realise net proceeds to enable them, the relevant employing company or the Participant (as the case may be) to account for such amount of tax and/or social security and/or employee's National Insurance contributions and, in such circumstances, the number of Shares transferred to that Participant upon exercise of the Share Rights shall be a transfer of the number of Shares which would, but for this provision, have been transferred on exercise of the Share Rights less the number of such Shares as have been realised by the Trustees as mentioned above; or
- 9.8.2 the Participant shall pay to the Trustees or the relevant employing company in pounds sterling (whether by cheque or by banker's draft) the amount necessary to satisfy such liabilities.

- 9.9 For the avoidance of doubt:
- 9.9.1 where in relation to Rule 9.8 the liability to deduct or withhold falls on the employing company of the Participant or on the Participant, and the Participant opts in accordance with Rule 9.8.1 the Trustees shall account to such employing company or the Participant (as the case may be) with the net proceeds of sale of the Shares or an amount equivalent thereto in order to enable such liabilities to be settled and if, following such sale, there shall be any balance of the proceeds of sale not required to meet such liabilities, such balance shall be paid by the Trustees to the Participant for his own use and benefit absolutely notwithstanding that the Share Rights may not yet have Crystallised under the Rules of the Plan.
- 9.9.2 If the Participant on exercising a Share Right fails to specify either 9.8.1 or 9.8.2, or if having specified 9.8.2 he fails to make the required payment within 15 days of the date of that exercise he shall be deemed for all purposes to have given an irrevocable authority within 9.8.1.
- 9.10 Any transfer of Shares following the exercise of any Share Rights shall be subject to such consent, if any, of HM Treasury of the United Kingdom or other authorities, whether of the United Kingdom or elsewhere,

as may from time to time be required and it shall be the responsibility of the Participant to comply with the requirements of, or to obtain or obviate the necessity for, such consents.

10. CHANGE OF CONTROL, RECONSTRUCTION AND WINDING-UP OF THE COMPANY

- 10.1 If under Section 425 of the Companies Act 1985 the Court sanctions a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company, (subject to Rule 10.4) no Share Rights which have not Crystallised shall Crystallise thereafter and all outstanding Share Rights which have Crystallised at that date shall be Released and may be exercised within six months of the Court sanctioning the compromise or arrangement and, if not so exercised, shall lapse and be forfeited.
- 10.2 If in consequence of any general offer made to the holders of Shares or otherwise any person obtains Control of the Company the Remuneration Committee shall as soon as practicable thereafter notify every Participant accordingly and all Share Rights which have Crystallised at the date such Control is obtained shall be Released and may be exercised within six months after such Control has been obtained. To the extent that it has not been exercised, any Share Rights shall lapse and be forfeited on the expiry of such period, provided that if during such period any person becomes entitled or bound to acquire Shares in the Company under sections 428 to 430F of the Companies Act 1985 and gives notice to any holders of Shares that he intends to exercise such rights, all Share Rights shall lapse and be forfeited to the

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extent that they have not been exercised on the date on which such notice is given. For the purpose of this paragraph, Control shall include the obtaining of control by a person and others acting in concert with him.

- 10.3 If a resolution for the voluntary winding-up of the Company is passed all outstanding Share Rights which have Crystallised at the date the resolution is passed shall be Released and may be exercised within 90 days after the commencement of the winding up. Any Share Rights so exercised shall be treated as if they had been exercised immediately before the commencement of the winding up. Subject thereto, all Share Rights shall lapse and be forfeited upon the commencement of the winding up of the Company.
- 10.4 If any of the events in Rules 10.1, 10.2 or 10.3 occurs the Trustees (upon recommendation of the Remuneration Committee) shall be entitled in their absolute discretion to consider immediate Crystallisation and Release of any Share Rights that have not Crystallised to Participants who have agreed to such Crystallisation and Release taking into account the length of the period since the date of grant of such Share Rights and the performance of the Company during such period and any such Share Rights not so Crystallised and Released shall lapse and be forfeited.
- 10.5 Before Release of any Share Rights to a Participant under this Rule 10 the Trustees may in their absolute discretion sell the Shares which the Trustees are holding against the exercise of those Share Rights and pay:
- 10.5.1 in the case of a Share Award the proceeds of sale to the Participant (subject to all statutory deductions);
- 10.5.2 in the case of a Linked Share Award the difference between the proceeds of sale and the aggregate exercise price under such Share Rights plus the Parallel Bonus comprised in those Share Rights to the Participant (subject to all statutory deductions)

in either case on the date on which such Shares would otherwise have been Released in satisfaction of those Share Rights.

- 10.6.1 If there is a change in Control of the Company (whether under a general offer or not) or if, under section 425 of the Companies Act 1985, the Court sanctions a compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company and, in either case, the Trustees have exchanged Shares in the Trust in consideration for shares ("New Shares") in another company ("the New Company") (or in consideration for part New Shares and part cash) the Trustees (upon recommendation of the Chief Executive) may determine at their absolute discretion that Rules 10.1 and 10.4 do not apply where Share Rights have not Crystallised or where such Share Rights have Crystallised but have not been Released and/or exercised at the date Control changes or the date of the Order (as the case may be). Where such discretion has been exercised the Trustees shall grant new Share Rights ("New Rights") in

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consideration for the release of existing Share Rights ("Old Rights") by such Participants as follows.

Each Participant will be granted New Rights over New Shares proportionate to the number of Shares subject to his Old Rights such that the ratio of such New Shares to Shares will, subject to the proviso contained in this Rule 10.6.1 be the same as the ratio of Shares to New Shares exchanged by the Trustees ("the Roll-Over Ratio"), provided always that if the Trustees receive a mixture of New Shares and cash in consideration for Shares, the Trustees shall purchase further shares in the New Company with such cash, such additional shares purchased being treated as New Shares for the purposes of calculating the Roll-Over Ratio and a corresponding adjustment shall be made to the number of New Shares comprised in a grant of New Rights.

- 10.6.2. Where the Trustees have made a determination in accordance with Rule 10.6.1 Participants who have subsisting and unexercised Share Rights (whether or not those Share Rights have Crystallised or been Released) shall be deemed to have consented to such release and re-grant and their Share Rights Certificate shall be construed and take effect as though it refers to the appropriate number of New Shares in the Roll-Over Ratio as a result of the change in Control or (as the case may) be the Court sanctioning the compromise or arrangement.
- 10.6.3. The Trustees shall take such steps as they consider necessary to notify Participants of any adjustment made under this Rule 10.6 and, if they so determine, shall call in, cancel, endorse, issue or reissue any Share Rights Certificate consequent on such adjustment.

11. VARIATION OF CAPITAL

In the event of any variation of the Company's capital the Trustees (upon recommendation of the Remuneration Committee) may make such adjustment to outstanding Share Rights as they may determine to be appropriate.

12. ADMINISTRATION OF THE PLAN

- 12.1 Participants shall not be entitled to:

- 12.1.1 receive copies of accounts, circulars or notices sent to holders of Shares;
- 12.1.2 exercise voting rights; or
- 12.1.3 receive dividends

in respect of Shares or ADSs subject to the Plan which have not been transferred to such Participants in accordance with these Rules.

- 12.2 The provisions of the Company's Articles of Association for the time being with regard to the service of notices on persons holding Shares shall apply

mutatis mutandis to any notice to be given under the Plan to or by a Participant.

- 12.3 Nothing in this Plan nor in any instrument executed pursuant hereto shall confer upon any person any right to continue in the employ of any Group Company nor affect the right of any Group Company to terminate the employment of any person nor impose upon any Group Company, the Trustees, the Remuneration Committee or their respective agents and employees any liability for any forfeiture or termination of Share Rights which may result if that person's employment is so terminated.
- 12.4 The cost of establishing and administering the Plan shall be apportioned by the Company between Group Companies in such manner and in such proportions as the Company having regard to the circumstances considers fair and reasonable.
- 12.5 A Participant may at any time renounce any Share Rights (in whole but not in part) by serving notice in writing on the Remuneration Committee of such intention. The renunciation shall be effective from the date of receipt of such notice by the Remuneration Committee.
- 12.6 The limitations in the Trusts in relation to the number of Shares which may be made available in respect of any employees' share scheme adopted by the Company shall as appropriate apply to the Plan to the intent that the Company acknowledges that the Trustees of the Trusts may not in aggregate hold at any one time such number of the Company's issued ordinary share capital as would exceed five per cent of the Company's issued ordinary share capital.

13. TERMINATION

No Share Rights may be granted under the Plan more than ten years after the initial adoption of the Plan but

any rights of Participants then subsisting shall remain in force.

14. GOVERNING LAW

These Rules shall be governed by and construed in accordance with English law.

SCHEDULES*

SCHEDULE 1:	Letter of Grant
SCHEDULE 2:	Share Rights Certificate
SCHEDULE 2A:	Share Rights Certificate
SCHEDULE 3:	End of Measurement Period Letter - Partial Vesting
SCHEDULE 4:	Form of Confirmation of Entitlement
SCHEDULE 5:	Deferral Notice

* Omitted.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (No. 33-16927, No. 33-90398 and No. 333-5998) of our report, dated 16 February 2001 relating to the financial statements which appear in the Annual Report and Form 20-F 2000, to the shareholders of Reuters Group PLC on Form 20F for the year ended 31 December 2000.

/s/ PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants

London, England

13 March 2001