

Pension Review Group

Reuters confirms it plans 2006 pension increase

Agreement on a package of pension measures is near, including an increase of around 2.7 percent in 2006, Reuters chairman Niall FitzGerald told the annual meeting on April 27.

FitzGerald apologised to pension fund members, who he described as "an important part of the stakeholder community", for the long delay in reaching an agreement between the company and the pension fund trustees. He said it was essential to reach a conclusion which was equitable to all company stakeholders and the final agreement would be announced in the next few weeks.

Deficit cut "by at least half"

He gave the meeting no details of how the company would handle the £265 million UK pension funds deficit but *The Times* earlier quoted chief executive Tom Glocer as saying that the deficit was likely to be cut by "at least half".

PRG chairman John Freeman told the meeting that pensioners welcomed the confirmation of a pension increase in 2006, the first since 2002. He asked if the increase would be back-dated and what process would govern future increases.

FitzGerald said this would have to await the detailed announcement but confirmed that a figure of around 2.7 percent would be used for the increase. "A figure of 2.7 percent seems to me to be a good approximation," he said.

Freeman said: "This is a step in the right direction and we hope it will lead to a full restoration of annual increases which was company policy until 2002. We will need to look closely at the final agreement to see what process is planned for inflation-linked increases in 2007 and beyond."

FitzGerald also thanked the trustees and "...your group (the PRG) who helped us engage with the problem..."

In a statement issued on April 26 as part of its quarterly trading report, the company said:

"Reuters is in the final stages of constructive discussions with the Trustees of its UK defined benefit pension plans. These discussions include proposals to enhance the security of the plans by substantially funding the pension deficits in this financial year as well as initiatives to de-risk the investment strategy and reduce Reuters exposure to future asset and liability risk."

Pension increase in 2006

"The proposed package of measures also includes a once off payment to cover a discretionary inflation increase for pensioners in 2006. The effect on 2006 earnings of these measures is expected to be modest, with no material impact expected thereafter. A deficit of £265 million from Reuters UK pension plans was recorded on Reuters 2005

balance sheet. As such, it has already been taken into account by the credit rating agencies and will not affect Reuters share buy back plans.

Reuters expects to conclude these discussions within the next few weeks, whereupon Reuters will make a fuller announcement.

In March, The Pension Review Group decided not to go ahead with its planned resolution at Reuters' AGM on April 27.

This resolution would have called on the company to increase pensions by 2.7%, in line with last year's rate of inflation. (See [February newsletter](#) for the text of the planned resolution.)

PRG drops resolution

The decision not to submit the resolution followed a meeting and subsequent correspondence with the company.

Although the text of the planned resolution had been delivered to the company, as reported in the February newsletter, delivery of the shareholders' signatures to the company was required by March 16 to have the resolution presented at the AGM. The PRG decided not to take this final step.

Nearly 190 shareholders had offered their support for the resolution.

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