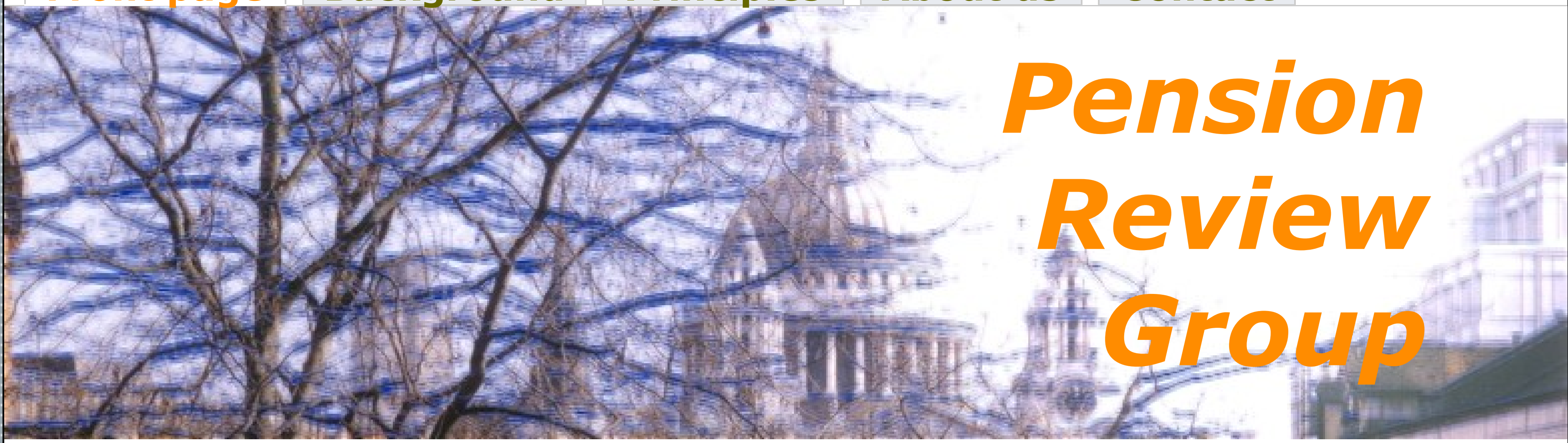

Reuters UK pensioners get 3.6% for 2007

Good news from the trustees of the RPF and the SPS — they have awarded an inflation-linked discretionary pension increase of 3.6% for 2007, backdated to January and payable in June.

Newsletters from the trustees announcing the increases were mailed out in the week of 16 April and should have been with all RPF and SPS members in the UK within a few days — and before the Reuters AGM on 26 April.

Not a precedent

SPS trustees said the 2007 rise came "under the spirit of the funding agreement we reached with the Company last summer and as a result of the specific circumstances that apply this year."

But RPF trustees stressed the rise was not a precedent. "While we hope there will be more good news about discretionary pension increases in future, there are no guarantees this will be the case."

Reuters stopped paying annual pension increases to RPF and SPS members in 2003 and only resumed in 2006 after a vigorous campaign by the Pension Review Group.

This included drawing up a resolution for the 2006 AGM proposing that UK pensions should be increased by 2.7%, in line with that year's inflation.

The final step in putting the resolution — delivery of the supporting shareholders' signatures to the company — was cancelled after talks with the company.

Two months later, in May 2006, the company announced to the stock exchange that it would be paying a 2.7% increase for 2006. Funding the rise cost the company £4.2m.

Reuters — out of step

Reuters is the only FTSE100 company thus far identified by the PRG which does not pay inflation-linked increases to its UK final salary pensioners as a matter of course.

Instead, the 2007 increase comes in the first year of a four-year agreement reached between the company and the fund trustees in 2006, which included a framework for the granting of discretionary increases until 2010.

40% of surplus for increases

The agreement allows the trustees to use up to 40% of any surplus in the funds to raise pensions in line with the rise in prices. The agreement makes no provision for increases if there is no surplus in the funds.

Details of the agreement were not published when it was signed in 2006 but have now been submitted to the New York Securities and Exchange Commission and are available on the internet here

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