

Pension Review Group

Thomson plans agreed takeover of Reuters

Thomson plans to take over Reuters in a deal that would result in a complicated dual-company structure, according to a [joint statement](#) by the two companies, issued on May 15.

No details were given on what effect, if any, there would be on Reuters UK pension funds.

However, commenting on existing employees, the statement said, "The combination of Thomson and Reuters will offer employees the benefit of a larger operating platform and a business of greater international size and scope. Thomson confirms that the existing employment rights, including pension rights, of Reuters employees will be fully safeguarded."

Founders Company okays deal
The takeover has been approved by the Reuters Founders Share Company and will now be put to both sets of shareholders, as well as being subject to regulatory scrutiny both in Europe and the US.

The two companies said Woodbridge (the Thomson family holding company) will hold own approximately 53% of the combined business, other Thomson shareholders approximately 23% and Reuters shareholders approximately 24%.

A joint letter from UK and North American journalists' unions has queried how the Reuters Founders Share Company can approve the takeover. In particular, the unions said,

"1) Reuters constitution requires that no person may hold 15 percent or more of Reuters shares. How then can the Thomson family hold a 53 percent stake?"

"Inviolable principle"

"2) The first Trust principle says "that Reuters shall at no time pass into the hands of any one interest, group or faction." The use of the words "at no time" suggests this principle is inviolable and cannot be waived under any circumstances.

"If it is now to be breached for the Thomson family, why should anyone in the future pay attention to the remaining Trust Principles?

"3) If this takeover were to go ahead, what guarantees are there that the Thomson family would not in turn sell its 53 percent stake in Reuters to another group at a future date? We note that Thomson sold The Times and the Sunday Times to Rupert Murdoch."

The Pension Review Group has been in touch with Greg Meekings,

Chairman of the Trustees of RPF and SPS, to express our concern and request a briefing on proposed future pension arrangements.

At this stage, Meekings confirmed that the trustees were tracking the situation and were aware that their obligations were to ensure that they must seek to protect their members' interests.

He has met with Reuters finance director David Grigson to formally express the interest of the trustees in this and any other bid.

However, the company could not provide detailed information until the bid was confirmed.

Trustees prepare for talks

The pension fund trustees in the meantime have been drawing up a legal agreement to enable them to have appropriate confidential discussions as necessary. After the firm bid they will meet formally and most likely approve an external assessment of the impact of the transaction.

Once they have this external advice, they will be in a position to plan a course of action, if any is necessary.

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