

Reuters Invests US\$35 Million in Leading US Internet Mortgage Marketplace Operator

June 13, 2000

London – Reuters, the global information and news group, has invested US\$35 million in Pedestal, a leading internet-based secondary mortgage marketplace operator. The company, based in Washington DC, manages an internet business-to-business marketplace for the trading of secondary mortgage loans and mortgage-related products in the US. Pedestal's other strategic partners are Deutsche Bank and Battery Ventures.

This equity investment and key strategic alliance is in line with Reuters strategy, outlined on 8 February 2000, to make the financial markets work on the Internet. The alliance will enable Reuters to increase its penetration of the fixed income markets by extending its range of services, via the Internet, to one of the largest segments - the US Mortgage Backed Security (MBS) and Asset Backed Security (ABS) sectors. It will provide Reuters with direct access to Pedestal's clients and enable the Group to sell, via Pedestal, internet-based data and analytics products for the mortgage market.

Reuters and Pedestal jointly recognise that to serve fully the workflow needs of end-users in the MBS/ABS market, it is necessary to provide a complete range of services from news, real-time and historical price information and analytics to trade execution over the Internet. The objective of the alliance is to fully meet these needs. Key features include the exchange of market information, the cross-selling of products and connectivity to services provided by both parties.

Philip Wood, Managing Director Business Development, Reuters Trading Solutions, said: "This investment strengthens our position in the fixed income markets and is yet another example of Reuters seeking to make the financial markets work on the Internet. Pedestal is playing a leading role in the shift towards internet-enabled secondary mortgage market trading. The combination of Pedestal's significant industry expertise with Reuters content, technology and global distribution creates a solid foundation to enable secondary mortgage market trading to work more efficiently and effectively on the Internet."

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Note to editors

US mortgage market

As of 31 December 1999, there were US\$2.6 trillion of MBS outstanding in the US. New mortgage and asset-backed securities issues totalled US\$1.16 trillion in 1999. The Federal Reserve estimates the total secondary mortgage market trading at US\$20 trillion in 1999.

Reuters (www.reuters.com) supplies the global financial markets and news media with the widest range of information and news products. It provides news and information to over 900 internet websites reaching an estimated 40 million viewers and generating approximately 140 million pageviews per month. Reuters provides global solutions and technologies for the financial markets including enterprise-wide integration, market information and data distribution, equity and foreign exchange transactions as well as risk and trade management. It also supplies technologies and portal capabilities for clients to supply their retail customers. Reuterspace concentrates on services in the business-to-business, consumer finance and media markets. Reuters is the world's largest news and television agency with 2,100 journalists, photographers and camera operators in 184 bureaux serving 154 countries. News is gathered and edited in 23 languages. Instinet, an independently managed subsidiary of Reuters, is the world's largest electronic agency brokerage firm. It covers the equities and fixed income markets. On 31 December 1999, the Group employed 16,546 staff in 212 cities in 97 countries.

Pedestal (www.pedestal.com) is an Internet-enabled secondary mortgage marketplace. Pedestal combines the power of the Internet with high-level customer service and domain expertise to help: establish new trading relationships, enhance liquidity, lower transaction costs, expand access and simplify trading. Pedestal has over 1,800 registered users representing approximately 1,000 institutions. The company was founded in 1997 and is headquartered in Washington, DC.

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