



## Reuters Subsidiary Instinet Files S-1 and 10-K Forms

March 27, 2002 at 12:00 AM EST

**London** – Reuters subsidiary Instinet today filed a registration statement on Form S-1 and its 2001 annual report on Form 10-K with the Securities and Exchange Commission. Reuters has an 83% shareholding in Instinet.

**Tom Glocer**, Reuters Chief Executive, commenting on Instinet's statement below, said: "We are actively supporting the actions that Instinet is taking to advance its position in the US equities market and to improve its profitability through significant cost reduction."

### **Instinet statement:**

**New York**, March 27, 2002 - Instinet Group Incorporated (Nasdaq: INET) announced today that it filed a Registration Statement on Form S-1 with the Securities and Exchange Commission to register approximately five million shares of Instinet common stock that were issued in a private placement in October 2001 in connection with the acquisition of ProTrader Group, L.P. The company also filed today its 2001 Annual Report on Form 10-K with the SEC.

As discussed in the above filings and as previously announced, the company has taken action, including significant price reductions, to compete more aggressively for trading volumes from U.S. broker-dealer customers. Instinet believes that the impact of these actions will be to stimulate growth in its Nasdaq liquidity pool to the benefit of all customer groups, and to contribute to sequential revenue growth during the second half of 2002.

To address the immediate revenue shortfall arising from price cuts to U.S. broker-dealer customers, Instinet intends to reduce its annualised operating cost structure by approximately \$120 million, compared to the expense rate in the fourth quarter of 2001. The company believes that this cost reduction will be substantially achieved by the end of the second quarter of 2002. This is an increase from the \$60 million cost-reduction target announced on February 11, 2002. Instinet expects that it will incur a pre-tax restructuring charge of approximately \$55 million during the first half of 2002, in comparison to the earlier estimate of \$25 million.

Because the shortfall in broker-dealer revenue has been more immediate than the impact of cost-reduction and revenue-growth actions, Instinet may incur a net operating loss in the first quarter of 2002. Nevertheless, Instinet believes that the measures it is taking will position the company for improved profitability during the second half of 2002.

### **About Instinet**

Instinet, through affiliates, is the largest global electronic agency securities broker and has been providing investors with electronic trading solutions for more than 30 years. Our services enable buyers and sellers worldwide to trade securities directly and anonymously with each other, have the opportunity to gain price improvement for their trades and lower their overall trading costs. Through our electronic platforms, our customers also can access over 40 securities markets throughout the world, including Nasdaq, the NYSE and stock exchanges in Frankfurt, Hong Kong, London, Paris, Sydney, Tokyo, Toronto and Zurich. We also provide our customers with access to research generated by us and by third parties, as well as various informational and decision-making tools. Unlike most traditional broker-dealers, we act solely as an agent for our customers and do not trade securities for our own account or maintain inventories of securities for sale. For more information, please go to [www.instinet.com](http://www.instinet.com).

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This news release may be deemed to include forward-looking statements relating to Instinet. Certain important factors that could cause actual results to differ materially from those disclosed in such forward-looking statements are described in Instinet's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, under the heading 'Certain Factors that May Affect Our Business', and other documents filed with the SEC and available on the Company's web site. Certain information regarding Nasdaq trading volumes is also included in the Form 10-K and on the Company's web site.

**End**

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This news release may be deemed to include forward-looking statements relating to Reuters within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934. Certain important factors that could cause actual results to differ materially from those disclosed in such forward-looking statements are described in Reuters Annual Report for the year to 31 December 2001 under the heading 'Risk Factors'. Copies of the Annual Report are available on request from Reuters Group PLC, 85 Fleet Street, London EC4P 4AJ.

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