



Reuters: Instinet Cost Reduction Plan

December 3, 2002 at 12:00 AM EST

London - Reuters subsidiary Instinet today issued the following statement. Reuters has a 63% shareholding in Instinet.

Commenting on the statement, David Grigson, Reuters Chief Financial Officer, said; "Instinet's restructuring announcement builds upon the strategy put in place at Instinet earlier this year, and reflects the anticipated benefits from the recent merger of Instinet and Island. It is also consistent with the strong impetus across the Reuters Group to maximise cost savings and increase efficiency."

INSTINET ANNOUNCES \$100 MILLION COST REDUCTION PLAN

New York, December 3, 2002 -- Instinet Group Incorporated (Nasdaq: INET) announced today a cost reduction plan that targets a reduction in operating costs of \$100 million, on an annualized basis, by the end of 2003. The cost-reduction plan is related to the integration of Instinet and Island and is part of an ongoing effort to produce a leaner and more efficient cost structure. Instinet acquired Island on September 20, 2002.

As part of the cost-reduction plan, Instinet will record charges of \$58 million in the fourth quarter of 2002 and will incur an additional \$15 million of expenses over the first three quarters of 2003. The fourth quarter 2002 charges result from a reduction in Instinet's workforce by approximately 300 employees or approximately 17% of its full-time employees both in the U.S. and its international operations and the consolidation of office space within the New York City area. The additional expenses in 2003 relate primarily to the accelerated amortization of leasehold improvements of certain of Instinet's office space in the New York City area. Other components of the plan focus on reducing operational and transaction-related expenses.

"We have set a target of reducing costs by \$100 million over the next twelve months as we integrate Instinet and Island. These cost reductions are part of a previously announced plan to eliminate redundant positions within the Instinet-Island combination, to reduce overhead to reflect current market conditions, and to bring greater efficiency to the company as a whole," said Ed Nicoll, Instinet's Chief Executive Officer.

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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.

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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 included in Instinet's Quarterly Report on Form 10-Q for the period ended September 30, 2002, and other documents filed with the SEC and available on the Company's website. Certain information regarding Nasdaq trading volumes is also included in the Instinet's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and on the Company's website at www.instinet.com. These statements speak only as of the date of this news release, and the Company does not undertake any obligation to update them.

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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 and Form 20-F for the year to 31 December 2001 under the heading 'Risk Factors'. Copies of the Annual Report and Form 20-F are available on request from Reuters Group PLC, 85 Fleet Street, London EC4P 4AJ.