

## REUTERS FULL YEAR RESULTS

### Business performance

- 2007 revenue of £2,605 million, up 7% on an underlying basis (excluding acquisitions, disposals and currency) and 1.5% on an actual basis, the principal difference being currency effects
- Trading profit\* of £385 million, an underlying increase of 43%, with Core Plus revenue growth and cost savings ahead of plan and new products moving to profitability earlier than expected
- Trading margin\* of 14.8%, compared to previous guidance of 13-14%
- Operating profit of £292 million, up 14% after £45 million of Thomson Reuters transaction costs
- Adjusted earnings per share\* of 23.0p, up 35%; basic earnings per share of 18.4p, down 22% as a result of once-off disposals in the prior year
- Free cash flow\* improvement to £298 million (2006: £225 million), after capital expenditure of £225 million (2006: £228 million)
- Second interim dividend of 7p, bringing full year dividend to 12p (up 9%); £147 million of dividends paid; £174 million returned through share buy-back

### Operating highlights

- Net sales – the key lead indicator for revenue – strong throughout 2007 and in the first two months of 2008
- Core Plus ahead of guidance: 2.6 percentage points of underlying revenue growth from initiatives in electronic trading, high value content, enterprise solutions and new markets; £50 million incremental cost savings, principally from transformation of software development and communications infrastructure
- Strong performance across all geographic regions: underlying revenue growth of 9% in Asia, 7% in the Americas, 6% in EMEA. Double digit underlying revenue growth in emerging markets (c. 10% of the business)
- Excellent underlying revenue growth in resilient market areas, including transactions, Enterprise Information and Trade and Risk Management

### Guidance

- Early indications for 2008 are encouraging despite the uncertain market environment, with strong sales momentum reflecting the robustness of Reuters business mix. Reuters expects underlying revenue growth in the first quarter of 2008 to be around 9%.
- Thomson Reuters will provide full year guidance for the enlarged group with its Q1 results on 1 May 2008.

**Tom Glocer, Reuters Chief Executive**, said: “Reuters has delivered a signature final year as a standalone company. We set ourselves ambitious goals for 2007, did not waver from these, and despite significant integration activities and a volatile market we have exceeded all our targets. I am very proud of what we have achieved over the past year and throughout the period of transformation at Reuters. It is thanks to the dedicated efforts of Reuters employees around the world that we can now embark on the creation of Thomson Reuters from a position of strength.

“I am delighted that our combination with Thomson has now been approved by the competition authorities, and I am hugely excited about the prospect of creating the leading provider of critical information and decision support tools for businesses and professionals around the world. I am confident that the new Thomson Reuters will deliver outstanding benefits to customers, opportunities for employees and great value for shareholders.”

\*This release includes certain non-GAAP figures which are business performance measures used to manage the business. See pages 22 to 36 for explanations and reconciliations to the most directly comparable statutory figures. Business performance measures are also reconciled to the statutory results at [www.about.reuters.com](http://www.about.reuters.com) in the Investors section under Financial Data. For certain profit, cost, margin and cash flow measures, Reuters analyses its results both before and after the impact of acquisition related restructuring charges, Thomson deal-related costs, impairments & amortisation of intangibles acquired via business combinations, investment income, profits from disposals of subsidiaries and fair value movements. The adjusted measures are referred to as Trading Profit, Trading Costs, Trading Margin and Trading Cash Flow. Adjusted EPS is defined as basic EPS from continuing operations before impairments & amortisation of business combination intangibles, investment income, profit on disposals, fair value movements, Thomson deal-related costs and related taxation effects. The impact of recently announced reductions in the corporation tax rates in various countries has also been excluded. Free cash flow is defined as cash movements, other than those which are either discretionary in nature or unrelated to ongoing recurring operating activities such as acquisitions and disposals and dividends.

UNAUDITED	Year ended 31 December		Actual % change	Underlying % change
	2007	2006		
<b>BUSINESS PERFORMANCE*</b>	£m	£m		
Revenue	2,605	2,566	2%	7%
Trading profit*	385	308	25%	43%
Trading margin*	14.8%	12.0%		
Adjusted EPS*	23.0p	17.1p	35%	
<b>STATUTORY RESULTS</b>				
Operating profit	292	256	14%	
Profit before tax	273	313	(13%)	
Profit for the year from discontinued operations	14	12	11%	
Profit for the year	227	305	(26%)	
Basic earnings per share	18.4p	23.6p	(22%)	
Dividend per ordinary share	12.0p	11.0p	9%	

\* Refer to definitions of Business Performance Measures on page 1

## PROGRESS UPDATE ON THE THOMSON REUTERS TRANSACTION

Thomson and Reuters have now obtained all regulatory clearances necessary to close their transaction.

In order to facilitate regulatory clearance, Thomson has agreed to sell a copy of the Thomson Fundamentals (Worldscope) database and Reuters has agreed to sell a copy of the Reuters Estimates, Reuters Aftermarket Research and Reuters Economics (EcoWin) databases. The sales include copies of the databases, source data and training materials, as well as certain contracts and employees connected to the databases.

Thomson and Reuters retain full ownership of the relevant databases and these undertakings do not affect Thomson's and Reuters ongoing business or capabilities in these areas. The two companies are not required to complete the sales prior to the closing of the acquisition.

Thomson and Reuters will each now seek shareholder and court approvals.

The timetable of principal events is expected to be as follows.

- Thomson Shareholder Meeting (Toronto) – 26 March
- Reuters Shareholder Meeting (London) – 26 March
- Closing of Transaction and Launch of Thomson Reuters – 17 April
- Cash proceeds distributed to shareholders within 14 days of close

This announcement includes forward-looking statements. See page 36 for a description of risk factors.

## REUTERS RESULTS – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Year ended 31 December	
	2007	2006
	£m	£m
<b>STATUTORY RESULTS (UNAUDITED)</b>		
Revenue	2,605	2,566
Operating profit	292	256
Net finance costs	(34)	(15)
Profit on disposal of associates, joint ventures & available-for-sale financial assets	21	76
Share of post-taxation losses from associates & joint ventures	(6)	(4)
<b>Profit before taxation</b>	<b>273</b>	<b>313</b>
<b>Profit for the year from continuing operations</b>	<b>213</b>	<b>293</b>
<b>Discontinued operations</b>		
<b>Profit for the year from discontinued operations</b>	<b>14</b>	<b>12</b>
<b>Profit for the year</b>	<b>227</b>	<b>305</b>
<b>Basic earnings per share</b>	<b>18.4p</b>	<b>23.6p</b>
<b>Dividend per ordinary share</b>	<b>12.0p</b>	<b>11.0p</b>
<b>Business Performance Measures* (unaudited)</b>		
Operating profit	292	256
<i>Excluding:</i>		
Restructuring charges from the acquisition of Telerate	-	13
Thomson deal-related costs	45	-
Impairments & amortisation of business combination intangibles	40	24
Investment Income	(1)	-
Profit on disposal of subsidiaries	(3)	(4)
Fair value movements	12	19
<b>Trading profit*</b>	<b>385</b>	<b>308</b>
<b>Trading margin*</b>	<b>14.8%</b>	<b>12.0%</b>
<b>Adjusted PBT**</b>	<b>345</b>	<b>276</b>
<b>Adjusted earnings**</b>	<b>285</b>	<b>222</b>
<b>Adjusted EPS*</b>	<b>23.0p</b>	<b>17.1p</b>

\* Refer to definitions of Business Performance Measures on page 1.

\*\*Adjusted PBT is trading profit adjusted for associates and joint ventures and interest. Adjusted earnings is adjusted PBT less the adjusted tax charge. See reconciliation 1 on page 25.

### Revenue

Full year revenue was £2,605 million, up 7% on an underlying basis (excluding acquisitions, disposals and currency) and 1.5% in actual terms, with the main difference between the two growth rates being the weakening of the US dollar against Sterling in the first half of the year. The acquisitions of Application Networks in 2006 and ClearForest and FERI in 2007 made a small contribution to 2007 revenue growth.

Core Plus initiatives contributed an additional £63 million of revenue in 2007, equivalent to 2.6 percentage points of underlying growth, giving cumulative Core Plus revenue of £95 million. The most significant sources of growth were the addition of high value content to *Reuters Knowledge*; new market initiatives in Consumer Media, China and India; next generation electronic trading initiatives such as *Prime Brokerage*; and new enterprise solutions such as *Reuters Datascope* and *Reuters Datafeed Direct*. Reuters is now on track to exceed the three percentage points of underlying revenue growth from Core Plus in 2008 indicated when Core Plus was launched in 2005.

Excluding the effects of Core Plus, the core business saw underlying revenue growth of 4.4%, driven by a two percentage point uplift from the 2007 price increase, and volume growth. The key drivers of volume growth were *Reuters 3000 Xtra*, *Reuters Knowledge* and Enterprise Information products. Price increases are expected to contribute approximately the same level of growth in 2008 as in 2007.

Revenue grew strongly on an underlying basis in all geographic regions in 2007. Asia, with 9% underlying revenue growth (flat on an actual basis), was Reuters fastest growing region and delivered double digit growth in China, India and other emerging markets supported by good progress in Japan. The Americas saw underlying growth of 7% (a decline of 1% on an actual basis), with demand for enterprise products and *Reuters Knowledge* content feeds and desktops remaining strong throughout the year. Europe, Middle East & Africa grew at an underlying 6% (3% on an actual basis), with Reuters broad footprint in high growth areas such as Central and Eastern Europe, the Nordic regions and the Gulf supporting good growth in France, Germany and the UK, and offsetting consolidation-driven declines in Italy.

### Trading Costs

Trading costs (including Core Plus investments for growth and transformation) totalled £2,220 million in 2007 (2006: £2,258 million). The decrease in trading costs, in absolute terms, reflected accelerated Core Plus savings of an incremental £50 million and a £99 million cost reduction from currency effects, which more than offset £24 million of new cost associated with Core Plus. Careful cost control kept core cost inflation below the rate of core revenue growth.

### Trading Profit

Reuters delivered trading profit of £385 million (2006: £308 million). Trading profit growth was driven by revenue increases, continued tight cost control and £89 million net benefit from Core Plus initiatives. The business delivered trading margins of 14.8% after Core Plus investment.

### Currency

Currency effects reduced 2007 revenue by £135 million (5.7%) and trading profit by £36 million. The main driver was the weakening against Sterling of the US Dollar, particularly in the first half, with the weakening of the Yen and other currencies also contributing.

#### Average Exchange Rates

	Full year 2007	H1 2007	Full year 2006
£/\$US	2.00	1.97	1.83
£/€	1.47	1.48	1.47
£/¥	235.29	234.48	212.92

### Operating Profit

Operating profit rose by 14% to £292 million (2006: £256 million). This growth reflects the improvement in trading profit, partly offset by £45 million of costs associated with the Thomson Reuters transaction.

### Profit before taxation

Profit before taxation of £273 million (2006: £313 million) reflects lower profits from disposals than in 2006, when Reuters sold the majority of its stake in Factiva. The major driver of Reuters £6 million share of losses from associates and joint ventures was FXMarketSpace.

### Profit for the year

Statutory profit for the year of £227 million (2006: £305 million) included £14 million from discontinued operations, representing amounts received from Instinet and Radianz on settlement of historic tax liabilities.

### Adjusted earnings per share

Adjusted earnings per share rose by 35% to 23.0p (2006: 17.1p), boosted by growth in trading profit and an effective tax rate of 17% (2006: 20%). The average number of shares in issue fell to 1,239 million, largely as a result of the share buyback (2006: 1,297 million).

## Basic earnings per share

Basic EPS declined by 22% to 18.4p (2006: 23.6p), with the reduction in profits on disposal offsetting gains in trading profit.

## Cash Flow

Free cash flow totalled £298 million in 2007, a further improvement over the £225 million delivered in 2006. This reflects higher trading profit, lower cash restructuring charges and continued focus on the management of working capital. Capital expenditure of £225 million (2006: £228 million) was in line with management's commitment to maintain 2006 spending levels.

Cash conversion (i.e. trading cash flow divided by trading profit) in 2007 was 92%, rising to 100% on a rolling two year basis.

Reuters had net debt of £377 million at 31 December 2007 (2006: £333 million), reflecting free cash flow offset by returns to shareholders of £321 million via the dividend and the share buyback.

## Share buyback

Reuters returned a total of £174 million to shareholders through its on-market buyback programme in 2007. The total returned to shareholders since the inception of the buy back programme in July 2005 now stands at £1.1 billion, at a volume weighted average price of £4.32. The programme was suspended at the time of the announcement of the recommended transaction between Thomson and Reuters. It resumed with an irrevocable arrangement to repurchase up to 50 million ordinary shares between 13 December 2007 and the announcement to the market that all regulatory pre-conditions for the proposed transaction had been satisfied or waived. Of this 50 million shares, 5 million had been repurchased by 31 December 2007 and an additional 28 million by the time the buyback stopped on 19 February 2008.

Reuters intends to restart its share repurchase programme as soon as legally permissible. This repurchase programme, up to the previous threshold of 50 million shares, will continue until completion of the Transaction or such earlier time as the Board may determine.

## Dividend

The Directors declared a dividend of 12p at the time of the announcement of the Thomson Reuters transaction, 5p of which was paid in September 2007.

The projected dividend schedule for the remaining Reuters dividends is as follows.

	Amount (£)	Record date	Payment date
2007 2 <sup>nd</sup> interim dividend	0.07	25/03/2008	01/05/2008
2008 stub dividend <sup>1</sup>	0.0324	16/04/2008	01/05/2008

<sup>1</sup> Represents accrued / pro-rated dividends from 1 January 2008 through 16 April 2008, the day before the anticipated Effective Date. The accrual / pro-ratio is based on £0.0551 per share.

## SALES & TRADING DIVISION RESULTS – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Year ended 31 December		% Change Actual	% Change Underlying
	2007 £m	2006* £m		
Revenue	1,619	1,661	(2%)	3%
Trading costs	(1,376)	(1,439)	(4%)	-
Trading profit	243	222	9%	28%
Trading margin	15%	13%		
Operating profit**	206	182		

\*As discussed in note 11 on page 18, 2006 comparatives have been restated to decrease revenues in Sales & Trading by £29 million and decrease operating costs by £37 million.

\*\*Sales & Trading operating profit is stated prior to any impact in respect of £45 million of Thomson deal-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Sales & Trading revenue was £1,619 million in 2007, an underlying increase of 3%. On an actual basis, currency effects resulted in a 2% decrease in revenue. Trading profit increased by an underlying 28% (9% on an actual basis), reflecting a net benefit from Core Plus and tight cost control as well as revenue growth. The division's trading margin was 15%.

The Sales & Trading division's strategic focus is to become the leading provider of content and transactions services for traders and salespeople, across the financial markets globally. At its heart is Reuters foreign exchange franchise, which provides the news, pricing and transaction systems essential to the functioning of this global market. Profitable growth in Sales & Trading is being driven by expanding transactions capabilities across asset classes, exploiting opportunities in new and emerging markets and reducing the cost and complexity of technology platforms. The division further strengthened its value proposition in 2007 by being early to market with facilities to help customers overcome the challenges presented by MiFID.

The key product drivers of the Sales & Trading division in 2007 were:

- Reuters Xtra family revenues, which grew an underlying 10% to £1,042 million. Usage revenues grew an underlying 19%, reflecting the strength of Reuters foreign exchange franchise as *Reuters Prime Brokerage*, *Reuters Matching* and *Reuters Electronic Trading* benefited from increased trading volumes in buoyant foreign exchange markets
- Revenue from Trader family products, which declined 20% on an underlying basis to £279 million. This reflects customer migrations from legacy products, principally Telerate and the 2000/3000 series. Revenue attrition from Telerate has remained at around two percentage points of Sales & Trading revenue (one percentage point of Group revenue), as expected. The Telerate migration is now substantially complete.

Revenue from recoveries (exchange fees and specialist data) grew by an underlying 10% to £298 million, driven in part by exchange fee price increases.

Core Plus initiatives in Sales & Trading saw revenue benefit from Reuters suite of new electronic trading products, such as *Reuters Trading for FX*, and in developing markets such as China and India. While investment continued in new transaction systems and common product technology platforms, there were significant cost savings, specifically in communications infrastructure.

RESEARCH & ASSET MANAGEMENT DIVISION RESULTS – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Year ended 31 December		% Change Actual	% Change Underlying
	2007 £m	2006* £m		
Revenue	363	304	20%	25%
Trading costs	(328)	(314)	5%	10%
Trading profit / (loss)	35	(10)	-	-
Trading margin	10%	(3%)		
Operating profit / (loss)**	29	(15)		

\* As discussed in note 11 on page 18, 2006 comparatives have been restated to increase revenues in Research & Asset Management by £6 million and increase operating costs by £9 million.

\*\*Research & Asset Management operating profit / (loss) is stated prior to any impact in respect of £45 million of Thomson deal-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Research & Asset Management revenue in 2007 grew 25% on an underlying basis (20% on an actual basis) to £363 million. Growth excluding the impact of migrations from Sales & Trading was an underlying 18%. The division reached profitability in 2007, delivering trading profit of £35 million with a trading margin of 10%. This reflected strong revenue growth and operational leverage in the division.

Research & Asset Management aims to provide independent content and insight to two user communities: **Investment Banking, Investment Management & Corporates** and **Wealth Management**.

**Investment Banking, Investment Management & Corporates** revenues grew 34% on an underlying basis to £229 million. Quarterly content and functionality enhancements sustained growth, both of feeds for integration into customer systems and of *Reuters Knowledge* desktops, which now number 17,000. *Reuters Knowledge* embedded within *Reuters 3000 Xtra* continued to sell well.

Revenue from the **Wealth Management** customer base grew 11% on an underlying basis to £134 million, driven by continued customer demand for online feed and web based solutions, as well as 11% underlying growth in Lipper funds information revenue.

The key contribution to Core Plus revenue in Research & Asset Management came from high value content and functionality enhancements in the *Reuters Knowledge* product family.

ENTERPRISE DIVISION RESULTS – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Year ended 31 December		% Change Actual	% Change Underlying
	2007 £m	2006* £m		
Revenue	451	431	5%	10%
Trading costs	(360)	(350)	3%	7%
Trading profit	91	81	11%	21%
Trading margin	20%	19%		
Operating profit**	87	75		

\* As discussed in note 11 on page 18, 2006 comparatives have been restated to increase revenues in Enterprise by £23 million and increase operating costs by £27 million.

\*\*Enterprise operating profit is stated prior to any impact in respect of £45 million of Thomson deal-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Enterprise revenue grew by an underlying 10% (5% on an actual basis) to £451 million in 2007. Trading profit increased by 21% on an underlying basis (11% on an actual basis) and the division's trading margin was 20%, reflecting strong operational leverage and the benefits of Core Plus.

Reuters financial services customers – from banks to hedge funds – are looking to grow revenues and cut costs through increased levels of business automation. Competitive pressure drives the need for more mature proprietary trading, prime brokerage and electronic brokerage operations and the focus on regulatory compliance and risk management remains intense. The breadth, depth and reliability of Reuters Enterprise solutions make it a leader in these fields.

**Enterprise Information** continued to perform strongly. On an underlying basis, revenue grew 18% to £271 million, supported by the rollout of a new commercial model for licensing machine-readable data, which links revenue more directly to the volume of data being used by customers.

**Trade and Risk Management** saw revenues grow 14% on an underlying basis to £102 million, with particularly strong growth in Germany, Eastern Europe, the Gulf and Asia and good progress in the Americas.

**Information Management Systems (IMS)** revenue showed a 15% underlying decline to £78 million. The continuing impact of withdrawal from the hardware business, the completion of the *Reuters Market Data System* migration and the obsolescence of Telerate platforms was increasingly offset by revenue from new facilities such as *Reuters Wireless Delivery System* and *Reuters Tick Capture Engine*.

Investment in Core Plus initiatives continued in 2007 to take advantage of new opportunities, for example in the provision of counterparty data. The key sources of Core Plus revenue in the Enterprise division were *Reuters Datascope Real Time*, *Reuters Datafeed Direct* and *Reuters Datascope Tick History*.

**MEDIA DIVISION RESULTS – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)**

	Year ended 31 December		% Change Actual	% Change Underlying
	2007 £m	2006* £m		
<b>Revenue</b>	<b>172</b>	<b>170</b>	<b>1%</b>	<b>6%</b>
<b>Trading costs</b>	<b>(156)</b>	<b>(155)</b>	<b>-</b>	<b>4%</b>
<b>Trading profit</b>	<b>16</b>	<b>15</b>	<b>10%</b>	<b>35%</b>
<b>Trading margin</b>	<b>9%</b>	<b>9%</b>		
<b>Operating profit**</b>	<b>15</b>	<b>14</b>		

\* As discussed in note 11 on page 18, 2006 comparatives have been restated to increase operating costs in Media by £1 million.

\*\*Media operating profit is stated prior to any impact in respect of £45 million of Thomson deal-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Media revenue was £172 million in 2007, an underlying increase of 6% (1% on an actual basis). This reflected a demanding year-on-year comparative in the first half, followed by strong year-on-year growth in the second half. Trading profit increased by an underlying 35% (10% on an actual basis) to £16 million, at a trading margin of 9%.

Revenue from **Agency Services** was £142 million, an underlying increase of 5% (flat on an actual basis). Text and TV subscription revenues saw steady growth, while TV usage revenues recovered in the second half after a tough year-on-year comparison in H1. Pictures was the highest growth area, reflecting 2006 investment in coverage and the new Reuters Pictures Archive.

Revenue from **Consumer Services**, which accounted for the Media division's Core Plus revenue, rose by an underlying 15% (6% on an actual basis) to £30 million, driven by strong growth in online syndication and advertising. Under Core Plus, the division continued to invest in the marketing capabilities, technology and people needed to build an interactive online advertising business.

## Notes

Reuters (www.reuters.com), the global information company, provides indispensable information tailored for professionals in the financial services, media and corporate markets. Through reuters.com and other digital properties, Reuters now also supplies its trusted content direct to individuals. Reuters drives decision making across the globe based on a reputation for speed, accuracy and independence. Reuters has 17,900 staff in 143 countries, including over 2,300 editorial staff in 197 bureaux serving 132 countries. In 2007, Reuters revenues were £2.6 billion.

Reuters and the sphere logo are the trade-marks of the Reuters group of companies.

Reuters Group preliminary results presentation for investors and analysts will be webcast live today from 11.00 GMT and available for replay from 14.00 GMT at <http://about.reuters.com/webcast/resultsq407>.

Photographs are available at <http://about.reuters.com/home/mediarelations/medialibrary/index.aspx>

This announcement includes forward-looking statements. See page 36 for a description of risk factors.

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## FINANCIAL STATEMENTS

### 1) CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Year ended 31 December	
	2007	2006
	£m	£m
<b>Revenue</b>	<b>2,605</b>	<b>2,566</b>
Operating costs	(2,355)	(2,351)
Other operating income	42	41
<b>Operating profit</b>	<b>292</b>	<b>256</b>
Finance income	117	72
Finance costs	(151)	(87)
Profit on disposal of associates, joint ventures & available-for-sale financial assets	21	76
Share of post-taxation losses from associates & joint ventures*	(6)	(4)
<b>Profit before taxation</b>	<b>273</b>	<b>313</b>
Taxation	(60)	(20)
<b>Profit for the year from continuing operations</b>	<b>213</b>	<b>293</b>
<b>DISCONTINUED OPERATIONS</b>		
<b>Profit for the year from discontinued operations</b>	<b>14</b>	<b>12</b>
<b>Profit for the year</b>	<b>227</b>	<b>305</b>
<b>EARNINGS PER SHARE</b>		
Basic	18.4p	23.6p
Diluted	18.0p	23.1p
<b>EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>		
Basic	17.3p	22.6p
Diluted	16.9p	22.2p

\*Share of post-taxation losses from associates and joint ventures includes a taxation charge of £1 million at December 2007 (December 2006: £2 million).

Dividends paid and proposed in the period were £147 million (2006: £134 million).

**2) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)**

	Year ended 31 December	
	2007	2006
	£m	£m
<b>Profit for the year</b>	<b>227</b>	<b>305</b>
Actuarial gains on defined benefit plans	98	6
Translation differences taken directly to reserves	20	(95)
Fair value gains on available-for-sale financial assets	11	6
Fair value gains on available-for-sale financial assets taken to the income statement on disposal of assets	(18)	-
Fair value gains on net investment hedges	4	34
Taxation on the items taken directly to or transferred from equity	(20)	(4)
<b>Net gains / (losses) not recognised in income statement</b>	<b>95</b>	<b>(53)</b>
<b>Total recognised income for the year</b>	<b>322</b>	<b>252</b>

### 3) CONDENSED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007 (UNAUDITED)

	As at 31 December	
	2007	2006
	£m	£m
<b>ASSETS</b>		
Non-current assets	1,432	1,314
Current assets	547	606
Non-current assets classified as held for sale	14	-
<b>Total assets</b>	<b>1,993</b>	<b>1,920</b>
<b>LIABILITIES</b>		
Current liabilities	(1,268)	(913)
Non-current liabilities	(587)	(835)
<b>Total liabilities</b>	<b>(1,855)</b>	<b>(1,748)</b>
<b>Net assets</b>	<b>138</b>	<b>172</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	350	355
Share premium	189	141
Other reserves	(1,710)	(1,738)
Retained earnings	1,309	1,414
<b>Total equity</b>	<b>138</b>	<b>172</b>

#### 4) CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Year ended 31 December	
	2007	2006
	£m	£m
<b>Cash flows from operating activities</b>		
Cash generated from operations (page 17)	534	311
Interest received	67	42
Interest paid	(99)	(61)
Tax paid	(26)	(34)
<b>Net cash flow from operating activities</b>	<b>476</b>	<b>258</b>
<b>Cash flows from investing activities</b>		
Acquisitions, net of cash acquired	(39)	(67)
Disposals, net of cash disposed	23	65
Purchases of property, plant and equipment	(116)	(122)
Proceeds from sale of property, plant and equipment	19	5
Purchases of intangible assets	(109)	(106)
Purchases of available-for-sale financial assets	(1)	-
Proceeds from sale of available-for-sale financial assets	23	-
Proceeds from closing of derivative contract	2	-
Dividends received	3	3
<b>Net cash used in investing activities</b>	<b>(195)</b>	<b>(222)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	47	32
Share buyback	(174)	(527)
Decrease / (increase) in short-term deposits	194	(196)
(Decrease) / increase in borrowings	(66)	270
Equity dividends paid to shareholders	(147)	(134)
<b>Net cash flow used in financing activities</b>	<b>(146)</b>	<b>(555)</b>
Exchange gains / (losses) on cash and cash equivalents	2	(13)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>137</b>	<b>(532)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>105</b>	<b>637</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>242</b>	<b>105</b>

## 5) BASIS OF PREPARATION (UNAUDITED)

The financial information for the year ended 31 December 2007 included in this report comprises the consolidated income statement, the condensed consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of recognised income and expense and the related notes on pages 16-18.

This preliminary financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority and on a basis consistent with the accounting policies set out on pages 78 to 82 of Reuters Group PLC 2006 Annual Report and Form 20-F.

The preliminary financial information is unaudited. The financial information set out in this report does not constitute statutory accounts as defined by the Companies Act 1985. Financial information for the year ended 31 December 2006 included herein is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) or section 237(3) of the Companies Act 1985.

## 6) CONSOLIDATED RECONCILIATION OF CHANGES IN EQUITY (UNAUDITED)

	Year to 31 December	
	2007	2006
	£m	£m
<b>Balance at beginning of the year</b>	<b>172</b>	<b>511</b>
Actuarial gains on defined benefit plans	98	6
Translation differences taken directly to reserves	20	(95)
Fair value gains on available-for-sale financial assets	11	6
Fair value gains on available-for-sale financial assets taken to the income statement on disposal of assets	(18)	-
Fair value gains on net investment hedges	4	34
Taxation on the items taken directly to or transferred from equity	(20)	(4)
<b>Net income / (expense) recognised directly in equity</b>	<b>95</b>	<b>(53)</b>
Profit for the year	227	305
<b>Total recognised income for the year</b>	<b>322</b>	<b>252</b>
Employee share scheme credits	30	30
Taxation on employee share schemes	4	1
Proceeds from shares issued to ordinary shareholders	47	32
Repurchase of own shares	(121)	(467)
Shares to be repurchased	(169)	(53)
Dividends:		
- Prior year final paid to ordinary shareholders	(86)	(81)
- Current year interim paid to ordinary shareholders	(61)	(53)
<b>Balance at the end of the year</b>	<b>138</b>	<b>172</b>

7) NET CASH FLOWS FROM OPERATING ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Year ended 31 December	
	2007	2006
	£m	£m
<b>Net profit from continuing activities</b>	<b>213</b>	<b>293</b>
<b>Adjustments for:</b>		
Depreciation	96	95
Amortisation of intangibles	61	46
Impairment of intangibles	21	-
Profit on disposal of property, plant and equipment	(10)	(2)
Employee share scheme charges	34	30
Foreign exchange losses / (gains)	18	(14)
Fair value movements on derivatives	13	19
Profits on disposals	(24)	(80)
Income from investments	(1)	-
Share of post-taxation losses of associates & joint ventures	6	4
Finance income	(117)	(72)
Finance expense	151	87
Taxation	60	20
<b>Movements in working capital:</b>		
Decrease in inventories	1	-
(Increase) / decrease in trade and other receivables	(12)	23
Increase in trade and other payables	75	51
Decrease in pensions deficit	(26)	(176)
Decrease in provisions	(25)	(13)
<b>Cash generated from operations</b>	<b>534</b>	<b>311</b>

## 8) TAXATION (UNAUDITED)

The tax expense for the year of £60 million (2006: £20 million) comprises current and deferred tax. Included in tax expense is a reduction in deferred tax assets reflecting tax rate changes in the UK and other jurisdictions. Tax on items in equity has been charged to equity.

The current tax expense is based on the results for the year as adjusted for items that are not taxable. Tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

The effective tax rate for the year on profit from continuing operations before impairments and amortisation of business combination intangibles, investment income, profit on disposals, Thomson deal-related costs and fair value movements is 17% (2006: 20%).

The tax expense includes a charge of £20 million in respect of UK taxation (2006: credit of £34 million).

## 9) DIVIDENDS PER SHARE FOR THE YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Year ended 31 December	
	2007	2006
	pence	pence
<b>Dividend per share</b>		
Prior year final paid	6.90	6.15
Current year interim paid	5.00	4.10

The weighted average number of ordinary shares used for the calculation of earnings per share was 1,239 million for the year ended 31 December 2007 (2006: 1,297 million).

The interim dividend of 5.0 pence per share was payable on 5 September 2007 to ordinary shareholders and on 12 September 2007 to American Depositary Shareholders on the register as at 10 August 2007. The second interim dividend is payable on 1 May 2008 to ordinary shareholders and American Depositary Shareholders on the register at 25 March 2008. The ex-dividend date for the second interim dividend for ordinary shareholders is 19 March 2008, and 20 March 2008 for American Depositary Shareholders,

## 10) DISCONTINUED OPERATIONS (UNAUDITED)

The 'Profit for the year from discontinued operations' line within the income statement comprises an additional gain of £10 million recognised on the disposal of Instinet Group, which was classified as a discontinued operation in 2005, and an additional gain of £4 million relating to the disposal of Radianz in 2005.

	Year ended 31 December	
	2007	2006
	£m	£m
<b>Discontinued operations</b>		
Profit on disposal of subsidiaries (net of taxation of £nil)	14	12
<b>Profit for the year from discontinued operations</b>	<b>14</b>	<b>12</b>

## 11) CHANGES TO ALLOCATION METHODOLOGY FOR SEGMENTAL REPORTING (UNAUDITED)

From 1 January 2007, Reuters made changes to the allocation of revenue and operating costs among business divisions to reflect changes in the management of Communications revenues and Reuters Messaging products, and to reflect improvements to the allocation methodology.

Communications revenues are no longer allocated as recoveries to Sales & Trading, but are allocated among business divisions in line with the products with which they are associated. Reuters Messaging costs are no longer allocated to Sales & Trading, but are allocated to Enterprise to reflect the management of the Messaging product within the Enterprise Division. A proportion of Messaging costs are then charged to the other divisions based on desktop accesses, to reflect the value of the embedded Messaging capability in desktop products.

2006 comparatives have therefore been restated to decrease recoveries revenues by £80 million, increase other product revenues by £51 million and decrease operating costs by £37 million in Sales & Trading; to increase other product revenue by £6 million and increase operating costs by £9 million in Research & Asset Management; to increase other product revenue by £23 million and increase operating costs by £27 million in Enterprise and to increase operating costs by £1 million in Media.

## REVENUE & ACCESSES

### 1) REVENUE BY DIVISION BY TYPE – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Year ended 31 December		% Change	
	2007 £m	2006* £m	Actual	Underlying
Recurring	1,515	1,564	(3%)	2%
Usage	100	93	9%	19%
Outright	4	4	(9%)	(4%)
<b>Sales &amp; Trading</b>	<b>1,619</b>	<b>1,661</b>	<b>(2%)</b>	<b>3%</b>
Recurring	359	300	20%	25%
Usage	3	3	(3%)	4%
Outright	1	1	(30%)	(25%)
<b>Research &amp; Asset Management</b>	<b>363</b>	<b>304</b>	<b>20%</b>	<b>25%</b>
Recurring	384	365	5%	11%
Outright	67	66	2%	2%
<b>Enterprise</b>	<b>451</b>	<b>431</b>	<b>5%</b>	<b>10%</b>
Recurring	136	134	1%	6%
Usage	36	36	(1%)	6%
<b>Media</b>	<b>172</b>	<b>170</b>	<b>1%</b>	<b>6%</b>
<b>Recurring</b>	<b>2,394</b>	<b>2,363</b>	<b>1%</b>	<b>7%</b>
<b>Usage</b>	<b>139</b>	<b>132</b>	<b>6%</b>	<b>15%</b>
<b>Outright</b>	<b>72</b>	<b>71</b>	<b>1%</b>	<b>1%</b>
<b>Total revenue</b>	<b>2,605</b>	<b>2,566</b>	<b>2%</b>	<b>7%</b>

\*As discussed in note 11 on page 18, 2006 comparatives have been restated to decrease revenues by £29 million in Sales & Trading and to increase revenue by £6 million in Research & Asset Management and by £23 million in Enterprise.

## 2) REVENUE BY DIVISION BY PRODUCT FAMILY – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Year ended 31 December		% Change	
	2007	2006*	Actual	Underlying
	£m	£m		
Reuters Xtra	1,042	1,006	4%	10%
Reuters Trader	279	369	(24%)	(20%)
Recoveries	298	286	5%	10%
<b>Sales &amp; Trading</b>	<b>1,619</b>	<b>1,661</b>	<b>(2%)</b>	<b>3%</b>
IB & IM	229	176	30%	34%
Reuters Wealth Management	134	128	5%	11%
<b>Research &amp; Asset Management</b>	<b>363</b>	<b>304</b>	<b>20%</b>	<b>25%</b>
Reuters Enterprise Information	271	243	12%	18%
Reuters Information Management	78	96	(19%)	(15%)
Reuters Trade and Risk Management	102	92	10%	14%
<b>Enterprise</b>	<b>451</b>	<b>431</b>	<b>5%</b>	<b>10%</b>
Agency Services	142	143	-	5%
Consumer Media	30	27	6%	15%
<b>Media</b>	<b>172</b>	<b>170</b>	<b>1%</b>	<b>6%</b>
<b>Total revenue</b>	<b>2,605</b>	<b>2,566</b>	<b>2%</b>	<b>7%</b>

\*As discussed in note 11 on page 18, 2006 comparatives have been restated to decrease revenues by £29 million in Sales & Trading and to increase revenue by £6 million in Research & Asset Management and by £23 million in Enterprise.

## 3) REVENUE BY GEOGRAPHY – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Year ended 31 December		% Change	
	2007	2006	Actual	Underlying
	£m	£m		
Europe, Middle East & Africa	1,441	1,396	3%	6%
Americas	701	709	(1%)	7%
Asia	463	461	-	9%
<b>Total revenue</b>	<b>2,605</b>	<b>2,566</b>	<b>2%</b>	<b>7%</b>

#### 4) QUARTERLY NON-GAAP PRODUCT FAMILY STATISTICS (UNAUDITED)

	Three months ended			Underlying percentage change	
	December	September	December	Versus	Versus
	2007	2007	2006*	September 2007	December 2006
<b>Period end accesses (000s)</b>					
3000 Xtra	124	121	112	3%	11%
Dealing	18	18	18	1%	2%
Other Xtra	3	3	2	5%	51%
<b>Reuters Xtra</b>	<b>145</b>	<b>142</b>	<b>132</b>	<b>2%</b>	<b>10%</b>
<b>Reuters Trader</b>	<b>77</b>	<b>82</b>	<b>99</b>	<b>(6%)</b>	<b>(23%)</b>
<b>Reuters Knowledge</b>	<b>17</b>	<b>16</b>	<b>14</b>	<b>4%</b>	<b>22%</b>
<b>Reuters Wealth Manager</b>	<b>93</b>	<b>93</b>	<b>97</b>	<b>-</b>	<b>(5%)</b>
<b>Total period end accesses</b>	<b>332</b>	<b>333</b>	<b>342</b>	<b>-</b>	<b>(3%)</b>
<b>Access driven revenue (£m)</b>					
Total access driven revenue	330	321	325	1%	3%
Other recurring revenue	289	274	265	5%	13%
<b>Recurring revenue</b>	<b>619</b>	<b>595</b>	<b>590</b>	<b>3%</b>	<b>8%</b>
<b>Average revenue per access (£)</b>	<b>331</b>	<b>322</b>	<b>311</b>	<b>1%</b>	<b>9%</b>

\* A minor reclassification of prior year access numbers between product families has been made to reflect changes in the management of certain products in 2007.

## USE OF NON-GAAP MEASURES

To supplement IFRS measures, Reuters undertakes further analysis to break these measures out into their component parts, which results in the creation of certain measures which differ from the IFRS measures ('non-GAAP measures'). The rationale for this analysis is outlined below, and reconciliations of the non-GAAP measures to IFRS measures are included within the review of results. These measures are used by management to assess the performance of the business and should be seen as complementary to, rather than replacements for, reported IFRS results.

### 1) Underlying currency results

Period-on-period change in Reuters is measured in overall terms (i.e. actual reported results) and sometimes in underlying currency terms as well. Underlying change is calculated by excluding the impact of currency fluctuations as well as the results of acquisitions and disposals. This enables comparison of Reuters operating results on a like-for-like basis between periods.

Underlying results are calculated excluding the impact of currency fluctuations as well as the results of entities acquired or disposed of during the current or prior periods from the results of each period under review. Underlying results reflect the operating results of the ongoing elements of each business division, and measure the performance of management against variables over which they have control, without the year-on-year impact of a step change in revenue and costs that can result from currency movements and acquisition or disposal activity.

### 2) Exclusion of restructuring charges

Reuters results are reviewed before and after the costs of Reuters business transformation plans (which included the former Fast Forward programme) and acquisition integration charges.

Under the Fast Forward programme Reuters incurred restructuring charges relating primarily to headcount reduction and rationalisation of the company's property portfolio. Fast Forward was a three year programme implemented to accelerate and expand on Reuters five year business transformation plan which was launched in 2001; the programme completed in 2005, as originally envisaged. The impact of Fast Forward restructuring is now only seen in the non-GAAP cash flow measures.

The Fast Forward programme was centrally managed, and its performance against targets was evaluated separately from the ongoing Reuters business. Fast Forward restructuring charges are therefore excluded from certain profit, cash flow and margin measures.

Acquisition integration costs are one-off charges associated with transaction activity that do not recur. As described above, the charges in respect of acquisition activity are excluded to enable better like-for-like comparison between periods.

Because of their time-limited and defined nature, Reuters believes that presenting these measures, both including and excluding restructuring charges and acquisition integration costs, gives investors a more detailed insight into the performance of management and the business. In addition, Reuters management uses both measures to assess the performance of management and the business.

### 3) Thomson deal-related costs

During 2007, Reuters has incurred certain charges in relation to the Thomson deal announced on 15 May 2007. These include third party advisor and legal fees.

As Thomson's acquisition of Reuters will not be accounted for as an acquisition in Reuters financial statements, deal-related costs incurred by Reuters are required to be expensed. This treatment is dissimilar to transaction-related costs previously incurred by Reuters, which were either capitalised as a cost of acquisition or charged to profits on disposal (which were recognised outside of Reuters trading profit, adjusted earnings and related cash flow and margin measures).

Given their once-off nature and dissimilarity to previous transaction-related costs, Thomson deal-related costs have therefore been excluded from certain profit, cash flow and margin measures to enable better like-for-like comparisons between periods.

### 4) Exclusion of amortisation and impairment of intangibles acquired in a business combination, investment income, profit / (losses) from disposals, fair value movements and Thomson deal-related costs

For certain cost, profit, cash flow, margin and earnings per share measures, Reuters analyses its results both before and after the impact of restructuring charges, amortisation and impairments of intangibles acquired in a business combination, investment income, profits and losses from disposals, fair value movements and Thomson deal-related costs. The adjusted measures are referred to as 'Trading Profit', 'Trading Costs', 'Trading Margin' and 'Trading Cash Flow'. The rationale for isolating restructuring charges and Thomson deal-related costs is explained above.

#### Amortisation and impairment of intangibles acquired in a business combination, investment income and profit / (losses) from disposals

Reuters isolates the impact of income and charges in respect of its investments. Income and charges from investments relate to impairments of goodwill, subsidiaries, associates and joint ventures; impairments and amortisation of other intangibles acquired in a business combination; income from investments; and pre-tax profits and losses on disposal of subsidiaries, joint ventures, associates and other investments.

Such charges and income may arise from corporate acquisition and disposal activity, rather than the ongoing operations of the business divisions, with a reasonable allocation being determined for segmental reporting. These are analysed and reviewed separately from ongoing operations, as this is consistent with the manner in which Reuters sets internal targets, evaluates its business units and issues guidance to the investor community.

Amortisation and impairment charges in respect of software and development intangibles are included within operating and trading costs.

#### Fair value movements

Reuters also isolates the impact of movements in the fair value of financial assets held at fair value through profit or loss, embedded derivatives, and derivatives used for hedging purposes (where these changes are reflected in the income statement).

Embedded derivatives are foreign exchange contracts implicitly contained in some of Reuters revenue and purchase commitments. Changes in the fair value of embedded derivatives arise as a result of movements in foreign currency forward rates. The unpredictable nature of forward rates, the uncertainty over whether the gains or losses they anticipate will actually arise, and the volatility they bring to the income statement lead Reuters to consider that it is appropriate to analyse their effects separately from the ongoing operations of the business. This enables Reuters to undertake more meaningful period-on-period comparisons of its results, as well as to isolate and understand better the effect of future currency movements on revenue and purchase commitments. This separate analysis is also consistent with the manner in which Reuters sets its internal targets, evaluates its business divisions and issues guidance to the investor community.

The impact of fair value movements on derivatives relating to treasury hedging activity is also excluded, unless there is an equivalent offset in operating results. All derivatives undertaken are used to manage the Group's exposure, but some may not qualify for hedge accounting and in these situations the reported impact of the underlying item and the derivative may not offset. The impact of treasury derivatives is mainly due to currency or interest rate movements and, as for the other items noted above, business division operating performance is managed against targets which exclude these factors.

#### Tax and adjusted EPS

To ensure consistency, the non-GAAP EPS measure also eliminates the earnings impact of taxation charges and credits related to excluded items.

Adjusted EPS is defined as basic EPS from continuing operations before impairments and amortisation of intangibles acquired via business combinations, fair value movements, investment income, disposal profits / (losses), Thomson deal-related costs and related tax effects.

On 12 March 2007 the UK Government announced a reduction in the corporation tax rate from 30% to 28%, effective 1 April 2008. This should lead to a slight fall in the overall Reuters effective tax rate in future years. However in 2007 Reuters is required to write down the existing UK deferred tax assets (pension contributions, tax losses etc) from 30% to 28%. The effect of this is a £6 million charge in the Income Statement. This charge, together with the effect of other countries' rate changes, has been excluded from the calculation of Adjusted EPS on the grounds that it is a once-off event, outside the normal course of business.

#### Dividend policy

Presenting earnings before the impact of restructuring charges, Thomson deal-related costs, amortisation and impairment of intangibles acquired in a business combination, investment income, disposals and fair value movements also helps investors to measure performance in relation to Reuters dividend policy. In 2001, Reuters Group defined the long-term goal of its dividend policy to be a dividend cover of at least two times, based on Reuters UK GAAP earnings before amortisation of goodwill and other intangibles, impairments and disposals. Reuters dividend policy remains unaltered through completion of the Transaction. With the adoption of IFRS, the equivalent earnings measure is Reuters earnings (after interest and taxation) before amortisation and impairments of intangibles acquired in a business combination, fair value movements, profits / (losses) on disposals and Thomson deal-related costs.

### **5) Free cash flow**

Reuters free cash flow is used as a performance measure to assess Reuters ability to pay its dividend from cash flow. Free cash flow is intended to measure all Reuters cash movements, other than those which are either discretionary in nature or unrelated to ongoing recurring operating activities such as special contributions to fund defined benefit pension deficits, acquisitions and disposals and dividends paid out by Reuters. Whilst Reuters believes that free cash flow is an important performance measure in respect of its cash flows, it is not used in isolation, but rather in conjunction with other cash flow measures as presented in the financial statements.

## **6) Net funds / (debt)**

Net funds / (debt) represents cash and cash equivalents and short-term deposits, net of bank overdrafts and borrowings. This measure aggregates certain components of financial assets and liabilities and is used in conjunction with total financial assets and liabilities to manage Reuters overall financing position.

## RECONCILIATION OF NON-GAAP MEASURES (UNAUDITED)

### 1) RECONCILIATION OF OPERATING PROFIT TO TRADING PROFIT, ADJUSTED PBT AND ADJUSTED EARNINGS (UNAUDITED)

	Year ended 31 December	
	2007	2006
	£m	£m
<b>Operating profit from continuing operations</b>	<b>292</b>	<b>256</b>
Excluding:		
Restructuring charges	-	13
Thomson deal-related costs	45	-
Impairments & amortisation of business combination intangibles	40	24
Investment Income	(1)	-
Profit on disposal of subsidiaries	(3)	(4)
Fair value movements	12	19
<b>Trading profit*</b>	<b>385</b>	<b>308</b>
Restructuring	-	(13)
Associates and joint ventures	(6)	(4)
Interest	(34)	(15)
<b>Adjusted PBT</b>	<b>345</b>	<b>276</b>
Adjusted tax charge	(60)	(54)
<b>Adjusted earnings</b>	<b>285</b>	<b>222</b>

\* Trading profit is defined as operating profit from continuing operations before acquisition-related restructuring charges, Thomson deal-related costs, impairments & amortisation of intangibles acquired via business combinations, investment income, profits from disposals of subsidiaries and fair value movements.

### 2) RECONCILIATION OF OPERATING MARGIN TO TRADING MARGIN (UNAUDITED)

	Year ended 31 December	
	2007	2006
	%	%
<b>Operating margin from continuing operations</b>	<b>11.2%</b>	<b>10.0%</b>
Excluding:		
Restructuring charges	-	0.5%
Thomson deal-related costs	1.7%	-
Impairments & amortisation of business combination intangibles	1.6%	0.9%
Profit on disposal of subsidiaries	(0.1%)	(0.1%)
Fair value movements	0.4%	0.7%
<b>Trading margin*</b>	<b>14.8%</b>	<b>12.0%</b>

\* Trading margin is defined as operating margin from continuing operations before acquisition-related restructuring charges, Thomson deal-related costs, impairments & amortisation of intangibles acquired via business combinations, investment income, profits from disposals of subsidiaries and fair value movements.

### 3) RECONCILIATION OF OPERATING COSTS TO TRADING COSTS BY DIVISION (UNAUDITED)

	Year ended 31 December	
	2007	2006*
	£m	£m
<b>Sales &amp; Trading</b>		
<b>Operating costs**</b>	<b>1,440</b>	<b>1,506</b>
Restructuring charges	-	(12)
Impairments & amortisation of business combination intangibles	(33)	(17)
Fair value movements	(9)	(18)
Other income	(22)	(20)
<b>Trading costs</b>	<b>1,376</b>	<b>1,439</b>
<b>Research &amp; Asset Management</b>		
<b>Operating costs**</b>	<b>339</b>	<b>324</b>
Impairments & amortisation of business combination intangibles	(4)	(3)
Fair value movements	(2)	(3)
Other income	(5)	(4)
<b>Trading costs</b>	<b>328</b>	<b>314</b>
<b>Enterprise</b>		
<b>Operating costs**</b>	<b>371</b>	<b>362</b>
Restructuring charges	-	(1)
Impairments & amortisation of business combination intangibles	(3)	(3)
Fair value movements	(2)	(3)
Other income	(6)	(5)
<b>Trading costs</b>	<b>360</b>	<b>350</b>
<b>Media</b>		
<b>Operating costs**</b>	<b>160</b>	<b>159</b>
Impairments & amortisation of business combination intangibles	-	(1)
Fair value movements	(1)	(1)
Other income	(3)	(2)
<b>Trading costs</b>	<b>156</b>	<b>155</b>

\*As discussed in note 11 on page 18, 2006 comparatives have been restated to decrease operating costs by £37 million in Sales & Trading, to increase operating costs by £9 million in Research & Asset Management, to increase operating costs by £27 million in Enterprise and to increase operating costs by £1 million in Media.

\*\*Operating costs also include £45 million of Thomson deal-related costs, which have not been analysed in the table above as these relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis. Total operating costs are £2,355 million.

#### 4) RECONCILIATION OF OPERATING PROFIT TO TRADING PROFIT BY DIVISION (UNAUDITED)

	Year ended 31 December	
	2007	2006*
	£m	£m
<b>Sales &amp; Trading</b>		
<b>Operating profit**</b>	<b>206</b>	<b>182</b>
Exclude:		
Investment income	(1)	-
Restructuring charges	-	12
Impairments & amortisation of business combination intangibles	33	17
Profit on disposal of subsidiaries	(2)	(3)
Fair value movements	7	14
<b>Trading profit</b>	<b>243</b>	<b>222</b>
<b>Research &amp; Asset Management</b>		
<b>Operating profit / (loss)**</b>	<b>29</b>	<b>(15)</b>
Exclude:		
Impairments & amortisation of business combination intangibles	4	3
Fair value movements	2	2
<b>Trading profit / (loss)</b>	<b>35</b>	<b>(10)</b>
<b>Enterprise</b>		
<b>Operating profit**</b>	<b>87</b>	<b>75</b>
Exclude:		
Restructuring charges	-	1
Impairments & amortisation of business combination intangibles	3	3
Profit on disposal of subsidiaries	(1)	-
Fair value movements	2	2
<b>Trading profit</b>	<b>91</b>	<b>81</b>
<b>Media</b>		
<b>Operating profit**</b>	<b>15</b>	<b>14</b>
Exclude:		
Impairments & amortisation of business combination intangibles	-	1
Profit on disposal of subsidiaries	-	(1)
Fair value movements	1	1
<b>Trading profit</b>	<b>16</b>	<b>15</b>

\*As discussed in note 11 on page 18, 2006 comparatives have been restated to decrease recoveries revenues by £80 million, increase other product revenues by £51 million and decrease operating costs by £37 million in Sales & Trading, to increase other product revenue by £6 million and increase operating costs by £9 million in Research & Asset Management, to increase other product revenue by £23 million and increase operating costs by £27 million in Enterprise and to increase operating costs by £1 million in Media.

\*\*Operating profit also includes £45 million of Thomson deal-related costs, which have not been analysed in the table above as these relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis. Total operating profit is £292 million.

## 5) RECONCILIATION OF OPERATING MARGIN TO TRADING MARGIN BY DIVISION (UNAUDITED)

	Year ended 31 December	
	2007	2006*
	%	%
<b>Sales &amp; Trading</b>		
<b>Operating margin**</b>	<b>13%</b>	<b>11%</b>
Exclude:		
Impairments & amortisation of business combination intangibles	2%	1%
Fair value movements	-	1%
<b>Trading margin</b>	<b>15%</b>	<b>13%</b>
<b>Research &amp; Asset Management</b>		
<b>Operating margin**</b>	<b>8%</b>	<b>(5%)</b>
Exclude:		
Impairments & amortisation of business combination intangibles	1%	1%
Fair value movements	1%	1%
<b>Trading margin</b>	<b>10%</b>	<b>(3%)</b>
<b>Enterprise</b>		
<b>Operating margin**</b>	<b>19%</b>	<b>18%</b>
Exclude:		
Impairments & amortisation of business combination intangibles	1%	-
Fair value movements	-	1%
<b>Trading margin</b>	<b>20%</b>	<b>19%</b>
<b>Media</b>		
<b>Operating margin**</b>	<b>9%</b>	<b>8%</b>
Exclude:		
Fair value movements	-	1%
<b>Trading margin</b>	<b>9%</b>	<b>9%</b>

\*As discussed in note 11 on page 18, 2006 comparatives have been restated to decrease recoveries revenues by £80 million, increase other product revenues by £51 million and decrease operating costs by £37 million in Sales & Trading, to increase other product revenue by £6 million and increase operating costs by £9 million in Research & Asset Management, to increase other product revenue by £23 million and increase operating costs by £27 million in Enterprise and to increase operating costs by £1 million in Media.

\*\*Operating margin also includes £45 million of Thomson deal-related costs, which have not been analysed in the table above as these relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis. Total operating margin is 11.2%.

**6) RECONCILIATION OF NON-GAAP BASIC EPS FROM CONTINUING OPERATIONS TO BASIC EPS (UNAUDITED)**

	Year ended 31 December	
	2007	2006
	pence	pence
<b>Basic EPS from continuing operations</b>	<b>17.3</b>	<b>22.6</b>
Exclude:		
Impairments & amortisation of business combination intangibles	3.3	1.8
Investment Income	(0.1)	-
Profit on disposals	(2.0)	(6.3)
Fair value movements	0.9	1.5
Thomson deal-related costs	3.6	-
Adjustment to tax charge for tax effects of excluded items and change in corporation tax rate	-	(2.5)
<b>Basic EPS from continuing operations before impairments and amortisation of business combination intangibles, investment income, profit on disposals, fair value movements, Thomson deal-related costs, related taxation effects and change in corporation tax rate</b>	<b>23.0</b>	<b>17.1</b>

**7) RECONCILIATION OF NON-GAAP PROFIT BEFORE TAXATION TO PROFIT BEFORE TAXATION (UNAUDITED)**

	Year ended 31 December	
	2007	2006
	£m	£m
<b>Profit before taxation from continuing operations</b>	<b>273</b>	<b>313</b>
Exclude:		
Impairments & amortisation of business combination intangibles	40	24
Investment Income	(1)	-
Profit on disposals	(24)	(80)
Fair value movements	12	19
Thomson deal-related costs	45	-
<b>Profit before tax before impairments &amp; amortisation of business combination intangibles, investment income, profit on disposals, Thomson deal-related costs and fair value movements (Adjusted profit before tax)</b>	<b>345</b>	<b>276</b>

8) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - REVENUE BY DIVISION BY TYPE – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	% change versus year ended 31 December 2006			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Recurring	2%	(5%)	-	(3%)
Usage	19%	(10%)	-	9%
Outright	(4%)	(5%)	-	(9%)
<b>Sales &amp; Trading</b>	<b>3%</b>	<b>(5%)</b>	<b>-</b>	<b>(2%)</b>
Recurring	25%	(6%)	1%	20%
Usage	4%	(7%)	-	(3%)
Outright	(25%)	(5%)	-	(30%)
<b>Research &amp; Asset Management</b>	<b>25%</b>	<b>(6%)</b>	<b>1%</b>	<b>20%</b>
Recurring	11%	(6%)	-	5%
Outright	2%	(2%)	2%	2%
<b>Enterprise</b>	<b>10%</b>	<b>(6%)</b>	<b>1%</b>	<b>5%</b>
Recurring	6%	(5%)	-	1%
Usage	6%	(7%)	-	(1%)
<b>Media</b>	<b>6%</b>	<b>(5%)</b>	<b>-</b>	<b>1%</b>
<b>Recurring</b>	<b>7%</b>	<b>(6%)</b>	<b>-</b>	<b>1%</b>
<b>Usage</b>	<b>15%</b>	<b>(9%)</b>	<b>-</b>	<b>6%</b>
<b>Outright</b>	<b>1%</b>	<b>(3%)</b>	<b>3%</b>	<b>1%</b>
<b>Total revenue</b>	<b>7%</b>	<b>(5%)</b>	<b>-</b>	<b>2%</b>

9) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - REVENUE BY DIVISION BY PRODUCT FAMILY – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	% change versus year ended 31 December 2006			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Reuters Xtra	10%	(6%)	-	4%
Reuters Trader	(20%)	(4%)	-	(24%)
Recoveries	10%	(5%)	-	5%
<b>Sales &amp; Trading</b>	<b>3%</b>	<b>(5%)</b>	<b>-</b>	<b>(2%)</b>
IB & IM	34%	(4%)	-	30%
Reuters Wealth Manager	11%	(7%)	1%	5%
<b>Research &amp; Asset Management</b>	<b>25%</b>	<b>(6%)</b>	<b>1%</b>	<b>20%</b>
Reuters Enterprise Information	18%	(6%)	-	12%
Reuters Information Management	(15%)	(5%)	1%	(19%)
Reuters Trade and Risk Management	14%	(5%)	1%	10%
<b>Enterprise</b>	<b>10%</b>	<b>(6%)</b>	<b>1%</b>	<b>5%</b>
Agency Services	5%	(5%)	-	-
Consumer Media	15%	(9%)	-	6%
<b>Media</b>	<b>6%</b>	<b>(5%)</b>	<b>-</b>	<b>1%</b>
<b>Total revenue</b>	<b>7%</b>	<b>(5%)</b>	<b>-</b>	<b>2%</b>

10) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - REVENUE BY GEOGRAPHY – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	% change versus year ended 31 December 2006			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Europe, Middle East & Africa	6%	(3%)	-	3%
Americas	7%	(8%)	-	(1%)
Asia	9%	(9%)	-	-
<b>Total revenue</b>	<b>7%</b>	<b>(5%)</b>	<b>-</b>	<b>2%</b>

11) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - QUARTERLY NON-GAAP  
PRODUCT FAMILY STATISTICS (UNAUDITED)

	% change versus three months ended 30 September 2007			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
<b>Period end accesses</b>				
3000 Xtra	3%	-	-	3%
Dealing	1%	-	-	1%
Other Xtra	5%	-	-	5%
<b>Reuters Xtra</b>	<b>2%</b>	-	-	<b>2%</b>
<b>Reuters Trader</b>	<b>(6%)</b>	-	-	<b>(6%)</b>
<b>Reuters Knowledge</b>	<b>4%</b>	-	-	<b>4%</b>
<b>Reuters Wealth Manager</b>	-	-	-	-
<b>Total period end accesses</b>	-	-	-	-
<b>Access driven revenue</b>				
Total access driven revenue	1%	2%	-	3%
Other recurring revenue	5%	2%	-	7%
<b>Recurring revenue</b>	<b>3%</b>	<b>1%</b>	-	<b>4%</b>
<b>Average revenue per access</b>				
<b>Total average revenue per access</b>	<b>1%</b>	<b>2%</b>	-	<b>3%</b>

**12) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - QUARTERLY NON-GAAP  
PRODUCT FAMILY STATISTICS (UNAUDITED)**

	% change versus three months ended 31 December 2006			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
<b>Period end accesses</b>				
3000 Xtra	11%	-	-	11%
Dealing	2%	-	-	2%
Other Xtra	51%	-	-	51%
<b>Reuters Xtra</b>	<b>10%</b>	-	-	<b>10%</b>
<b>Reuters Trader</b>	<b>(23%)</b>	-	-	<b>(23%)</b>
<b>Reuters Knowledge</b>	<b>22%</b>	-	-	<b>22%</b>
<b>Reuters Wealth Manager</b>	<b>(5%)</b>	-	-	<b>(5%)</b>
<b>Total period end accesses</b>	<b>(3%)</b>	-	-	<b>(3%)</b>
<b>Access driven revenue</b>				
Total access driven revenue	3%	(2%)	-	1%
Other recurring revenue	13%	(3%)	-	10%
<b>Recurring revenue</b>	<b>8%</b>	<b>(3%)</b>	-	<b>5%</b>
<b>Average revenue per access</b>				
<b>Total average revenue per access</b>	<b>9%</b>	<b>(3%)</b>	-	<b>6%</b>

**13) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE – TRADING COSTS BY DIVISION – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)**

	% change versus year ended 31 December 2006			
	Underlying change	Impact of currency	Impact of Acquisitions & disposals	Actual change
Sales & Trading	-	(4%)	-	(4%)
Research & Asset Management	10%	(6%)	1%	5%
Enterprise	7%	(5%)	1%	3%
Media	4%	(4%)	-	-
<b>Total trading costs</b>	<b>3%</b>	<b>(5%)</b>	<b>-</b>	<b>(2%)</b>

**14) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE – TRADING PROFIT BY DIVISION – YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)**

	% change versus year ended 31 December 2006			
	Underlying change	Impact of currency	Impact of Acquisitions & disposals	Actual change
Sales & Trading	28%	(18%)	(1%)	9%
Research & Asset Management	-	-	-	-
Enterprise	21%	(10%)	-	11%
Media	35%	(25%)	-	10%
<b>Total trading profit</b>	<b>43%</b>	<b>(18%)</b>	<b>-</b>	<b>25%</b>

**15) COMPONENTS OF NET DEBT AT 31 DECEMBER 2007 (UNAUDITED)**

	As at 31 December	
	2007 £m	2006 £m
Cash and cash equivalents	251	129
Bank overdrafts	(9)	(24)
	<b>242</b>	<b>105</b>
Short-term deposits	3	198
Borrowings (excluding bank overdrafts)	(622)	(636)
<b>Net debt</b>	<b>(377)</b>	<b>(333)</b>

**16) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)**

	Year ended 31 December	
	2007	2006
	£m	£m
Increase / (decrease) in cash and cash equivalents	137	(532)
Cash (inflow) / outflow from movement in short-term deposits	(195)	196
Cash outflow / (inflow) from movement in borrowings	66	(270)
Exchange (losses) / gains on short-term deposits and borrowings	(50)	7
	<b>(42)</b>	<b>(599)</b>
Fair value movements	7	17
Other non cash movements	(9)	(4)
<b>Movement in net debt</b>	<b>(44)</b>	<b>(586)</b>
Opening net (debt) / funds	(333)	253
<b>Closing net debt</b>	<b>(377)</b>	<b>(333)</b>

**17) RECONCILIATION OF CASH GENERATED FROM OPERATIONS TO FREE CASH FLOW AND TRADING CASH FLOW (UNAUDITED)**

	Year ended 31 December	
	2007	2006
	£m	£m
<b>Cash generated from operations</b>	<b>534</b>	<b>311</b>
Interest received	67	42
Interest paid	(99)	(61)
Tax paid	(26)	(34)
Purchases of property, plant and equipment	(116)	(122)
Proceeds from sale of property, plant and equipment	19	5
Purchases of intangible assets	(109)	(106)
Thomson deal-related costs	21	-
Special pensions funding payment	4	187
Dividends received	3	3
	<b>298</b>	<b>225</b>
<b>Free cash flow</b>	<b>298</b>	<b>225</b>
Interest received	(67)	(42)
Interest paid	99	61
Tax paid	26	34
Restructuring	11	52
Other	(14)	13
<b>Trading cash flow</b>	<b>353</b>	<b>343</b>
<b>Cash conversion*</b>	<b>92%</b>	<b>111%</b>

\* Cash conversion = trading cash flow / trading profit

## FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Reuters financial condition, results of operations and business, and management's strategy, plans and objectives for Reuters. In particular, all statements that express forecasts, expectations and projections with respect to certain matters, including trends in results of operations, margins, growth rates, overall financial market trends, anticipated cost savings and synergies and the successful completion of transformation programmes, strategy plans, acquisitions and disposals, are all forward-looking statements. These forward-looking statements include forward-looking statements in relation to the proposed combination of Reuters and The Thomson Corporation (the "Transaction") that are based on certain assumptions and reflect Thomson's and Reuters current expectations, including statements about Thomson's and Reuters beliefs and expectations related to the proposed Transaction structure and consideration, benefits that would be afforded to customers, benefits to the combined business of Thomson and Reuters that are expected to be obtained as a result of the Transaction, as well as the parties' ability to enhance shareholder value through, among other things, the delivery of expected synergies.

Forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to:

- In relation to the proposed Transaction:
  - the ability to achieve the cost savings and synergies contemplated through the proposed Transaction;
  - the approval of the proposed Transaction by Reuters shareholders;
  - the ability to fulfil certain conditions to which the Transaction is subject;
  - the effect of regulatory conditions imposed by regulatory authorities;
  - the reaction of Thomson's and Reuters customers, employees and suppliers;
  - the ability to promptly and effectively integrate the businesses of Thomson and Reuters;
  - the impact of the diversion of management time on issues related to the proposed transaction;
- Reuters ability to realise the anticipated benefits of its Core Plus growth and transformation strategy;
- conditions in financial markets;
- the impact of currency and interest rate fluctuations on Reuters reported revenue and earnings;
- difficulties or delays that Reuters may experience in developing or responding to new customer demands or launching new products;
- the dependency of Reuters on third parties for the provision of certain network and other services;
- any significant failures or interruptions experienced by the networks or systems of Reuters and such networks' ability to accommodate increased traffic;
- the impact of a decline in the valuation of companies in which it has invested;
- the impact of significant competition or structural changes in the financial information and trading communities;
- changes in legislation and regulation;
- adverse governmental action in countries where Reuters conducts reporting activities;
- the ability of Reuters to realise the anticipated benefit of existing or future acquisitions, joint ventures, investments or disposals;
- the litigious environment in which Reuters operates.

For additional information, please see "Risk Factors" in the Reuters Group PLC Annual Report and Form 20-F for the year ended 31 December 2006 as well as "Risk Factors" in the Reuters combined shareholder circular, scheme document and prospectus of Thomson Reuters PLC (together "the Circular"). Copies of the Annual Report and Form 20-F and the Circular are available on request from Reuters Group PLC, South Colonnade, Canary Wharf, London E14 5EP. Any forward-looking statements made by or on behalf of Reuters Group speak only as of the date they are made. Reuters Group does not undertake to update any forward-looking statements.

**Ends**