

**REUTERS GROUP PLC – FIRST QUARTER REVENUE STATEMENT**  
for the three months to 31 March 2006

26 April 2006

**REUTERS Q1 2006 REVENUE STATEMENT**

**Financial highlights**

- Q1 total revenue of £633 million (2005: £558 million), up 13%
- Constant currency revenue growth of 9% including five percentage points from acquisitions, principally Telerate in June 2005
- Underlying revenue growth of 4% in line with company expectations, reflecting annual price increases, a weak comparative for outright revenue in 2005, good growth in usage revenue and an initial half percentage point contribution from Core Plus initiatives
- Reuters confirms that it expects full year revenue growth of around 5% on a constant currency basis. This includes acquisitions and a percentage point of growth from Core Plus.

**Business highlights**

- One percentage point of market share growth in 2005 to 27% (inclusive of Telerate) in the £6 billion financial information and services market that accounts for over 80% of Reuters revenue
- Total number of user positions up by 1,000 to 347,000.

**Tom Glocer, Reuters Chief Executive**, said: “We have delivered a good first quarter, which provides a strong base for the rest of the year. Our market share data confirms what our first quarter sales and our customers are telling us - that our products are highly competitive and we are winning in the marketplace. Our Core Plus strategy is also off to a good start with growth in transaction revenues, media and emerging markets like China and India.”

**Notes to Analysts**

*Underlying percentage change excludes acquisitions and disposals since 1 January 2005 and is stated at constant exchange rates. Reconciliations to equivalent IFRS figures can be found at [www.about.reuters.com](http://www.about.reuters.com), in the Investors section under Financial Data.*

## **Contacts**

Miriam McKay  
[miriam.mckay@reuters.com](mailto:miriam.mckay@reuters.com)

**Tel: +44 (0) 20 7542 7057**

## **Investors**

Karen Almeida  
[karen.almeida@reuters.com](mailto:karen.almeida@reuters.com)

**Tel: +44 (0) 20 7542 8617**

## **Press**

Johnny Weir  
[johnny.weir@reuters.com](mailto:johnny.weir@reuters.com)

**Tel: +44 (0) 20 7542 5211**

## **Notes**

Reuters ([www.reuters.com](http://www.reuters.com)), the global information company, provides indispensable information tailored for professionals in the financial services, media and corporate markets. Its trusted information drives decision making across the globe based on a reputation for speed, accuracy and independence. At the end of 2005, Reuters had 15,300 staff in 89 countries. This includes 2,300 editorial staff in 189 bureaux serving 128 countries, making Reuters the world's largest international multimedia news agency. In 2005, Reuters revenues were £2.4 billion.

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

Reuters will hold a conference call today at 09:30 BST. To participate, please register online at <http://registration.intercall.com/go/reutersir>. An email confirmation containing dial-in details will be sent by return.

Photographs are available at [www.about.reuters.com/pressoffice/library/photos/senior.asp](http://www.about.reuters.com/pressoffice/library/photos/senior.asp)

This announcement includes forward-looking statements. See page 9 for a description of risk factors.

## REVENUE REVIEW

Reuters revenue for the three months to 31 March 2006 was £633 million, an increase of 13% over the same period in 2005.

On a constant currency basis, revenue increased by 9%. The four percentage points of currency-related revenue growth in the first quarter were driven by a stronger US dollar, which had a roughly equal effect on Reuters cost base because the proportions of US dollar denominated revenues and costs were approximately the same.

Acquisitions, principally Telerate, performed in line with Reuters expectations in the first quarter, adding some five percentage points of constant currency revenue growth. Taking into account that Telerate was acquired in June 2005, Reuters continues to expect one and a half percentage points of full year growth from acquisitions.

Of the 4% underlying revenue growth achieved in the first quarter, Reuters new Core Plus initiatives contributed about half a percentage point - approximately £3 million of revenue. The main contributors were new transaction systems, new enterprise applications such as *Reuters DataScope Tick History* and consumer media operations. Revenue contribution from these new initiatives is expected to increase as the year progresses, keeping Reuters on track to achieve its forecast of one percentage point of full year revenue growth from Core Plus.

The remaining three and a half percentage points of underlying revenue growth came from Reuters core business, driven principally by Reuters annual price increase, worth around two percentage points. Outright revenue contributed almost one percentage point to underlying growth in the quarter, reflecting weak comparatives. Usage revenue showed good growth, reflecting high activity levels in Reuters traditional treasury brokerage and media businesses.

Reuters saw underlying revenue growth in all geographic regions in the first quarter. The strongest growth was in Asia (up 7%) and the Americas (up 5%) while UK and Ireland grew at 4% and Continental Europe, Middle East and Africa grew more slowly at 2%.

## MARKET SHARE

Each year, Reuters publishes headline findings from its market size and share study. This in-depth, proprietary research is based on quantitative macro-economic modelling, consolidation of over 100 secondary sources and 25,000 end user profiles.

In 2005, Reuters grew its revenue share by one percentage point in the £6 billion market for financial information and services that accounts for over 80% of Reuters current revenue. This takes Reuters revenue share to 27%, level with Bloomberg.

Reuters market share growth was driven by the acquisition of Telerate and by share gains at Reuters largest customers, in reference datafeeds and in treasury brokerage. These gains outweighed losses of lower cost legacy business. Excluding acquisitions, Reuters market share remained stable.

Reference datafeeds continued to perform strongly, increasing their share of revenue by two percentage points. Reuters also saw an increase of one percentage point in its market share of treasury brokerage (usage revenue generated from Dealing Matching), reflecting its ability to drive growth in the rapidly expanding electronic trading market targeted in its Core Plus strategy.

With Core Plus, Reuters addressable market is expected to expand from £6 billion to £11 billion per year, offering the prospect of accelerated growth.

## BUSINESS DIVISIONS REVIEW

### Sales and Trading

Revenue from Sales and Trading was £424 million, an increase of 12% compared to the first quarter of 2005 (up 1% on an underlying basis).

Sales and Trading business performance continues to be driven by the **Reuters Xtra family** of products (*Reuters 3000 Xtra*, *Reuters Dealing* and *Reuters Station*). These generated £236 million of revenue in Sales and Trading, up 7% on an underlying basis compared to the same period last year. *Reuters 3000 Xtra* revenue in Sales and Trading grew an underlying 12% to £161 million, driven by price increases and migration of customers from legacy products, as well as new business.

Trading capabilities continued to play an important part in the performance of the **Reuters Xtra family** in the first quarter. Subscription revenues from *Reuters Dealing* grew by an underlying 3% to £66 million, driven by new business in emerging markets. Usage revenues grew an underlying 13% to £20 million, reflecting good growth from new dealer-to-customer systems and Reuters prime brokerage services, launched in Q4 2005, which have seen rapid take-up amongst hedge funds. During the first quarter Reuters unveiled *Reuters Trading for Exchanges*, which continues to build Reuters unique cross asset trading capabilities.

In the **Reuters Trader family**, revenues increased by 6% to £96 million, reflecting the inclusion of business acquired from Telerate. On an underlying basis revenues declined by 18%, driven primarily by migration of customers to *Reuters 3000 Xtra*. While Reuters continues to see some revenue decline in domestic markets, new *Reuters Trader* products are gaining momentum with particularly strong sales in Commodities and Energy.

### Research and Asset Management

Revenue from Research and Asset Management was £70 million, an increase of 19% (10% underlying) compared to the first quarter of 2005. The acquisitions of EcoWin, TASS and Hedgeworld accounted for five percentage points of this growth.

Reuters Research and Asset Management business serves two distinct user communities – **Investment Banking and Investment Management (IB & IM)**; and **Wealth Management**.

**IB & IM** generated revenue of £38 million, up 15% on an underlying basis. This was largely driven by strong sales of *Reuters Knowledge*, both as a standalone product and also embedded in *Reuters 3000 Xtra*. *Reuters Knowledge* continues to receive excellent customer feedback, with recognition growing of the superior quality of Reuters Estimates and Reuters Fundamentals. Rapid release cycles facilitate frequent upgrades to content and functionality. The first tranche of the SpendingPulse data sourced exclusively from MasterCard is now available, with revenue-generating detailed packages due for release in the second quarter.

**Wealth Management** generated revenue of £32 million, up 4% on an underlying basis. Reuters Lipper fund information subsidiary, a key source of high value content, grew an underlying 28% to £11 million. Revenue attrition as Reuters refocuses its Wealth Management business on opportunities to supply high value content is within the levels expected by the company.

### Enterprise

Enterprise revenue was £96 million, an increase of 14% (10% underlying) compared to the first quarter of 2005.

**Enterprise Information**, which includes Reuters real time and reference datafeeds businesses, grew by an underlying 14% to £54 million. This was driven by continued customer demand for machine-readable content in standardised formats to power an increasingly wide range of applications. Reuters continues to enhance its real time and reference products, for example by tripling to nine the number of ultra low latency feeds available direct from exchanges and by

releasing new products such as *Reuters Datascope Select*, which gives customers flexible access to cross asset class reference information.

**Information Management**, which includes the Reuters Market Data System (RMDS), generated revenue of £24 million, down 8% on an underlying basis. Revenues in this area continue to be affected by the move to desktop based solutions at smaller sites, withdrawal from the hardware business and the fact that the majority of customers have now migrated from legacy platforms onto RMDS. These drivers are being counter-balanced to some extent by new initiatives such as the *Reuters Wireless Delivery System* and *Reuters Tick Capture Engine* and the release of *RMDS 6.0*, which helps customers process ultra low latency data and handles a broader array of data types including transaction order books.

**Trade and Risk Management** grew revenue by an underlying 25% to £18 million, although this compares to a weak first quarter in 2005. This growth was driven by strong outright sales of *Reuters Kondor* + risk management software in Europe and Asia.

## Media

Media revenue was £43 million, an increase of 19% (14% underlying) compared to the first quarter of 2005.

Agency revenues grew 9% on an underlying basis to £36 million, with particularly strong performances in pictures and TV. These were driven by new business wins, notably in the Gulf region, and increases in usage related revenue.

Consumer services grew an underlying 51% to £7 million. Reuters online properties in the US, UK and Japan are attracting strong advertising revenues and mobile related products are also performing well.

## PENSIONS UPDATE

Reuters is in the final stages of constructive discussions with the Trustees of its UK defined benefit pension plans. These discussions include proposals to enhance the security of the plans by substantially funding the pension deficits in this financial year as well as initiatives to de-risk the investment strategy and reduce Reuters exposure to future asset and liability risk. The proposed package of measures also includes a once off payment to cover a discretionary inflation increase for pensioners in 2006. The effect on 2006 earnings of these measures is expected to be modest, with no material impact expected thereafter. A deficit of £265 million from Reuters UK pension plans was recorded on Reuters 2005 balance sheet. As such, it has already been taken into account by the credit rating agencies and will not affect Reuters share buy back plans. Reuters expects to conclude these discussions within the next few weeks, whereupon Reuters will make a fuller announcement.

## OUTLOOK

Reuters confirms that it expects full year revenue growth of around 5% on a constant currency basis. This includes acquisitions and a percentage point of growth from Core Plus.

1) REUTERS REVENUE FROM CONTINUING OPERATIONS BY DIVISION BY TYPE – THREE MONTHS TO 31 MARCH 2006 (UNAUDITED)

	Three months to 31 March		% Change	
	2006 £m	2005 £m	Actual	Underlying
Recurring	403	362	11%	-
Outright	1	1	37%	33%
Usage	20	16	21%	13%
<b>Sales &amp; Trading</b>	<b>424</b>	<b>379</b>	<b>12%</b>	<b>1%</b>
Recurring	70	58	19%	10%
Usage	-	1	(24%)	(29%)
<b>Research &amp; Asset Management</b>	<b>70</b>	<b>59</b>	<b>19%</b>	<b>10%</b>
Recurring	86	78	11%	6%
Outright	10	6	61%	57%
<b>Enterprise</b>	<b>96</b>	<b>84</b>	<b>14%</b>	<b>10%</b>
Recurring	33	31	9%	7%
Usage	10	5	76%	56%
<b>Media</b>	<b>43</b>	<b>36</b>	<b>19%</b>	<b>14%</b>
<b>Recurring</b>	<b>592</b>	<b>529</b>	<b>12%</b>	<b>2%</b>
<b>Outright</b>	<b>11</b>	<b>7</b>	<b>61%</b>	<b>58%</b>
<b>Usage</b>	<b>30</b>	<b>22</b>	<b>33%</b>	<b>21%</b>
<b>Total Reuters revenue*</b>	<b>633</b>	<b>558</b>	<b>13%</b>	<b>4%</b>

\* In Q1 Reuters re-aligned external revenue reporting to reflect certain changes in the way revenue is managed internally. The impact of this realignment has been reflected in the 2005 comparatives.

**2) REUTERS REVENUE FROM CONTINUING OPERATIONS BY DIVISION BY PRODUCT FAMILY – THREE MONTHS TO 31 MARCH 2006 (UNAUDITED)**

	Three months to 31 March		% Change	
	2006 £m	2005 £m	Actual	Underlying
Reuters Xtra	236	210	13%	7%
Reuters Trader	96	90	6%	(18%)
Recoveries	92	79	16%	4%
<b>Sales &amp; Trading</b>	<b>424</b>	<b>379</b>	<b>12%</b>	<b>1%</b>
Reuters Xtra	19	16	16%	16%
Reuters Trader	2	2	4%	3%
Reuters Knowledge	17	12	42%	16%
Reuters Wealth Manager	32	29	12%	4%
<b>Research &amp; Asset Management</b>	<b>70</b>	<b>59</b>	<b>19%</b>	<b>10%</b>
<b>Enterprise</b>	<b>96</b>	<b>84</b>	<b>14%</b>	<b>10%</b>
<b>Media</b>	<b>43</b>	<b>36</b>	<b>19%</b>	<b>14%</b>
<b>Total Reuters revenue</b>	<b>633</b>	<b>558</b>	<b>13%</b>	<b>4%</b>

Each Division consists of specific products. Each product falls into one Division except for 3000 Xtra and 2000/3000 products. Revenues at asset management clients are attributed to the Research & Asset Management Division by reference to activities at particular sites. All other revenue for these products are Sales & Trading revenues.

**3) REUTERS REVENUE FROM CONTINUING OPERATIONS BY GEOGRAPHY – THREE MONTHS TO 31 MARCH 2006 (UNAUDITED)**

	Three months to 31 March		% Change	
	2006 £m	2005 £m	Actual	Underlying
UK and Ireland	98	88	12%	4%
EMEA West	95	92	3%	2%
EMEA East	148	139	7%	2%
Americas	177	146	21%	5%
Asia	115	93	23%	7%
<b>Total Reuters revenue</b>	<b>633</b>	<b>558</b>	<b>13%</b>	<b>4%</b>

#### 4) REUTERS QUARTERLY PRODUCT FAMILY STATISTICS (UNAUDITED)

	Three months ended			Underlying % Change	
	March	December	March	Versus December	Versus March
	2006	2005	2005	2005	2005
<b>Period end accesses (000s)</b>					
3000 Xtra	103	100	92	2%	11%
Dealing	18	18	18	-	(1%)
Other Xtra	2	2	2	(8%)	(27%)
<b>Reuters Xtra</b>	<b>123</b>	<b>120</b>	<b>112</b>	<b>2%</b>	<b>8%</b>
2000/3000; Telerate	71	74	61	2%	(18%)
Trader	42	42	40	(2%)	3%
<b>Reuters Trader</b>	<b>113</b>	<b>116</b>	<b>101</b>	<b>-</b>	<b>(10%)</b>
<b>Reuters Knowledge</b>	<b>12</b>	<b>11</b>	<b>9</b>	<b>8%</b>	<b>36%</b>
<b>Reuters Wealth Manager</b>	<b>99</b>	<b>99</b>	<b>105</b>	<b>(1%)</b>	<b>(6%)</b>
<b>Total period end accesses</b>	<b>347</b>	<b>346</b>	<b>327</b>	<b>1%</b>	<b>(1%)</b>
<b>Access driven revenue (£m)</b>					
Reuters Xtra	224	216	195	1%	10%
Reuters Trader	89	91	80	(3%)	(16%)
Knowledge & Wealth Manager	18	18	17	2%	6%
<b>Total access driven revenue</b>	<b>331</b>	<b>325</b>	<b>292</b>	<b>-</b>	<b>3%</b>
Other recurring revenue	261	263	237	(1%)	2%
<b>Recurring revenue</b>	<b>592</b>	<b>588</b>	<b>529</b>	<b>-</b>	<b>2%</b>
<b>Average revenue per access (£)</b>					
Reuters Xtra	616	598	591	-	-
Reuters Trader	258	256	257	-	(3%)
Knowledge & Wealth Manager	56	54	49	4%	9%
<b>Total average revenue per access</b>	<b>319</b>	<b>307</b>	<b>297</b>	<b>2%</b>	<b>4%</b>

## 5) 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 Group's financial condition, results of operations and business, and management's strategy, plans and objectives for the Group. 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 restructuring programmes, strategy plans, acquisitions and disposals, are all forward-looking statements. These 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:

- Reuters ability to realise the anticipated benefits of the transformation initiatives undertaken through its "Fast Forward" transformation programme and its Core Plus growth strategy
- unfavourable conditions in financial markets
- the impact of currency and interest rate fluctuations on Reuters Group's reported revenue and earnings
- difficulties or delays that Reuters Group may experience in developing or responding to new customer demands or launching new products
- the dependency of Reuters Group 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 Group and such networks' ability to accommodate increased traffic
- any significant declines in the valuation of companies in which Reuters has invested
- the impact of significant competition or structural changes in the financial information and trading communities
- changes in the regulatory or competitive environment
- adverse governmental action in countries where Reuters conducts activities
- the ability of the Group to realise the benefit of acquisitions
- any issues identified with controls over financial reporting, including in the project to achieve compliance with Sarbanes Oxley Act, section 404
- the increasingly litigious environment in which Reuters Group operates, especially in the area of patent and other intellectual property claims.

For additional information, please see "Risk Factors" in the Reuters Group PLC Annual Report and Form 20-F for the year ended 31 December 2005. Copies of the Annual Report and Form 20-F 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.