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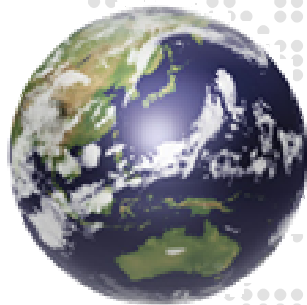
This presentation may be deemed to include forward-looking statements relating to Reuters within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934. Certain important factors that could cause actual results to differ materially from those disclosed in such forward-looking statements are highlighted in the press release and are described in Reuters Annual Report and Form 20-F 2003 under the heading 'Risk Factors'.

Copies of the Annual Report and Form 20-F 2003 are available on request from Reuters Group PLC,  
85 Fleet Street, London EC4P 4AJ.

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## Interim Results

## Financial Highlights



**David Grigson**  
**Finance Director**

27 July 2004

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## Definitions

“Reuters Group” refers to Reuters Group PLC and its consolidated subsidiaries including Instinet Group Incorporated (“Instinet”). “Reuters” refers to Reuters Group excluding Instinet Group.

## UK non-GAAP measures

Reconciliations of underlying percentages and numbers, and cash flow measures to non-GAAP measures are provided in the Supplementary section of this presentation (on pages 27-32). Additional reconciliations can be found on Reuters web site at [www.about.reuters.com](http://www.about.reuters.com), under Financial Data in the Investors section. For additional information concerning the use of non-GAAP measures, see ‘Operating and financial review - key financial performance measures’ on pages 27 and 28 of the 2003 Annual Report and Form 20-F.

The convention of **underlying change** used for Reuters Group, excluding Instinet, excludes acquisitions and disposals made since 1 January 2003, stated at constant exchange rates, to enable a like-for-like comparison. As Reuters is not able to forecast exchange rate movements or future acquisitions and disposals, guidance on future revenue performance is provided to investors on an underlying basis.

Reuters uses **operating profit and operating margin before amortisation of subsidiary goodwill and intangibles, impairments and restructuring** as business performance measures. These are viewed by management to be important additional measures of operating performance, because the excluded items arise from corporate acquisition, disposal and reorganisation activity, rather than from the ongoing operations of the business units.

**Restructuring charges** are incurred as part of centrally managed and specifically defined transformation programmes terminating in 2005. As such, management believes that they are not part of the long term ongoing cost structure of the Group. Certain profit and cash flow measures are therefore presented both including and excluding restructuring charges to provide, in management’s view, a more detailed analysis and understanding of the ongoing business.

**EPS before amortisation, impairments & disposals** has a similar rationale to the operating profit and margin measures discussed above. Because it goes beyond the operating level, this measure also excludes profits and losses on disposals of subsidiaries and other investments as well as non recurring tax effects of impairments, external restructurings and disposals. Reuters dividend policy is based on this measure; in October 2001, Reuters Group defined the goal of its new dividend policy to be a dividend cover of at least two times, based on earnings before amortisation, impairments and disposals of the Reuters Group excluding Instinet Group.

**Free cash flow** excludes the cash impact of dividends and acquisitions and disposals, and is used by the company to measure its ability to make dividend payments.

The foregoing measures are used by management to measure the performance of the business and should be seen as complementary to, rather than replacements for, reported results.

## Revised accounting for ESOTs and employee share schemes

**UITF 38 - ‘Accounting for ESOP Trusts’** has been adopted for the first time in these financial statements. As a result, shares in Reuters Group PLC held by ESOTs have been reclassified from fixed asset investments and are now treated as a deduction from shareholders’ funds. No new shares have been acquired by the ESOTs during the year. In addition, revisions to **UITF 17 - ‘Employee Share Schemes’** have changed the basis on which the costs of employee share schemes are charged to the profit and loss account. The impact of both these changes in accounting treatment has resulted in a prior period adjustment and previously reported figures have been restated accordingly.

The reclassification of shares acquired by the Reuters ESOTs from fixed asset investments to shareholders’ equity has reduced net assets by £59m as at 30 June 2003 and by £74m as at 31 December 2003. The impact of adopting the amendment to UITF 17 in the six months to 30 June 2003 and for the year to 31 December 2003, was to increase profit after tax by £3 million and £5 million respectively. The impact in the six months to 30 June 2004 was to increase profit after tax by £nil.

# Half year financial headlines – Reuters

- ▶ Revenue of £1,177m
- ▶ PBT of £297m including £220m profit on disposals
- ▶ EPS of 19.5p

## Other business performance measures

- ▶ Q2 underlying recurring revenue down 6.2%
- ▶ Op profit before restructuring and amortisation of £177m, delivering 15.0% operating margin
- ▶ Further Fast Forward savings of £80m
- ▶ EPS before amortisation and profit on disposals up 24% to 6.1p
- ▶ Interim dividend held at 3.85p
- ▶ Free cash flow of £131m; net debt reduced to £141m

# Half year financial headlines – Instinet and Reuters Group

## Instinet

- ▶ Revenue of £263m
- ▶ Op profit of £22m (2003: loss of £14m)
- ▶ Cash positive and strong balance sheet

## Reuters Group

- ▶ Revenue of £1,437m, down 11%
- ▶ Op profit of £98m, up 63%
- ▶ PBT of £332m (2003: £19m)
- ▶ EPS of 20.4p

# Reuters – financial performance

£m	H1 2004	H1 2003	Actual Change
<b>Revenue</b>	<b>1,177</b>	<b>1,349</b>	<b>(13%)</b>
Operating costs before restructuring, amortisation and impairment of subsidiary intangibles	(1,000)	(1,151)	(13%)
<b>Operating profit</b> before restructuring, amortisation and impairment of subsidiary intangibles	<b>177</b>	<b>198</b>	<b>(11%)</b>
Restructuring	(70)	(79)	
Amort / impairment of subs intangibles	(31)	(44)	
<b>Operating profit</b>	<b>76</b>	<b>75</b>	<b>1%</b>
<b>Operating margin</b>	<b>6.5%</b>	<b>5.6%</b>	
<b>Operating margin</b> before restructuring, amortisation and impairment of subsidiary intangibles	<b>15.0%</b>	<b>14.7%</b>	

# Reuters – financial performance

£m	H1 2004	H1 2003	Actual Change
<b>Operating profit</b>	<b>76</b>	<b>75</b>	<b>1%</b>
Affiliates / investment income	5	(13)	
Net interest	(4)	(14)	
Amort / impairment of affiliate intangibles	-	(3)	
Profit / (loss) on disposals	220	(1)	
<b>Profit before taxation</b>	<b>297</b>	<b>44</b>	
<b><i>Effective tax rate</i></b> before amortisation, impairments & disposals	<b>22%</b>	<b>25%</b>	
<b>EPS</b>	<b>19.5p</b>	<b>1.5p</b>	
<b>EPS</b> before amortisation, impairments & disposals	<b>6.1p</b>	<b>4.9p</b>	<b>24%</b>
<b>Dividend</b>	<b>3.85p</b>	<b>3.85p</b>	

## Reuters – disposals

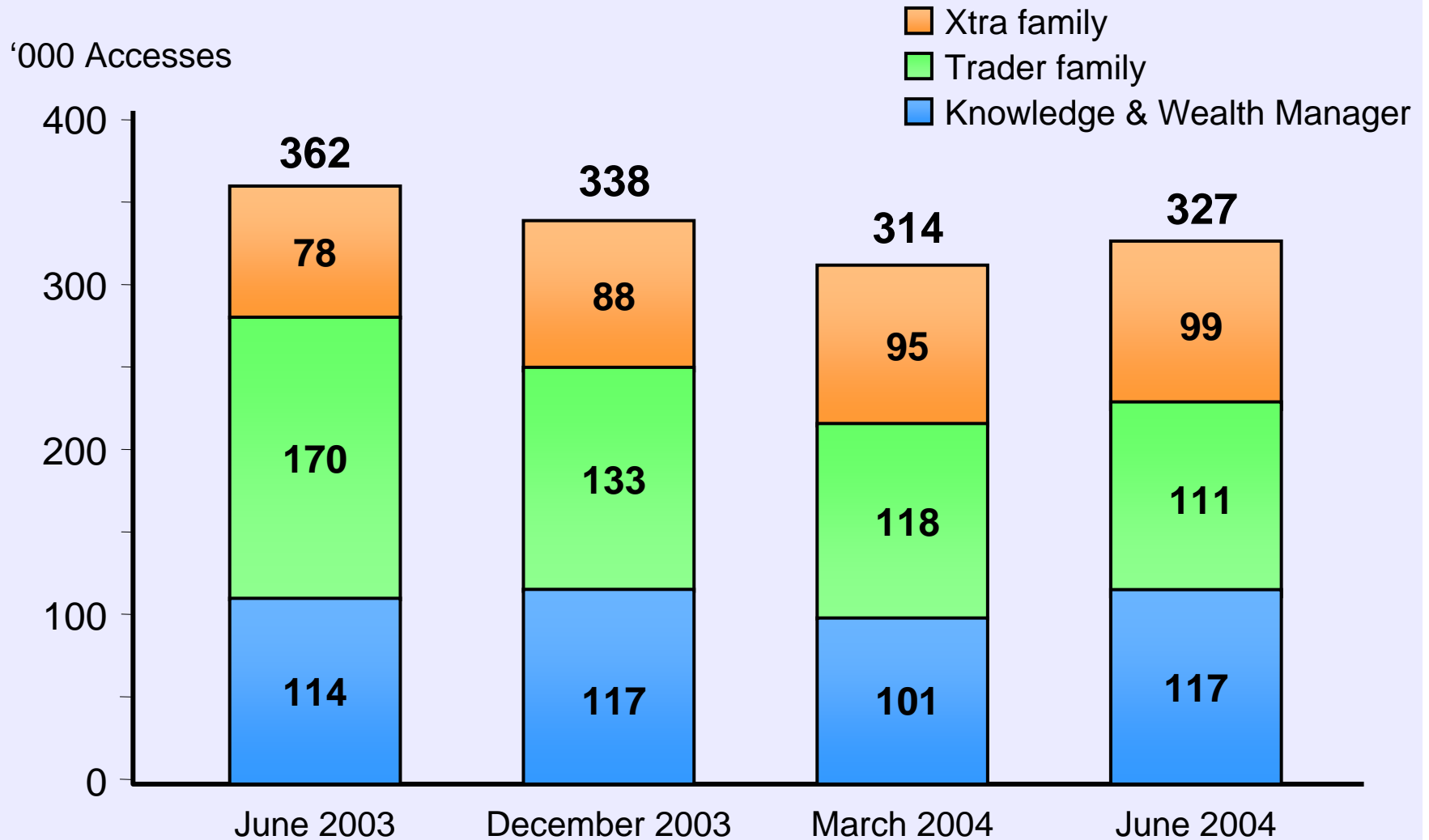
- ▶ Disposal proceeds of £426m, yielding profits of £220m
- ▶ Largest contributor was from the sale of the majority of our stake in TIBCO
- ▶ Businesses sold contributed net £1m of pre-tax profit in 2003
- ▶ Anticipated tax charge of £2m

## Reuters – revenue by segment

£m	H1 2004	Change* Actual	Underlying
Sales & Trading	596	(10%)	(5%)
Research & Asset Management	122	(13%)	0%
Enterprise	228	(21%)	(15%)
Media	70	(9%)	(5%)
	<b>1,016</b>	<b>(13%)</b>	<b>(7%)</b>
Recoveries	161	(13%)	(9%)
<b>Total revenue</b>	<b>1,177</b>	<b>(13%)</b>	<b>(7%)</b>

\*Over H1 2003

# Reuters – trends in accesses

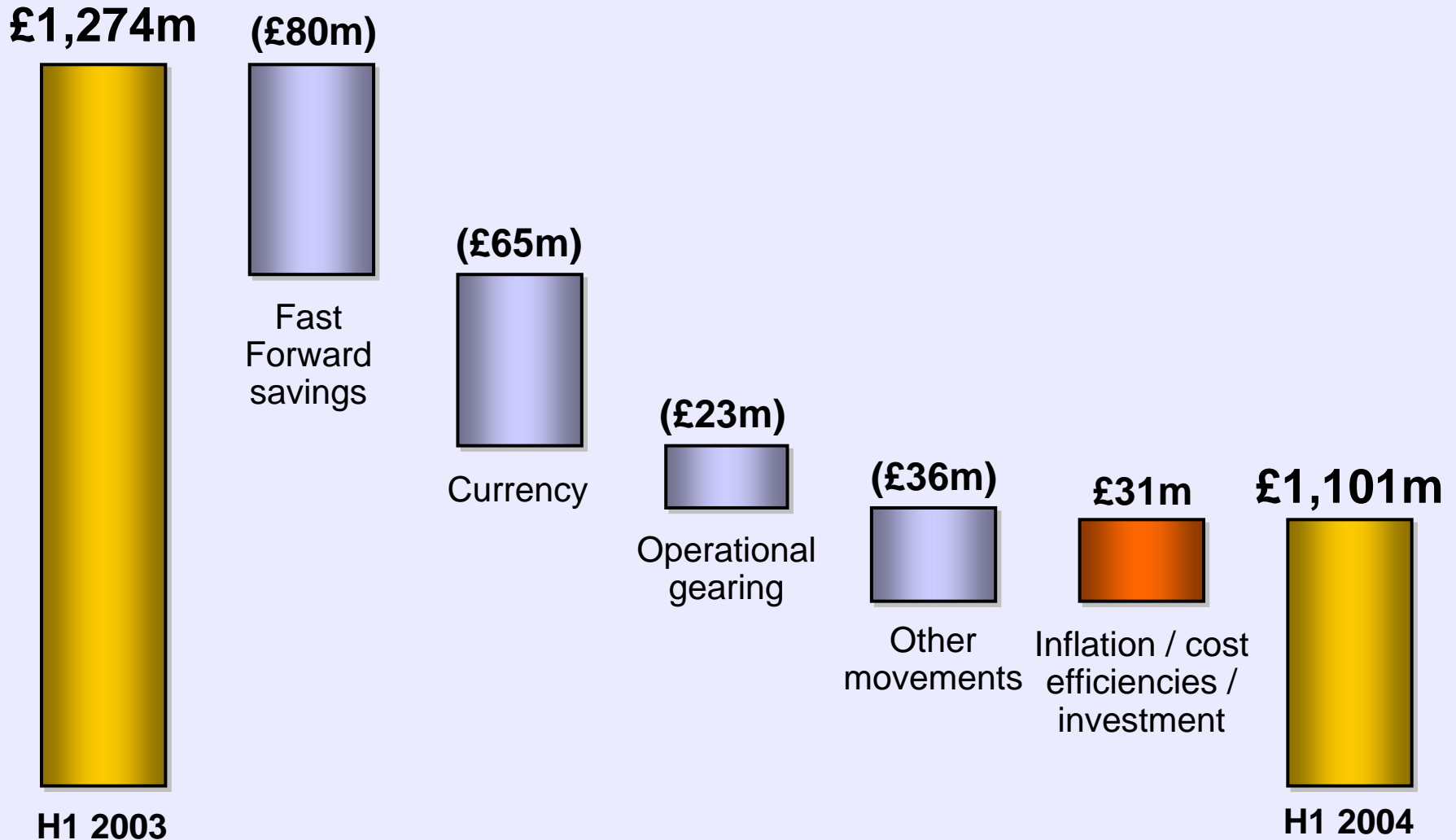


## Reuters – average revenue per access

£ per month	Q2 2004	Q1 2004	Q2 2003	Underlying change*
<b>Total average revenue per access</b>	<b>312</b>	<b>310</b>	<b>306</b>	<b>8%</b>
Reuters Xtra family	627	656	740	(10%)
Reuters Trader family	287	278	276	2%
Knowledge & Wealth Manager	59	58	60	23%

\*Q2 2004 versus Q2 2003

# Reuters – operating cost movements



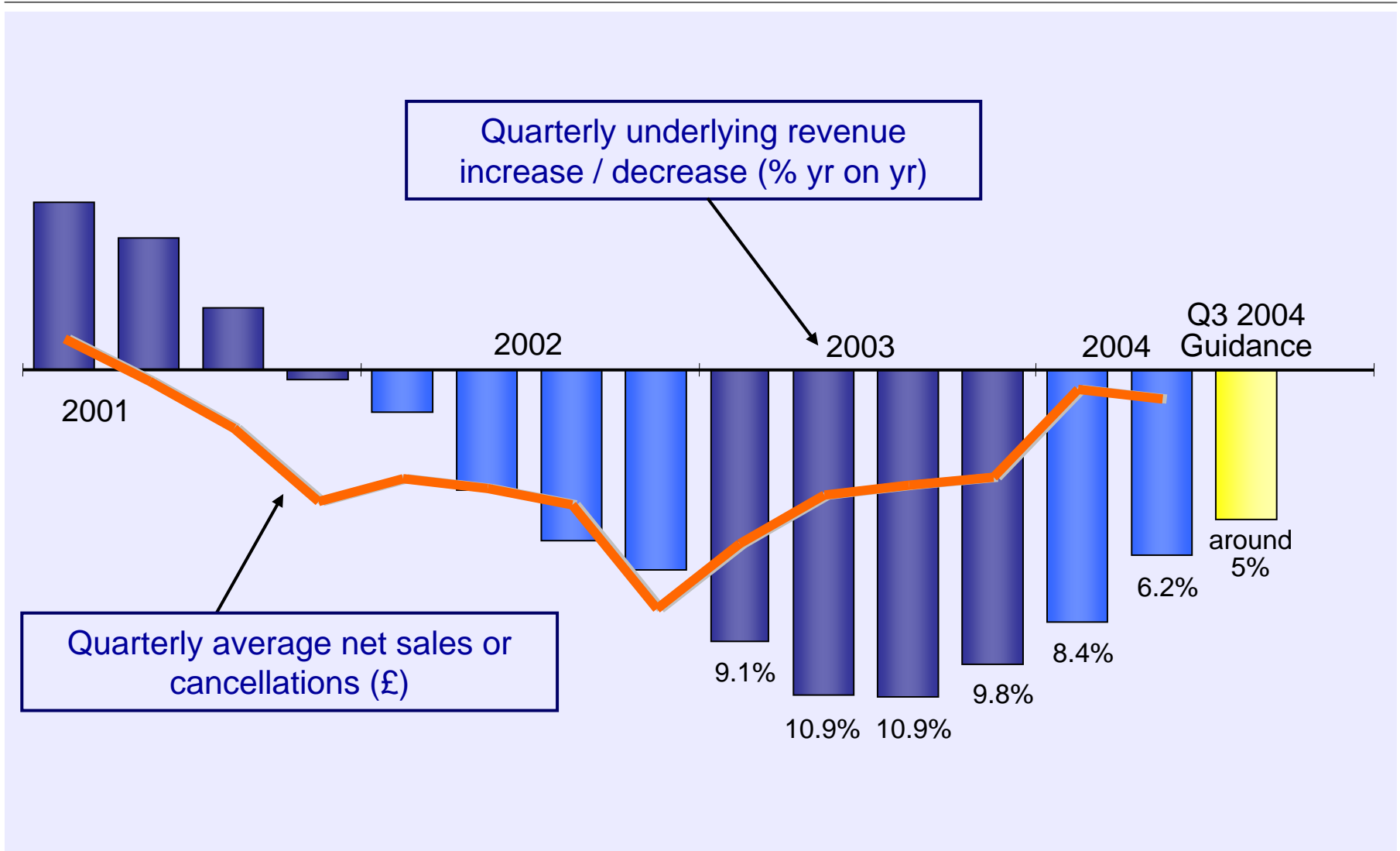
# Reuters Group – financial performance

£m	H1 2004	H1 2003	Actual Change
<b>Revenue</b>	<b>1,437</b>	<b>1,620</b>	<b>(11%)</b>
<b>Operating profit</b> before restructuring, amortisation and impairment of subsidiary intangibles	<b>208</b>	<b>202</b>	<b>3%</b>
Restructuring	(75)	(91)	
Amort / impairment of subs intangibles	(35)	(50)	
<b>Operating profit</b>	<b>98</b>	<b>61</b>	<b>63%</b>
Affiliates / investment income	5	(13)	
Net interest	(2)	(11)	
Amort / impairment of affiliate intangibles	-	(17)	
Profit / (loss) on disposals	231	(1)	
<b>Profit before taxation</b>	<b>332</b>	<b>19</b>	
<b>EPS</b>	<b>20.4p</b>	<b>0.5p</b>	

# Reuters – movement in cash flow

£m	H1 2004	H1 2003	Movement
<b>Operating profit</b> before restructuring, amortisation and impairment of subsidiary intangibles	<b>177</b>	<b>198</b>	<b>(21)</b>
Depreciation	58	83	(25)
Capex	(44)	(57)	13
Working capital	(59)	(89)	30
Restructuring	(49)	(42)	(7)
Property and other fixed asset disposals	49	-	49
<b>Operating cash flow</b>	<b>132</b>	<b>93</b>	<b>39</b>
Taxation, Interest, Other	(1)	(64)	63
<b>Free cash flow</b>	<b>131</b>	<b>29</b>	<b>102</b>
Reuters dividend	(86)	(86)	-
Net disposals / (acquisitions)	423	(109)	532
Other	1	-	1
<b>Movements</b>	<b>469</b>	<b>(166)</b>	<b>635</b>
<b>Net (debt) / funds</b>	<b>(141)</b>	<b>(750)</b>	<b>609</b>

# Trend in Reuters net sales & recurring revenue



## Reuters – 2004 Outlook

- ▶ Q3 underlying recurring revenue decline expected to be around 5%
- ▶ Further gradual improvement in Q4
- ▶ Cumulative Fast Forward savings of £230m by end 2004
- ▶ 2004 restructuring charges expected to remain at approximately £125m