

REUTERS GROUP PLC – FIRST QUARTER REVENUE STATEMENT
for the three months to 31 March 2007

25 April 2007

REUTERS Q1 2007 REVENUE STATEMENT

Financial highlights

- Q1 total revenue of £626 million (2006: £633 million)
- Underlying revenue growth of 6.5%, including two percentage points from Core Plus
- On an actual basis, revenue decline of 1.1% resulting from currency effects, principally the weakening US dollar
- Full year revenue and margin guidance unchanged

Business highlights

- Strong growth in
 - Transactions systems (32% underlying), driven by strong foreign exchange markets
 - Research & Asset Management (24% underlying), with good sales of Reuters Knowledge
 - Enterprise Information (15% underlying), fuelled by demand for datafeeds to support business automation
- £15 million from Core Plus initiatives in electronic trading, high value content, enterprise solutions and new markets
- Good early progress with FXMarketSpace: user community growing in line with plan
- Small improvement in 2006 market share

Tom Glocer, Reuters Chief Executive, said: "Our first quarter results confirm that we have made a strong start to 2007. Reuters continues to benefit from the focused investment we announced with Core Plus, the early indications from FXMarketSpace are encouraging, and we are well-positioned to deliver on our full-year expectations."

Notes to Analysts

Underlying percentage change excludes acquisitions and disposals since 1 January 2006 and is stated at constant exchange rates. Reconciliations to equivalent IFRS figures can be found at www.about.reuters.com, in the Investors section under Financial Data.

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 2007 was £626 million, an increase of 6.5% on an underlying basis.

Currency had a negative effect of 7.6 percentage points year-on-year during the first quarter. This was driven by the weakening against Sterling of the US Dollar (12%), Euro (2%) and Yen (13%). During the quarter, the US Dollar accounted for 47% of revenue, the Euro for 25% and the Yen for 5%.

Average Exchange Rates

	Q1 2007	Q1 2006	Full year 2006
£/\$US	1.96	1.76	1.83
£/€	1.50	1.47	1.47
£/¥	232.96	206.56	212.92

At current exchange rates and currency mix, a 5 cent weakening in the average annual exchange rate of either the US Dollar or the Euro against Sterling would decrease Reuters annual trading profit by approximately £10 million, and vice versa.

Core Plus initiatives contributed £15 million of revenue in the first quarter, equivalent to two percentage points of underlying growth, with the most significant sources of new revenue being next generation electronic trading initiatives, the addition of high value content to *Reuters Knowledge*, new enterprise solutions such as *Reuters Datafeed Direct* and *Reuters DataScope Tick History*, and new markets initiatives in Consumer Media, China and India.

Core underlying revenue growth benefited from volume growth, the successful implementation of the 2007 price increase and recoveries (exchange fees and specialist data). The key drivers of volume growth are new sales and migrations to Reuters premium 3000 Xtra product, higher levels of data consumption and increased usage revenues arising from growth in *Reuters Dealing Matching*.

Reuters underlying growth rate improved in the Americas to 10%. Asia sustained underlying revenue growth of 6%. Revenue from Europe, the Middle East and Africa continued to show an improving trend, increasing by 5% on an underlying basis. However, growth in continental Europe continues to be constrained by consolidation, particularly in Italy.

MARKET SHARE

Each year, Reuters conducts a market size and share study measuring the market for financial information and services, now sized at over £6 billion, that accounts for over 80% of Reuters revenue.

In 2006, Reuters share of global financial information and services revenue was 27%, a small improvement over 2005. This reflected share gains via large enterprise deals and in sales of pricing and reference datafeeds, in trade and risk management and in commodities and energy, which were partly offset by legacy product revenue attrition, notably Telerate.

BUSINESS DIVISIONS REVIEW

Sales & Trading

Revenue from Sales & Trading was £400 million, an underlying increase of 4% (a decrease of 4% on an actual basis). Currency effects caused the difference between actual and underlying performance. The key revenue drivers were

- *Reuters 3000 Xtra* subscription revenue within Sales & Trading of £150 million, an underlying increase of 13%. This arose from sales of new desktop accesses (with strong growth in credit derivatives), customer migration from legacy products, and the price increase applicable to *Reuters 3000 Xtra* which was implemented at the start of the year.
- A strong performance from Reuters foreign exchange products in buoyant markets. Usage revenue from transactions systems was £24 million (an underlying increase of 32%). Revenue from *Reuters Conversational Dealing* was £62 million (an underlying increase of 4%), reflecting growing user numbers in both established and emerging markets.
- A 21% underlying decline in Reuters Trader family products to £72 million. This reflects customer migration from legacy products, principally Telerate and 2000/3000 series products.

Recoveries revenue in Sales & Trading increased by 11% on an underlying basis.

The key contributors to Core Plus revenue within Sales & Trading were *Prime Brokerage*, which gives hedge funds electronic access to the interbank foreign exchange market; Reuters suite of electronic trading products, such as *Reuters Trading for FX*; and *Reuters Trade Notification Service*, a post-trade messaging system for use by foreign exchange brokers and their clients.

Research & Asset Management

Revenue from Research & Asset Management was £84 million, a 24% underlying increase (16% on an actual basis) compared to the first quarter of 2006. Seven percentage points of the division's underlying revenue growth resulted from customers migrating from Sales & Trading products to Research & Asset Management products, primarily the *Reuters Knowledge* product family.

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

IB & IM revenue was £51 million, growing 35% on an underlying basis, driven by the success of the *Reuters Knowledge* family of products which includes desktop accesses as well as feeds of fundamentals and estimates content that customers integrate into their own systems. **Wealth Management** revenue was £33 million, an underlying increase of 10%, reflecting continued strength in the Lipper funds information business and client demand for feed and web-based solutions to support their wealth management businesses.

The key contribution to Core Plus revenue in Research & Asset Management came from high value content enhancements in the *Reuters Knowledge* product family. New additions in the quarter included proprietary loan pricing data, economic data and information on companies' pension fund obligations.

Enterprise

The Enterprise division delivered revenues of £101 million, an underlying increase of 7% (a 1% decrease on an actual basis).

Revenue from **Enterprise Information**, which includes Reuters real time and reference datafeeds, was £64 million (a 15% underlying increase) as machine-based data consumption continued to grow to fuel customers' electronic trading applications and to help them become increasingly efficient through business automation.

Revenue from **Trade and Risk Management** was £19 million, a 10% underlying increase, driven by new business in Europe and Asia. The integration of technology acquired with Application Networks is on schedule, and boosts Reuters competitive position in a market where customers are increasingly looking to buy a broad, well-integrated risk management platform.

Revenue from **Information Management Systems**, which includes the *Reuters Market Data Systems* was £18 million (a decline of 17% on an underlying basis and 24% at actual rates) as customers at smaller sites moved to desktop-based products and the process of withdrawal from legacy market data systems and the hardware business continued.

Core Plus revenues from Enterprise came from *Reuters Datafeed Direct*, *Reuters Datascope Tick History* and *Reuters Tick Capture Engine*, driven mainly by demand for automated trading solutions from large sell-side firms and hedge funds, and from *Reuters Wireless Delivery Service*.

Media

Media revenue was £41 million, an underlying increase of 2% (a 5% decline at actual rates) against a strong Q1 2006 comparative.

Agency revenue was £35 million, an underlying increase of 2%, as Reuters continued to benefit from the growing requirement for multi-media content, for example, the demand from newspapers for video to use on their websites. Video and pictures product lines also showed growth. This growth was partially offset by lower TV usage revenue against a tough year-on-year comparable. TV usage revenue is characterised by uneven phasing.

Consumer revenue totalled £6 million, an underlying increase of 3%, driven by growth in online syndication. Online syndication initiatives and partnership initiatives were the major contributors to Core Plus revenue growth this quarter.

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 16,900 staff in 94 countries, including 2,400 editorial staff in 196 bureaux serving 131 countries. In 2006, Reuters revenues were £2.6 billion.

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Reuters will hold a conference call for investors at 09:30 BST. To participate, please register on-line at <http://registration.intercall.com/go/reutersir>. An e-mail confirmation, containing the dial-in details, will be sent by return.

Photographs are available at www.about.reuters.com/pressoffice/library/photos/senior.asp

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FINANCIAL STATEMENTS

REVENUE & ACCESSES

1) REVENUE BY DIVISION BY TYPE – THREE MONTHS TO 31 MARCH 2007 (UNAUDITED)

	Three months to 31 March		% Change	
	2007	2006*	Actual	Underlying
	£m	£m		
Recurring	375	394	(5%)	2%
Usage	24	20	19%	32%
Outright	1	1	-	67%
Sales & Trading	400	415	(4%)	4%
Recurring	84	73	17%	25%
Usage	-	-	-	-
Outright	-	-	-	-
Research & Asset Management	84	73	16%	24%
Recurring	92	92	-	8%
Outright	9	10	(11%)	(7%)
Enterprise	101	102	(1%)	7%
Recurring	33	33	-	5%
Usage	8	10	(17%)	(10%)
Media	41	43	(5%)	2%
Recurring	584	592	(1%)	6%
Usage	32	30	7%	18%
Outright	10	11	(11%)	(6%)
Total revenue	626	633	(1%)	6%

From 1 January 2007, Reuters made changes to the allocation of revenues between business divisions to reflect changes in the management of communications revenues. These revenues are no longer allocated as recoveries to Sales & Trading, but are now allocated between business divisions in line with the products with which they are associated. 2006 comparatives have therefore been restated to decrease recoveries revenues in Sales & Trading by £22m and to increase product revenues by £13m, to increase product revenues in Research & Asset Management by £3m and to increase product revenues in Enterprise by £6m.

2) REVENUE BY DIVISION BY PRODUCT FAMILY – THREE MONTHS TO 31 MARCH 2007 (UNAUDITED)

	Three months to 31 March		% Change	
	2007	2006*	Actual	Underlying
	£m	£m		
Reuters Xtra	255	247	3%	11%
Reuters Trader	72	98	(27%)	(21%)
Recoveries	73	70	4%	11%
Sales & Trading	400	415	(4%)	4%
IB & IM	51	40	29%	35%
Reuters Wealth Management	33	33	-	10%
Research & Asset Management	84	73	16%	24%
Reuters Enterprise Information	64	60	7%	15%
Reuters Information Management	18	24	(24%)	(17%)
Reuters Trade and Risk Management	19	18	3%	10%
Enterprise	101	102	(1%)	7%
Agency Services	35	36	(5%)	2%
Consumer Media	6	7	(8%)	3%
Media	41	43	(5%)	2%
Total revenue	626	633	(1%)	6%

As described in the footnote under table 1 on page 6, Reuters made changes to the allocation of revenues between business divisions to reflect changes in the management of communications revenues. The 2006 divisional revenue comparatives have been restated as described in the footnote on page 6.

3) REVENUE BY GEOGRAPHY – YEAR ENDED 31 DECEMBER 2006 (UNAUDITED)

	Three months to 31 March		% Change	
	2007	2006*	Actual	Underlying
	£m	£m		
Europe, Middle East & Africa	345	341	-	5%
Americas	172	177	(1%)	10%
Asia	109	115	(5%)	6%
Total revenue	626	633	(1%)	6%

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

	Three months ended			Underlying percentage change	
	March	December	March	Versus	Versus
	2007	2006	2006	December	March
	2007	2006	2006	2006	2006
Period end accesses (000s)					
3000 Xtra	117	112	103	4%	13%
Dealing	18	18	18	-	2%
Other Xtra	2	2	2	18%	30%
Reuters Xtra	137	132	123	4%	11%
Reuters Trader*	90	99	112	(9%)	(19%)
Reuters Knowledge	14	14	12	-	18%
Reuters Wealth Manager*	94	97	100	(4%)	(6%)
Total period end accesses	335	342	347	(2%)	(3%)
Access driven revenue (£m)					
Total access driven revenue	320	325	329	1%	4%
Other recurring revenue	264	265	263	3%	8%
Recurring revenue	584	590	592	2%	6%
Average revenue per access (£)					
Total average revenue per access	315	311	317	4%	7%

*In Q1 2007, there has been a minor reclassification of prior year access numbers between product families to reflect changes in the management of certain products.

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 the 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 its Core Plus growth and transformation strategy;
- unfavourable conditions in financial markets;
- the impact of currency and interest rate fluctuations on the 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 on third parties for the provision of certain network and other services;
- any significant failures or interruptions experienced by the Reuters networks or systems and such networks' ability to accommodate increased traffic;
- the impact of a decline 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 environment;
- adverse governmental action in countries where Reuters conducts activities;
- the ability of Reuters to realise the anticipated benefits of acquisitions, joint ventures, investments and dispositions;
- the increasingly litigious environment in which Reuters 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 2006. 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.

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