

Reuters First Quarter Trading Statement

April 18, 2000

London - Reuters revenue for the first quarter of 2000 rose by 8%, to £832 million (US\$1,331 million) compared to £771 million (US\$1,234 million) in the first quarter of 1999. (Dollar equivalents are at US\$1.60.) Revenue at comparable exchange rates grew by 10%. Underlying revenue was up 11% at actual rates and 13% at comparable rates. This excluded Reuters Business Briefing and TIBCO Software.

Peter Job, chief executive, said: "Business in the first quarter was generally buoyant and market conditions are improving. Instinet's good performance is helped by its rapidly growing International business and the exceptional growth in NASDAQ volumes. Orders for New Media, which supplies data to the Internet, have increased significantly. Although we are yet to see a recovery at Reuters Trading Solutions, there are signs of improvement in our Dealing services where the decline in accesses is slowing.

"Good progress has been made with the strategy I outlined on 8 February. Our attention is focused on the investment plans to accelerate the move of our core products for financial markets to an internet architecture and building products for broader retail markets. Our recently announced joint-ventures, all of which will ensure that we utilise new technology creatively, are developing well."

Reuters Information

Revenue for Reuters Information rose by 3%, 6% at comparable rates. New orders in the US and Europe have been particularly strong helped by the continuing good take-up of the ReutersPlus US equity product and the Off Trading Floor suite of products. The Reuters 3000Xtra product has now been released in the major markets and customer interest is strong. The restructure programme to migrate Reuters products to internet technology is underway.

Reuters Trading Solutions

Reuters Trading Solutions revenue declined by 5% at actual rates and by 3% at comparable rates. Installations of market data and risk management systems were lower in the first quarter because the Millennium affected new orders in the second half of last year. There are signs of improvement in the sales pipeline post-Millennium which should make an impact later in the year. However, these have not yet translated into significant firm orders. The new focus on providing solutions for Reuters clients is producing new opportunities, particularly in the business-to-business (B2B) retail area. Revenue from the Dealing 2000-1 foreign exchange product continues to decline. The upgrade of Dealing products to Dealing 3000 is gathering pace.

Instinet

Instinet's revenue grew by 58% at both actual and comparable rates. This reflected good growth in volumes in US markets combined with the strength of Instinet's International business, especially in Europe. The International business grew 105% at actual rates and by 114% at comparable rates. Instinet's new product for the fixed income market is now being rolled out and the number of users is growing steadily in the US. The next step will be to roll it out in Europe. Work is progressing well with the retail product which is planned to be launched shortly. Instinet is investing heavily both in these new products and in new technology to meet the demands of the changing market structure. The US remains highly competitive, reflecting changes in market structure and growing retail volumes, putting pressure on both pricing and market share.

Reuterspace

Reuterspace revenue increased by 14% at actual rates, 17% at comparable rates. Media revenue increased by 4% at actual rates and 5% at comparable rates largely as a result of the strong performance of New Media which offers packages of information to Internet Service Providers. Reuters completed the acquisition of ORT, a leading French provider of company information, in March. ORT will help the company to move forward its strategy for the B2B market. The TowerGroup adds to Reuters research capability in the Information Technology market. Reuters is developing partnerships and making investments that will help to broaden its base of content and technology in order to address new markets. The debut of Reuters financial portal, which was shown in early form at Reuters Infoworld in Geneva, is planned for the third quarter. Plans for the IPO of the Greenhouse Fund continue with Sir David Walker being appointed as Chairman. The quoted investments in the Fund were valued at £370 million at the end of the first quarter.

Partners and Associates

Aether Systems completed its secondary financing to fund the joint venture now known as Sila Communications. It has also completed the acquisition of IFX Group Plc, which will become part of the new company. Multex Investor Europe, Reuters joint-venture with Multex, plans to launch in the second quarter. Sponsorship and distribution deals have already been signed. The new venture with Equant to create a high-performance financial markets extranet is intended to start trading early in the second half of the year. Initial discussions with potential customers have produced positive results. Reuters share of revenue generated by Factiva, the joint venture with Dow Jones, was £18 million (US\$29 million), up 6% compared to proforma revenue of £17 million (US\$28 million) in the first quarter of last year.

TIBCO Software completed a secondary stock offering of approximately four million shares on 27 March at US\$106 per share which will result in an accounting profit for Reuters of approximately £160 million (US\$256 million). This will reduce Reuters shareholding from 47% to 45% on a fully diluted basis or 99 million shares.

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