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Reuters Accelerates Business Transformation to Drive Margin Improvement

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London – Reuters, the global information and technology group, will accelerate its previously announced business transformation to improve operational effectiveness and drive margin improvement in the core business.

These new initiatives will:

- increase the speed of decision-making and reduce organisational complexity by removing layers of management
- streamline the relationship between the four customer segments and their sales channels to enhance customer service
- accelerate the obsolescence of legacy products and focus on key product deliverables
- enable a new generation of executive talent to take on more senior responsibilities
- rationalise the Group portfolio by extracting synergies from large units (Instinet, Radianz, Tibco and Factiva) and generating proceeds from the disposal of non-core holdings.

These actions are expected to generate £100 million in annual savings, which are in addition to the previously announced £235 million of cost reductions planned for 2003. These new initiatives will reduce headcount by a further 650, primarily in senior and middle management ranks.

To achieve the benefits of these initiatives, Reuters will incur a restructuring charge of approximately £100 million in 2002 and realise £20 million in resulting cost savings this year. Reuters remains on track to achieve a core operating margin of 12% in 2002 before the £80 million net impact of this restructuring.

Tom Glocer, Reuters Chief Executive, said: "The customer segment organisation we put in place this January has provided us with greater control of our cost base and enabled us to accelerate our business transformation.

"While market conditions remain challenging, I see tangible progress being made towards meeting our 2002 targets for installing 3000 Xtra, deploying Reuters instant messaging and trade management tools, and improving customer service.

"The accelerated cost savings initiatives we announce today will improve our 2003 margin beyond 12% in advance of a general market recovery. We remain committed to our long term margin targets."

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