

Reuters completes acquisition of Bridge assets

October 1, 2001

London - Reuters, the global information, news and technology group, has completed its acquisition of certain assets of Bridge Information Systems Inc., first announced on 30 April 2001.

Tom Glocer, Reuters Chief Executive, said: "The completion of the Bridge acquisition marks the achievement of an important strategic goal for Reuters, and the beginning of a period of operational focus. With Bridge we acquire a large customer base among US institutional investors, leading trading and order routing technologies and a team of highly skilled market professionals. Bridge customers will benefit from Reuters performance, reliability and service focus and existing Reuters customers will gain new information, analytical and transaction capabilities."

The Bridge assets include content and trading applications for US institutional securities businesses and consist of the following units:

- Bridge Information Systems (in North America), which provides a range of information and trading analytics products including BridgeStation, BridgeChannel and Active 1, targeted at institutional equities traders and portfolio managers;
- EJV, which provides bond pricing, fixed income data and analytics services;
- Bridge Trading Technologies (BTT), which provides software, information and transaction services to connect brokers and their buy-side clients, including indications of interest, order routing and order management;
- Bridge Trading, a licensed broker dealer, primarily in NYSE-listed securities;
- eBridge which provides internet solutions to the financial industry; and
- CRB Index which provides US commodity index prices.

The total purchase consideration was \$373 million, which comprised \$275 million in cash, \$30 million paid to Bridge for interim funding prior to the close, and \$38 million of debt financing for Savvis Communications Corporation, Bridge's network provider. Additionally, Reuters is paying some \$30 million cash for deal costs and the settlement of certain existing Bridge liabilities. With the completion of this acquisition, Reuters Group has more than 663,200 information and transaction accesses worldwide, of which some 75,000 came from Bridge. The purchase also included 400,000 passwords for internet use of eBridge services.

The acquisition of Bridge's capabilities in fixed income enhances Reuters own products in this area by providing comprehensive US data and analytics.

An integration team consisting of staff from both organisations is committed to ensuring continuity of service and support for customers of the Bridge businesses. This team will determine, from a customer perspective, the best functionality and features to be developed from Reuters and Bridge products.

Financials

Reuters estimates that the acquired assets will generate approximately \$100 million of revenue in the fourth quarter, 2001 (net of third party soft dollar costs). The estimated associated losses (before interest, tax, depreciation and amortisation) are currently running at approximately \$3.5 million per month. This compares to an estimated \$6 million per month disclosed at the time Reuters won the auction for the Bridge assets in April.

Integration costs are now expected to be around \$80 million, higher than the original estimate of \$65 million, due mainly to increases in employee-related and consultancy support costs. Reuters estimates that the acquisition will be dilutive to pre-goodwill earnings in 2002, have a neutral impact in 2003 and be earnings enhancing in 2004.

The net assets of the Bridge businesses being acquired were, at 30 September 2001, some \$85 million, down slightly from the estimated \$90 million in April, reflecting a reduction in working capital and assets that are not now being taken on by Reuters.

As part of the Bridge acquisition, Reuters has reached a preliminary agreement to provide MoneyLine, the approved bidder for the Telerate business and certain international Bridge assets, with transitional services for up to four years, from which Reuters expects to receive revenue.

As previously announced, Reuters has also a right to vote and an option to purchase Bridge's 48% interest in Savvis until three months after closing.

The tragic events on 11 September 2001 in the US had no material impact on the Bridge assets purchased. The Bridge businesses had offices and technical facilities in the World Trade Center and the World Financial Center. Thankfully, all Bridge staff are now accounted for.

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Note to editors:

Press Teleconference - There will be an international press teleconference at 3pm (UK time) or 10am (US time - EST). If you wish to participate, please call telephone number 00 1-612-288-0337 from the UK or 1-800-288-8968 from the US and refer to the 'Reuters Teleconference'.

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This news release 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 described in Reuters Interim Statement for the six months to 30 June 2001 under the heading 'Risk Factors'. Copies of the Interim Statement are available on request from Reuters Group PLC, 85 Fleet Street, London EC4P 4AJ.

The success of the Bridge acquisition will depend, among other things, on the ability of Reuters to realise the anticipated synergies, cost savings and growth opportunities from the integration of the Bridge businesses with Reuters, which will entail substantial expenditures and resources to effect. In addition, Reuters provision of transitional services to the purchaser of the Telerate business and certain international Bridge assets, that are currently dependent on the assets Reuters has acquired, may require a substantial devotion of resources and potentially delay or impair Reuters ability to fully integrate the acquired Bridge businesses for some period of time. There can be no assurance that the integration will result in the realisation of the anticipated benefits or that the integration and the provision of transitional services will not otherwise have a negative effect on Reuters results. The financial projections contained in this release could be adversely affected by the impact of the tragic events on 11 September 2001 in the US and the consequences of those events.

Bridge and some of its affiliates have been in reorganisation proceedings under Chapter 11 of the US Bankruptcy Code since earlier this year.

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