



## Thomson Reuters Reports Second-Quarter 2011 Results

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- Revenues grew 4%, before currency
- Underlying operating profit up 17%
- Underlying operating profit margin was 20.9%, up 140 basis points
- Adjusted earnings per share were \$0.51 vs. \$0.41 in second quarter 2010
- Markets division reorganized to drive growth
- 2011 Outlook affirmed

**NEW YORK** - Thomson Reuters (TSX / NYSE: TRI), the world's leading source of intelligent information for businesses and professionals, today reported results for the second quarter ended June 30, 2011. The company reported ongoing revenues of \$3.2 billion, a 4% increase before currency (9% including currency), and underlying operating profit of \$669 million, up 17%.

Adjusted earnings per share (EPS) were \$0.51 compared to \$0.41 in the prior-year period. The increase was largely attributable to higher underlying operating profit and lower integration costs.

"Thanks to the strong growth of our Professional division and margin improvement across the company, Thomson Reuters posted healthy second-quarter results," said Thomas H. Glocer, chief executive officer of Thomson Reuters.

"Nonetheless, revenue growth in our Markets division is below our expectations, and I have decided to accelerate the transformation in Markets, delay the organization following a similar move in the Professional division earlier this year, and make a series of changes in the leadership team. I am confident that these changes will result in improved performance."

### Consolidated Financial Highlights

IFRS Financial Measures	<b>Three Months Ended June 30,</b>			<b>Change Before Currency</b>
	<b>2011</b>	<b>2010</b>	<b>Change</b>	
	(Millions of U.S. dollars, except EPS and margin)			
Revenues	\$3,447	\$3,216	7%	
Operating profit	\$833	\$435	91%	
Diluted earnings per share (EPS)	\$0.67	\$0.35	91%	
Cash flow from operations	\$879	\$889	-1%	
<b>Non-IFRS Financial Measures*</b>	<b>2011</b>	<b>2010</b>	<b>Change</b>	<b>Change Before Currency</b>
Revenues from ongoing businesses	\$3,195	\$2,942	9%	4%
Adjusted EBITDA	\$887	\$705	26%	20%
Adjusted EBITDA margin	27.8%	24.0%	380bp	360bp
Underlying operating profit	\$669	\$573	17%	9%
Underlying operating profit margin	20.9%	19.5%	140bp	100bp
Adjusted earnings per share (EPS)	\$0.51	\$0.41	24%	
Free cash flow	\$633	\$644	-2%	

\* These and other non-IFRS financial measures are defined and reconciled to the most directly comparable IFRS measure in the tables appended to this news release. Additional information is provided in the explanatory note at the end of this news release.

- Revenues from ongoing businesses were \$3.2 billion, a 4% increase before currency. Strong growth across the Professional division, up 8%, and a 1% increase in Markets division revenues contributed to the overall increase.
- Adjusted EBITDA increased 26%, and the corresponding margin was 27.8% versus 24.0% in the prior-year period.

Excluding currency, adjusted EBITDA increased 20% and the corresponding margin increased 360 basis points.

- Underlying operating profit increased 17% and the corresponding margin was 20.9%, versus 19.5% in the same period in 2010. Excluding currency, underlying operating profit increased 9% and the corresponding margin increased 100 basis points.
- Adjusted EBITDA growth and underlying operating profit growth across both divisions was due to flow-through from higher revenues, integration savings, timing benefits in Markets and the benefit of currency.
- Adjusted EPS was \$0.51 compared to \$0.41 in the prior-year period. The increase was largely attributable to higher underlying operating profit and lower integration costs.

## Second-Quarter Business Segment Highlights

Unless otherwise noted, all revenue growth comparisons in this news release are before the impact of foreign currency as Thomson Reuters believes this provides the best basis to measure the performance of its business. All revenue growth and operating profit comparisons are based upon results from ongoing businesses and exclude the results of businesses that have been or are expected to be exited.

### Professional Division

	<b>Three Months Ended June 30,</b>			
	<b>(Millions of U.S. dollars, except margin)</b>			
	<b>2011</b>	<b>2010</b>	<b>Change</b>	<b>Change Before Currency</b>
<b>Revenues</b>				
Legal	\$843	\$761	11%	9%
Tax & Accounting	\$252	\$226	12%	10%
Intellectual Property & Science	\$211	\$197	7%	4%
Professional Division Total	\$1,306	\$1,184	10%	8%
<b>Adjusted EBITDA</b>				
Legal	\$314	\$278	9%	
Tax & Accounting	\$72	\$56	29%	
Intellectual Property & Science	\$71	\$70	1%	
Professional Division Total	\$457	\$413	11%	10%
<b>Adjusted EBITDA Margin</b>	35.0%	34.9%	10bp	50bp
<b>Adjusted EBITDA Margin %</b>				
Legal	37.2%	37.7%		
Tax & Accounting	28.6%	24.8%		
Intellectual Property & Science	33.6%	35.5%		
<b>Operating profit</b>				
Legal	\$236	\$220	7%	
Tax & Accounting	\$50	\$35	43%	
Intellectual Property & Science	\$57	\$56	2%	
Professional Division Total	\$343	\$311	10%	9%
<b>Operating Profit Margin</b>	26.3%	26.3%	-	20bp
<b>Operating profit Margin %</b>				
Legal	28.0%	28.9%		
Tax & Accounting	19.8%	15.5%		
Intellectual Property & Science	27.0%	28.4%		

- During the second quarter, Thomson Reuters announced its intention to sell its Healthcare business. The planned sale of Healthcare and disposal of three smaller businesses resulted in a realignment of the company's existing Intellectual Property and Science businesses into a single operating unit. Prior-period results have been reclassified to conform to the current presentation.
- Revenues were up 8%, driven by solid growth across all businesses, in particular Legal which grew 9% and Tax & Accounting which grew 10%.
- EBITDA increased 11% compared to the prior-year period. The corresponding margin was 35.0% compared to 34.9% for the prior-year period. EBITDA margin was largely unchanged as flow-through from higher revenues was partly offset by the dilutive effect from acquisitions.
- Operating profit was up 10% compared to the prior-year period. The corresponding margin was 26.3%, unchanged from the prior-year period. Acquisitions negatively impacted the margin by 140 basis points.

### Legal

- Revenues increased 9% from the prior-year period. US Law Firm Solutions grew 2% led by a 12% increase in Business of Law (FindLaw and Elite) and offset by a 2% decline in research-related revenues. Corporate, Government & Academic and Risk & Compliance revenues increased 16% (5% organic and 11% from acquisitions). Global businesses grew 19% (5% organic and 14% from acquisitions) with strong growth in Latin America and Canada.
- EBITDA increased 9% and the associated margin was 37.2%, compared to 37.7% in the prior-year period.
- Operating profit increased 7% and the associated margin was 28.0%, compared to 28.9% in the prior-year period. The decrease was primarily due to the dilutive effect of acquisitions.
- WestlawNext has been sold to over 24,000 customers since its launch in February 2010 – representing 41% of Westlaw's revenue base. Customer feedback continues to be very positive.

### Tax & Accounting

- Revenues were up 10%. The Professional business grew 13%, the Corporate business grew 5% led by growth in income tax provisions and indirect tax products and the Knowledge Solutions business grew 7% primarily from strong growth in Checkpoint.
- EBITDA increased 29% and the related margin increased 380 basis points to 28.6% primarily driven by strong flow-through from revenues and the result of efficiency initiatives.
- Operating profit increased 43% and the related margin increased 430 basis points to 19.8%. The increase was due to strong flow-through from revenues, efficiency initiatives and the decline of acquisition accounting-related costs.

### Intellectual Property & Science

- Revenues were up 4% from the prior-year period. Growth was driven by Scientific & Scholarly Research revenues which were up 5%, led by Web of Knowledge subscriptions and the Life Sciences business, which was up 11% due to strong demand for biology and disease analytics products and acquisitions. IP Solutions was up 2%, driven by growth in Patents and Services.
- EBITDA was up 1% with the corresponding margin decreasing 190 basis points to 33.6%.
- Operating profit was up 2% with the corresponding margin decreasing to 27.0%. The decline in EBITDA and operating profit margins was primarily due to investments in content and technology initiatives to drive growth.

### Markets Division

#### Three Months Ended June 30,

(Millions of U.S. dollars, except margin)

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>Change Before Currency</u>
<b>Revenues</b>				
Sales & Trading	\$940	\$868	8%	1%
Investment & Advisory	\$558	\$550	1%	-2%
Enterprise	\$312	\$265	18%	10%
Media	<u>\$84</u>	<u>\$79</u>	6%	-1%
Markets Division Total	\$1,894	\$1,762	7%	1%
<b>Adjusted EBITDA</b>	\$532	\$427	25%	13%
<b>Adjusted EBITDA Margin</b>	28.1%	24.2%	390bp	300bp
<b>Operating Profit</b>	\$388	\$312	24%	11%
<b>Operating Profit Margin</b>	20.5%	17.7%	280bp	170bp

- Revenues increased 1%. Strong revenue growth in Enterprise, Commodities & Energy and Tradeweb was partly offset by weakness in Investment Management and Exchange Traded Instruments. Revenue growth would have been 2% excluding a 6% decline in recoveries (pass-through revenues from third-party services such as exchange fees).
- Recurring subscription-related revenues increased 1%. Transactions-related revenues increased 7%, primarily due to the increase in the company's ownership in Tradeweb. Outright revenues increased 19%.
- By geography, revenues in Asia increased 5%; revenues in Europe, Middle East and Africa (EMEA) increased 2% while revenues in the Americas declined 1%.
- EBITDA was \$532 million, up 25%, with a related margin of 28.1%. Excluding currency, EBITDA increased 13% and the related margin rose 300 basis points.
- Operating profit was \$388 million, up 24%, with a related margin of 20.5%. Excluding currency, operating profit increased 11% and the margin rose 170 basis points due to flow-through of integration savings and timing of expenses.
- Markets has sold or migrated more than 28,000 Thomson Reuters Eikon desktops since the launch of the new desktop offering in September 2010.

### Sales & Trading

- Revenues were up 1% driven by 7% organic growth at Tradeweb and the company's increased ownership in the business. Revenue growth was partly offset by a 10% decline in recoveries. Excluding recoveries, revenues grew 4%.
- The Treasury business was flat in the quarter with growth impacted by 2010 subscription cancellations.
- Revenues from Commodities & Energy grew 5% primarily due to an acquisition, while Exchange Traded Instruments declined 7%, due to planned shutdowns of low-margin products and the continued reduction of recoveries revenues as exchanges move to direct billing.

### Investment & Advisory

- Revenues declined 2%. Increases in Corporates, Investment Banking and Wealth Management revenues were offset by weak performance in Investment Management which declined 8%.
- Improving performance in Investment Management is a key objective of the recent reorganization of the Markets division which is described below.

### Enterprise

- Revenues grew 10%, driven by continued strong customer demand. The Enterprise Real Time Solutions business grew 9% as customers continued to invest in low-latency data feeds and hosting solutions. The Enterprise Content business grew 20%, driven by growth in pricing and reference data. The Platform business grew 15%, driven by strong performance in both recurring and outright revenues. Omgeo's revenues declined 3% due to lower volumes.
- Thomson Reuters Elektron continued to gain momentum as customers in established and emerging markets adopted its combination of hosted and deployed information and trading solutions. In total, 12 data hosting centers are up and running.

### Media

- Revenues decreased 1% as a result of lower online sales.
- The News Agency business was flat due to tight customer budgets. The Consumer business was down 3% in the second quarter, due to lower online sales primarily in EMEA and the Americas.

### Financial Highlights – Six Months

IFRS Financial Measures	<u>Six Months Ended June 30,</u>			<u>Change</u>
	(Millions of U.S. dollars, except EPS and margin)			
	<u>2011</u>	<u>2010</u>	<u>Change</u>	
Revenues	\$6,777	\$6,356	7%	
Operating profit	\$1,229	\$756	63%	
Diluted earnings per share (EPS)	\$0.97	\$0.50	94%	
Cash flow from operations	\$1,079	\$1,193	-10%	
				<u>Change</u>
				<u>Before</u>
				<u>Currency</u>
Non-IFRS Financial Measures*	<u>2011</u>	<u>2010</u>	<u>Change</u>	
Revenues from ongoing businesses	\$6,303	\$5,877	7%	4%
Adjusted EBITDA	\$1,608	\$1,400	15%	11%
Adjusted EBITDA margin	25.5%	23.8%	170bp	160bp
Underlying operating profit	\$1,205	\$1,103	9%	5%
Underlying operating profit margin	19.1%	18.8%	30bp	10bp
Adjusted earnings per share (EPS)	\$0.88	\$0.74	19%	
Free cash flow	\$573	\$637	-10%	

- Revenues from ongoing businesses were \$6.3 billion, a 4% increase before currency. Strong growth across the Professional division, up 8%, and a 2% increase in Markets division revenues contributed to the overall increase.
- Adjusted EBITDA increased 15%, and the corresponding margin was 25.5% versus 23.8% in the prior-year period primarily due to flow-through from higher revenues, integration savings and timing benefits in Markets and the benefit of currency. Excluding currency, EBITDA increased 11% and the corresponding margin increased 160 basis points.
- Underlying operating profit increased 9% and the corresponding margin was 19.1%, versus 18.8% in the same period in 2010. Underlying operating profit growth across both divisions was partly offset by the dilutive effects of acquisitions. Excluding currency, underlying operating profit increased 5% and the corresponding margin increased 10 basis points.
- Adjusted EPS was \$0.88 compared to \$0.74 in the prior-year period. The increase was largely attributable to higher underlying operating profit and lower integration costs.
- Free cash flow was \$573 million, down 10% compared to the prior-year period. Corporate expenses were \$137 million versus \$107 million in the prior-year period.

### Integration Programs

At the end of the second quarter of 2011, Thomson Reuters had achieved combined run-rate savings of \$1.54 billion from the Reuters integration and legacy savings programs. An incremental \$40 million in run-rate savings was achieved during the second

quarter of 2011 and included the retirement of legacy products.

Integration-related costs totaled \$42 million in the second quarter and are forecast to be approximately \$200 million for the full-year 2011.

### **Business Outlook (Before Currency)**

*The information in this section is forward-looking and should be read in conjunction with the section below entitled "Special Note Regarding Forward-Looking Statements, Material Assumptions and Material Risks."*

Thomson Reuters today reaffirmed its business outlook for 2011 that was previously communicated in February. The business outlook is provided for ongoing businesses and based on 2010 results that have been restated to remove the results of the Healthcare business as well as other disposals.

Thomson Reuters expects revenues to grow mid-single digits in 2011.

Thomson Reuters expects adjusted EBITDA margin to increase by at least 300 basis points in 2011 reflecting revenue growth and the completion of integration programs.

Thomson Reuters expects underlying operating profit margin to increase by at least 100 basis points in 2011.

The company expects that strong adjusted EBITDA growth in 2011 will contribute to a 20% - 25% increase in reported free cash flow.

### **Dividend**

As previously announced, Thomson Reuters increased its 2011 annual dividend by \$0.08 per share to \$1.24 per share. A quarterly dividend of \$0.31 per share is payable on September 15, 2011 to shareholders of record as of August 18, 2011.

### **Recent Developments**

The company announced on July 21, 2011 that it was streamlining its Markets division by combining the current Sales & Trading and Investment & Advisory businesses into one unit to be called "Financial Professionals & Marketplaces" to focus on services for professionals delivered to screens and trading marketplaces. The current Enterprise business has also been expanded into "Enterprise Solutions" to focus on services and infrastructure for financial firms as a whole. These changes are designed to accelerate growth by simplifying the business while improving collaboration across the company.

On June 6, 2011, the company announced its intention to divest its Healthcare business. The Healthcare business provides data, analytics and performance benchmarking solutions and services to companies, government agencies and healthcare professionals. The sale process is ongoing and the company expects the divestiture to close before the end of the year.

### **Thomson Reuters**

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### **NON-IFRS FINANCIAL MEASURES**

*Thomson Reuters prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).*

*This news release includes certain non-IFRS financial measures. Thomson Reuters uses these non-IFRS financial measures as supplemental indicators of its operating performance and financial position. These measures do not have any standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies, and should not be viewed as alternatives to measures of financial performance calculated in accordance with IFRS. Non-IFRS financial measures are defined and reconciled to the most directly comparable IFRS measures in the appended tables.*

### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS, MATERIAL ASSUMPTIONS AND MATERIAL RISKS**

*Certain statements in this news release, including, but not limited to, statements in the "Integration Programs" and "Business Outlook (Before Currency)" sections and Mr. Glocer's comments, are forward-looking. These forward-looking statements are based on certain assumptions and reflect our company's current expectations. As a result, forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. There is no assurance that the events described in any forward-looking statement will materialize. A business outlook is provided for the purpose of presenting information about current expectations for 2011. This information may not be appropriate for other purposes. You are cautioned not to place undue reliance on forward-looking statements which reflect expectations only as of the date of this news release. Except as may be required by applicable law, Thomson Reuters disclaims any obligation to update or revise any forward-looking statements.*

*The material assumptions underlying the company's 2011 business outlook are based on various external and internal assumptions. Economic and market assumptions include, but are not limited to, positive global GDP growth led by rapidly developing economies and a continued increase in the number of professionals around the world and their demand for high quality information and services. Internal financial and operational assumptions include, but are not limited to, the successful execution of the company's ongoing product release programs, globalization strategy, other growth initiatives and efficiency programs.*

*Some of the material risk factors that could cause actual results or events to differ materially from those expressed in or implied by forward-looking statements in this news release include, but are not limited to, changes in the general economy; actions of competitors; increased accessibility to free or relatively inexpensive information sources; failure to develop new products, services, applications and functionalities to meet customers' needs, attract new customers or expand into new geographic markets; failure to maintain a high renewal rate for subscription-based services; failures or disruptions of network systems or the Internet; detrimental reliance on third parties for information and other services; changes to law and regulations, including the impact of the Dodd-Frank legislation and similar financial services laws around the world; failure to meet the challenges involved in operating globally; failure to protect the reputation of Thomson Reuters; impairment of goodwill and identifiable intangible assets; inadequate protection of intellectual property rights; threat of legal actions and claims; downgrading of credit ratings and adverse conditions in the credit markets; fluctuations in foreign currency exchange and interest rates; failure to recruit and retain high quality management and key employees; the effect of factors outside of the control of Thomson Reuters on funding obligations in respect of pension and post-retirement benefit arrangements; actions or potential actions that could be taken by the company's principal shareholder, The Woodbridge Company Limited; failure to fully derive anticipated benefits from future or existing acquisitions, joint ventures, investments or dispositions; and failure to achieve benefits from integration programs to the extent, or within the time period, currently expected. These and other factors are discussed in materials that Thomson Reuters from time to time files with, or furnishes to, the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission. Thomson Reuters annual and quarterly reports are also available in the "Investor Relations" section of <http://thomsonreuters.com>.*

**Thomson Reuters will webcast a discussion of its second-quarter 2011 results today beginning at 8:30 a.m. Eastern Daylight Time (EDT). You can access the webcast by visiting <http://thomsonreuters.com> and clicking on "Investor Relations" at the top of the page and then "Thomson Reuters Reports Second-Quarter 2011 Results." An archive of the webcast will be available in the "Investor Relations" section of the Thomson Reuters website.**

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