THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

TRI.TO - Q4 2011 THOMSON REUTERS CORP EARNINGS CONFERENCE CALL

EVENT DATE/TIME: FEBRUARY 09, 2012 / 1:30PM GMT

OVERVIEW:

Co. announced 2011 revenues of $12.9b and 2011 adjusted EPS of $1.98. 4Q11 adjusted EPS came in at $0.54. Management guided for 2012 revenue up in the mid-single digits.

THOMSON REUTERS

CORPORATE PARTICIPANTS

Frank Golden *Thomson Reuters Corporation - SVP, IR*

Jim Smith *Thomson Reuters Corporation - CEO*

Stephane Bello *Thomson Reuters Corporation - CFO*

CONFERENCE CALL PARTICIPANTS

Michael Meltz *JPMorgan - Analyst*

Suzi Stein *Morgan Stanley - Analyst*

Tim Casey *BMO Capital Markets - Analyst*

Paul Steep *Scotiabank - Analyst*

Brian Karimzad *Goldman Sachs - Analyst*

Matt Chesler *Deutsche Bank - Analyst*

Drew McReynolds *RBC Capital Markets - Analyst*

Sara Gubins *Bank of America-Merrill Lynch - Analyst*

William Bird *Lazard Capital Markets - Analyst*

Vince Valentini *TD Securities - Analyst*

Claudio Aspesi *Sanford Bernstein - Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the Thomson Reuters full-year and fourth-quarter 2011 earnings conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Instructions will be given at that time. (Operator Instructions). As a reminder, this conference is being recorded. I would now like to turn the conference over to our host, Senior Vice President of Investor Relations, Mr. Frank Golden. Please go ahead, sir.

Frank Golden - *Thomson Reuters Corporation - SVP, IR*

Good morning and thank you for joining us as we report fourth-quarter and full-year 2011 results. We will begin today with our CEO, Jim Smith; followed by Stephane Bello, our CFO. Following Jim and Stephane's presentations, we will open the call for questions, but please limit yourself to one question each.

Throughout today's presentation, keep in mind that when we compare performance period-on-period, we look at revenue growth rates before currency as we believe this provides the best basis to measure the underlying performance of the business.

In addition, today's results are presented on an ongoing basis and exclude disposals announced in 2011, including our Healthcare business. Now, today, we announced three disposals -- Property Tax Services, a $100 million revenue business; our Law School Publishing business with revenues of $45 million; and eXimius, a $10 million business in the Wealth Management unit of our Financial and Risk segment.

Results for these three businesses are included within ongoing businesses for comparability purposes since we owned them for the entire reporting period. These disposals are expected to close by midyear and are excluded from our 2012 outlook. On our website, we have posted our full 2012 outlook as an attachment to today's presentation. Lastly, in early April, we will provide restated results for 2010 and 2011 that exclude these businesses.

Today's presentation contains forward-looking statements. Actual results may differ materially due to a number of risks and uncertainties discussed in reports and filings that we provide to regulatory agencies. You can access these documents on our website or by contacting our Investor Relations department. It is my pleasure to now introduce the Chief Executive Officer of Thomson Reuters, Jim Smith.

Jim Smith - *Thomson Reuters Corporation - CEO*

Thank you, Frank. And I would like to thank all of you for joining us for my first earnings call as CEO. If anything has been reaffirmed to me over the past several weeks it is just how strong this business really is. Our future is bright. Our core professional businesses continue to deliver. We are making real progress in fixing the execution issues in some critical areas of our Markets business. And we are getting our product pipeline, including Eikon, back on track. Most importantly, we are seeing a number of opportunities to grow in a dramatically changing market environment. My new team is off to a flying start.

Today, I will give you an overview of how we will be managing the business. We will update you on the operational changes we have already put in place and we will give you our outlook for 2012. But first, let me review our full-year 2011 results. 2011 revenue grew by 5% with particularly strong performance from our Professional businesses -- Legal, Tax & Accounting, IP & Science.

The Markets business grew 2% despite market headwinds and internal execution issues. EBITDA and operating profit margins were up nicely despite a $50 million charge in the fourth quarter, primarily related to the reorganization of the Markets business. Excluding that charge, the EBITDA margin was up over 300 basis points and operating margin was up nearly 100 basis points.

I am sure you will be pleased to hear, as I am to announce, that we have completed the Reuters integration program, having achieved aggregate savings of $1.7 billion. This is the last time you'll hear us utter the word integration.

Reported free cash flow was up slightly, but was impacted by a negative swing in working capital and the disposal of several cash-generative businesses last year. Free cash flow from ongoing businesses was up 7% for the year. Stephane will provide you with more detail during his presentation.

Finally, adjusted earnings per share for the year were $1.98, or $2.03 before the reorganization charge I previously mentioned. Both figures exclude the impairment charge.

Professional's full-year revenues rose 9%, driven by solid growth across each business. Legal was up 8%, Tax & Accounting was up 14% and IP & Science was up 7%, a terrific performance. The strong growth is reflective of the investments we have been making in these businesses over the past four years with innovative products like WestlawNext and ONESOURCE. This organic growth has been supplemented with investments in fast-growing geographies such as Latin America and in fast-growing adjacencies like tax management services for governments.

For the former Markets division businesses, now Financial & Risk, revenues increased 2%, finishing the year below what we had originally expected. Last year's poorly executed sales reorganization into the face of a challenging market environment resulted in a negative net sales for the second half of 2011. That, of course, creates a spillover effect into 2012.

Still, significant parts of the Financial & Risk business are performing well and provide a solid foundation. We have a new energetic and engaged management team. We have a refined and more focused strategy and we have a whole new environment of rigorous operating management, transparency, accountability and execution.

We like our position. We have the best content -- broad, deep and truly global. We have a full range of solutions from desktop to enterprise at multiple price points and value propositions. We have a model that works with clients' internal data, their systems, their third-party partners to build platforms upon which they can innovate. We have the best information architecture to tie it all together and we are far and away the leader in regulatory compliance -- perhaps the most significant factor driving change in financial services today. I am confident that David Craig and his team have the right combination of ambition, urgency and pragmatism to get the job done.

At the corporate level, we are also grounding ourselves in reality, this morning announcing a $3 billion goodwill impairment charge. The fact of the matter is the external world and market valuations have changed since we completed the Reuters acquisition in 2008. The fact also is that we did not execute up to our expectations and we have yet to achieve the performance we expected from certain parts of the Markets business.

Today, we put the past in the past and set our focus squarely on the future. This non-cash charge does not reflect a lack of confidence that we can return this business to organic growth rates in the mid-single digits nor does it impact the Company's normal business operations. Nor will it affect liquidity, cash flow from operations or financial covenants under the Company's outstanding public debt securities or revolving credit facility. I am confident that our Financial & Risk business is capable of growing mid-single digit top line over the cycle and I am committed to achieving that.

Today, let me also share with you how we think about our business and my priorities for the coming year. We are well (technical difficulty) in executing against these priorities. First and foremost, we are kickstarting the growth engine in Financial & Risk. One of the main issues for the former Markets division was that execution was inconsistent across the business. We can fix that and we are already making progress.

Second, we will continue to shift our investment toward higher-growing segments and emerging opportunities across the business. This is the playbook that worked for years at Thomson and it is the playbook that worked so well in our Professional division. Some of you will remember that when I was running Professional, we formulated our Big 10 list, which laid out what we believe were our greatest growth opportunities. We invested and executed behind those opportunities and last year, we achieved revenue growth of 9% in Professional. And our growth initiatives were a big part of that story.

One of the fastest-growing opportunities we are focusing on now is the intersection of regulation and finance. Given our strong market position in Financial Services and in Risk & Compliance, we have a unique opportunity to significantly expand our position in this growing market. We have built a rapidly growing GRC business that is poised for growth in its own right. And we have more opportunity to ramp up growth as we integrate those capabilities into our Financial Services business.

Third, we will exploit the strengths of our global franchises. No other information company has the breadth of product, the geographic reach and the global customer relationships of Thomson Reuters. I expect our new management team to work across business units to build products that meet the unique needs of customers with components contributed by all of our units.

In addition, news and insight will become part of the basic fabric of all our flagship products. We have the world's biggest and best news organization and no one is better positioned as the source for market-moving news.

Fourth, we must continue to accelerate development of our business in fast-growing geographies around the world. Our new Global Growth unit is dedicated to exactly that. Just getting better in our core markets will not be sufficient if the majority of global growth happens elsewhere. That is why we spent two-thirds of our acquisition dollars last year outside North America. And that focus has begun to move the needle on performance for our Professional businesses.

Now let me turn to how we are prioritizing our efforts within the Financial & Risk business. To begin, we have reorganized the business around customers rather than our products. We now go to market to serve investors, marketplaces, traders and compliance officers not to sell desktops or feeds. A subtle change perhaps, but one that creates much greater alignment around customer needs.

We started 2012 with a revamped global sales and marketing organization designed specifically to upgrade our account management capabilities and to put us closer to customers around the world. It is a simpler regional model focusing on growth and retention with specialists aligned closely with each business segment. This group is led by Chris Perry, a 15-year Company veteran.

THOMSON REUTERS

Over the past couple of weeks, I have attended sales kickoffs in New York, London, Paris and Geneva where we discussed our priorities, put issues on the table and got down to business. These meetings are wrapping up in Asia this week and will touch every one of our 3000 strong Financial & Risk frontline salesforce. The response has been very encouraging.

Our organization made a mistake in thinking of Eikon as a strategy rather than a product. Eikon is an enabler of our strategy, a product that will become a gold standard in our portfolio of products and services. The good news is that we have made significant progress in the past few months improving stability, performance and functionality. There are a number of releases on track for this year and we are now getting real traction in segments like Wealth Management, Commodities, Energy, Fixed Income and Foreign Exchange. And while I am not going to overstate where we are, we are slowly and steadily building confidence in the market with the product. We are working to ensure that Eikon meets the needs of the 21st century financial professional. It is important to note that our customers want us to succeed here.

By year-end, I am expecting a significant increase in active users of the Eikon product. One of my key priorities is to dramatically improve customer experience. This is absolutely essential and work has begun. To that end, we have already implemented a premium service plan for Eikon customers. David Craig is walking the talk by requiring each member of his executive team to spend time in a customer service center in order to gain a better understanding of the issues our customers and employees face each day. I am confident this is getting the proper attention and we will achieve significant improvement to our customer satisfaction ratings this year.

I am very pleased with the new team we have put in place and how they are coming together to attack the issues. They are setting the tone for change and we are reaching across the entire Company taking the best and the brightest to fill the roles throughout the organization.

Finally, the changes we have introduced will deliver greater transparency and accountability as we push decision-making closer to the customer. We are building a new fact-based operational culture and we are managing by inspection, not expectation. This is the new organizational structure effective January 1 and the new leadership team. David Craig, I mentioned earlier, leads Financial & Risk and has been with us for five years. David led the creation of our fast-growing GRC business.

Gone is the desktop and non-desktop structure and go-to-market approach. The segment has been simplified and organized around four end-user groups that you see on this slide and brings together a common technology platform for desktop applications, content feeds and underlying connectivity required to support our core investing and trading customers.

Mike Suchsland, a 13-year veteran of our Legal business, is now President of the Legal segment. You will note that we've moved GRC to Financial & Risk given the increasing overlap between Regulation and Finance. The Tax & Accounting and IP & Science segments are unchanged from a reporting standpoint and will continue to be led by Brian Peccarelli, a 14-year Company veteran and Chris Kibarian, who's been with the Company for 10 years.

Lastly, Shanker Ramamurthy will lead our Global Growth & Operations business and will work closely with the head of each of our business segments to identify opportunities in fast-growing geographies. Shanker brings senior executive focus, experience and authority to this critical task.

Now, before I discuss our 2012 outlook, let me provide some context. Like everyone else, we anticipate headwinds this year. While it is still early days, I am pleased to report that we are getting our arms around the issues within our control and the management team is focused on executing in on our strategy. I am completely confident we can reignite growth in the Financial & Risk business and continue to achieve healthy profitable growth in our Professional businesses.

The improvements we are making will serve us well in challenging times and even better as markets improve. Better products and excellent customer service are well within our control. However, downdrafts at the big global banks are outside our control and could result in further cancellations that would temper our near-term results. In the second half of last year, we clearly saw the impact of the deteriorating banking environment, especially in Europe.

Going forward, we expect net sales to gradually improve as we introduce new products and improve customer service. To the extent things stabilize in Europe and US banks grow more quickly, this concern will lessen and provide us with a bit more headroom.

Lastly, I am confident our strategy will enable us to identify other ways to grow the business, both organically and through tactical investments in adjacent markets and in faster-growing global markets.

Now for our 2012 outlook, first, we forecast that our revenues will grow in the low single digits for the Company as a whole. Second, our adjusted EBITDA margin is expected to increase and range between 27% and 28%. Third, our underlying operating margin is forecast to decrease and range between 18% and 19%. This is due to higher depreciation and amortization expense related to new products like WestlawNext and Eikon.

Fourth, we expect reported free cash flow to grow 5% to 10% and ongoing free cash flow to grow 15% to 20%.

Lastly, given our strong capital position and our confidence in the cash-generating capacity of the Company, we announced this morning that we are increasing our dividend by $0.04 to $1.28 per share. This marks the 19th consecutive annual increase.

Let me conclude by saying that 2012 will again be a challenging year, but we are up to the task. I am confident our core businesses will continue to perform. I am also confident that we can kickstart the growth engine in our newly formed Financial & Risk business on the back of a simplified organization structure, a new management team and a series of product launches and service improvements this year. Improving the consistency of our execution is critical to assure we accomplish our goals and I am confident that we have begun laying the foundation for a more successful future. Now let me turn it over to Stephane Bello.

Stephane Bello - *Thomson Reuters Corporation - CFO*

Thank you, Jim and it is a pleasure to speak with all of you today. It is with a great deal of humility that I succeed Bob Daleo at the helm of the Company's Finance organization. Let me begin by assuring you that my intention is to provide you with the same level of transparency and granularity that you came to expect from Bob each quarter to enable you to gain a better understanding of the ins and outs of our businesses.

Now on this slide are five key priorities that I shared with the Finance organization at the beginning of the year. We are in the midst of a period of change and it is absolutely imperative that the Finance organization provide the leadership and clarity of thought to support our businesses on the front lines each day.

First, simplification. Consistent with Jim's earlier message, we need to set clear priorities, focus on a limited number of key growth initiatives and invest and execute behind them. Second, we must provide complete financial transparency to our business leaders and hold them accountable for their results. Not just at the revenue level, but all the way to the operating profit level with all the costs required to run their businesses fully allocated. We do have this level of accountability and P&L transparency across the former Professional businesses and we are establishing the same principles in the Financial & Risk business. And third, collaboration. As Jim mentioned, we must work more effectively as a team and better leverage the many assets we have across the Company to improve performance.

Now our number one priority is restarting the growth engine in Financial & Risk, which Jim discussed, so I won't elaborate any further on this importance. This will require investment, but we can do that within our current spending envelope. This is all about driving a more focused capital allocation and prioritization process. And last, but not least, we must maintain a relentless focus on growing free cash flow. In my mind, long-term free cash flow growth is the most important metric to measure the financial success of our strategy.

Let me turn to the discussion of our 2011 results. As Jim mentioned, on January 1, we disbanded our divisional structure and replaced it with five business units. Starting with our first-quarter results, we will break down the results, both at the revenue and OI level for Financial & Risk, Legal, Tax & Accounting and IP & Science separately. The results of our fifth business, the Global Growth and Operations organization, will be incorporated within these four segments.

This pie chart reflects the legacy divisional structure. We are reporting or fourth-quarter and full-year results on that basis given that we managed the business that way last year. Despite the challenges and reorganizations that we faced in 2011, our overall performance, though somewhat below our expectations, was still up for revenues, EBITDA and operating profit. And as you can see on this chart, 80% of our business grew in 2011 with about half growing more than 5%. This is not just our former Professional unit businesses, but also Enterprise, Fixed Income and Tradeweb in the former Markets division. So the key point of this slide is that it is important not to lose sight of the scale, balance and strength of our portfolio as a whole.

Throughout today's presentation, I will speak to revenue growth before currency. Reported revenues are also highlighted on each slide. In addition, for consistency and comparability with our previously reported results and because we managed these businesses for the entire year, the three planned disposals we announced today are included in the results. These three businesses generated approximately $155 million in revenues, $45 million in operating profit, $40 million in free cash flow and they contributed about $0.03 to adjusted EPS in 2011.

So turning to our fourth-quarter performance, for the consolidated business, revenues in the fourth quarter were up 5% versus the prior year with 3% benefit coming from acquisitions. Adjusted EBITDA was up 26% and underlying operating profit was up 8% in the quarter, reflecting the flow-through from higher revenues, as well as integration savings. And the underlying operating profit margin expanded by 50 basis points.

Now, for the full year, revenues were up 5% to $12.9 billion, up 2% organic and 3% from acquisitions. Full-year EBITDA increased 20% with the EBITDA margin improving 280 basis points and full-year operating profit increased 9% with a corresponding margin of 20%. And again, adjusting for the $50 million charge incurred in the fourth quarter, the margin improvement would have been about 40 basis points higher, both at the EBITDA and OI levels.

Now let's turn to the results of both divisions, starting with Professional. The Professional division recorded 9% revenue growth in the fourth quarter, 3% organic and 6% from acquisitions. This was driven by solid performance from all three business units. EBITDA and operating profit both increased 8% compared to Q4 2010 and the corresponding margins were down slightly as flow-through from higher revenues was offset by a change in business mix in our Legal segment.

For the full year, revenues rose 9% to $5.4 billion, up 4% organic and 5% from acquisitions. EBITDA and operating profit both increased 9% and the corresponding margins were also down slightly. So in aggregate, the Professional division generated EBITDA and operating profit growth of 9%, essentially in line with revenue growth. Not only did the business generate strong revenue growth, it also delivered equally strong growth in profits, which is really what matters in the end.

Now I will discuss the results of the segments within Professional starting with Legal and some of the underlying demand dynamics in that segment. WestlawNext continues to capitalize on its position as the premier legal information service in the US. Despite a challenging US legal research market, we converted over 50% of our revenue to WestlawNext, which was used by about 34,000 customers at year-end. Attorneys clearly recognize the product's value from greater productivity and efficiency, which has enabled us to substantially sustain our pricing structure.

Nevertheless, the law firm market in the US continues to be challenged with employment having declined 5% since its peak in mid-2007 and demand for legal services was up only very modestly last year. It is important to note that these challenges are primarily impacting us in the US law firm research market. Our US legal research business is $1.4 billion, or 4% of the $3.4 billion revenue generated by our overall Legal segment. The remaining $2 billion grew 16% in aggregate last year with strong growth in Business of Law, GRC, Risk & Fraud and the RDEs, just to name a few.

As Jim indicated, we began allocating capital to these higher-growth sectors three years ago as part of our Big 10 strategy in Professional and we are now seeing the benefit of this focused capital allocation process.

For perspective, the orange section of the chart, which is the core legal research sold to US law firms, represented almost 50% of the total Legal revenues in 2008 versus 40% today. Now examples of the investments we have made include the acquisition of Revista dos Tribunais in Brazil and the subsequent launch of Revista Online and in GRC, the acquisitions of Complinet and World-Check and the launch of Accelus. We also have a beachhead in the corporate market with our Serengeti matter management software and we are developing new solutions to better serve the general counsel.

So despite a challenging core legal research market, we continue to see strong growth opportunities across our Legal business. As you can see on this slide, Legal grew 8% in 2011, 3% organic despite the fact that the core legal research, both print and online in the US, declined by 2%.

THOMSON REUTERS

Going forward, we will follow the same approach of identifying key growth opportunities and investing behind them in a very focused way in our Financial & Risk business. We are confident that this approach will enable us to turn around our organic growth performance in that segment as we have done in the Professional businesses.

Now turning to the fourth-quarter results for Legal, revenues were up 5%, 1% on an organic basis with the balance coming from acquisitions. The sequential decline in the organic growth rate from 2% in Q3 to 1% in Q4 was in large part the result of softness in our US legal research business and also lower print revenues. Excluding US print, revenues actually grew 2% organically in Q4 or about the same level as Q3.

Fourth-quarter EBITDA increased 4% compared to the prior-year period and the corresponding margin was down 50 basis points. This is due to the business mix effect I referred to earlier. Our high-margin core legal research business declined by 3% while the rest of the portfolio, which has attractive margins, but just not as high, is growing strongly. Operating profit increased 5% in Q4 and the margin increased by 10 basis points.

Tax & Accounting had another strong quarter. Revenues grew 19%, 6% organic, driven by the growth in income tax software sales, Checkpoint and acquisitions. Tax & Accounting continues to show strong EBITDA growth, up 10%. This was the sixth consecutive quarter of double-digit EBITDA growth. Fourth-quarter operating profit increased 7% and the associated margin was down 350 basis points to 32%. Now EBITDA and operating profit margins were down primarily due to expense timing.

And I would like to remind you that a small movement in the timing of expenses can have a meaningful impact on margins in any given quarter for both our Tax & Accounting business and our IP & Science business. That is due to the law of small numbers. The full-year margins are much more reflective of the underlying performance and in that regard, the full-year EBITDA margin expanded 70 basis points and the operating profit margin expanded 50 basis points reflecting my earlier comment that strong growth in revenues, 14% for the year, did translate in even stronger growth in profits.

Now turning to IP & Science, revenues grew 9%, of which 7% was organic. Growth was driven by IP Solutions, which was up 10%. The other units performed well also with Scientific & Scholarly Research up 7% and Life Sciences up 12%, of which 5% was organic. EBITDA increased 23% compared to the prior-year period and operating profit was up 21%. Once again, you should not focus on our quarterly margin performance for these businesses, but rather look at the full-year margin. The full-year EBITDA margin expanded 140 basis points and the operating profit margin expanded 130 basis points, translating in this case into a 13% rise in profits.

Now let me turn to the former Markets division. In the fourth quarter, Markets' revenues grew 2%, of which 1% was organic. Recurring revenues, which account for 75% of the division's revenues, grew 1% over the prior year. Transactions' revenues grew 4%, mainly due to Tradeweb. Recoveries declined 2% and Outright revenues were 23%, primarily driven by strong one-time revenues in the Enterprise segment.

Operating profit grew 4% in Q4 and the margin was up 40 basis points from the prior-year period to 16.7%. For the full year, former Markets division revenues were up 2%, full-year operating profit was up 10% and the margin grew 90 basis points to 18.8, due to integration savings and efficiency initiatives.

Now I will discuss the results for the individual segments within Markets. Sales & Trading fourth-quarter revenues were up 2% and excluding a 5% decline in recoveries, revenues rose 3%. Tradeweb grew 5% organically during the quarter. In Investment & Advisory, revenues declined 3%. Corporate revenues were up 1% and Investment Banking revenues were flat in a very difficult market. Investment Management declined 4% despite improving, but still negative sales. The 4% decline in Investment Management, while still weaker than our aspirations, was its best performance since Q2 of 2009 and represented a sequential improvement from an 8% decline in both the third and the second quarter.

Enterprise, again, achieved a strong performance, growing 10% in the quarter, all organic. Growth was driven by demand for our innovative data distribution platform, Elektron, which now has 14 hosting centers around the world. The Enterprise Content business grew 17% as new regulations and compliance requirements drove customers to invest in pricing and reference data. And finally, the Media revenues were up 1% in the quarter and were flat for the full year.

Let's now turn to adjusted earnings per share, which exclude the impairment charge we announced today. Adjusted EPS for the full year was $1.98 and excluding the $50 million reorganization charge, EPS was $2.03. Currency had a $0.06 favorable impact on the full-year EPS and no impact in the quarter. Of the 27% improvement in EPS, about half was driven by underlying profit improvement and the other half resulted from lower integration-related costs. The fourth-quarter adjusted EPS was $0.54 a share, an increase of $0.17 versus the year-ago period. Excluding reorganization charges, adjusted EPS was $0.59 per share. A complete reconciliation from net income to adjusted earnings is, of course, available in the press release issued this morning.

Now turning to free cash flow, typically, we have generated about 40% of our free cash flow in the fourth quarter, making it one of the more challenging metrics to forecast. For the full year, reported free cash flow was $1.6 billion, up $39 million, or 2%, primarily due to lower integration costs. Free cash flow was below our expectations, primarily due to two main factors. First, our DSO deteriorated by three days with the biggest impact felt in our Markets business. This is essentially another reflection of the difficult market environment. Some of our customers are hoarding cash and taking a bit longer to pay their bills. Cash taxes were about $130 million higher than last year and that was due to higher profits and also due to unexpected prior-period stock settlement.

One final cut on free cash flow for 2011 and our expectations for 2012. Divestitures negatively impacted free cash flow as we only received cash flow from these businesses during the first half of the year under our ownership. So if you excluded free cash flow from all the divestitures we have either closed or announced to date, the free cash flow from ongoing businesses was up about $100 million, or 7%, in 2011.

I should point out that free cash flow will be negatively impacted in 2012 because of the various disposals we have announced over the past year. In total, these businesses generated $215 million of free cash flow in 2011. We expect to lose most of this free cash flow in 2012. The exact amount will, of course, depend on the exact timing on when these deals close.

Let me stress that these divestitures are tied directly to our disciplined investment process. We are freeing up capital that can be redeployed in higher-growth businesses. We continue to have a strong pipeline of small, tactical opportunities, which we will consider to supplement our organic revenue growth.

For this reason, we expect free cash flow from ongoing operations to grow between 15% and 20% next year -- or this year, sorry -- while reported free cash flow, which includes disposal, is forecasted to grow 5% to 10%. As I previously said, free cash flow is the most important metric for us to determine our ability to create value for our shareholders while also fueling reinvestment back into the business. We are not satisfied with our 2011 performance and we are redoubling our efforts across the organization to ramp up free cash flow growth in 2012 and beyond.

But despite the disappointing 2011 free cash flow performance, this remains a highly cash-generative business with stable, recurring revenue streams and a robust capital structure, which enables us to return significant amounts of cash to shareholders while reinvesting for growth. This morning, we increased the dividend by $0.04 and we remain committed to maintaining and growing dividends as an important component of shareholder return.

Last year, we also repurchased 11 million shares for an aggregate purchase price of $326 million. We have returned approximately $7 billion to shareholders since 2005 through a combination of dividends and share repurchases. As we progress with our dispositions in 2012, we will continue to consider the best use of proceeds, including reinvesting in our businesses and share repurchases.

Now let me finish where I started. The five points on this slide are what we are focusing on each day. It won't be a quick fix, but we are already making progress and importantly, our customers want us to succeed. Yes, the environment will likely continue to be challenging, but the more dynamic and changing the environment and the more complex the regulations, the more value we can provide to our customers. We know the challenges ahead, but we are confident we can meet them. With that, let me turn it back over to Frank.

Frank Golden - *Thomson Reuters Corporation - SVP, IR*

Thank you, Stephane and that concludes our formal remarks and now we would like to open it up for questions. So if I could ask the operator to give us the first question please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Michael Meltz, JPMorgan.

Michael Meltz - *JPMorgan - Analyst*

Hey there, good morning. Have one clarification on the guidance and then a question for you. Just the revenue guidance for 2012, does that anticipate -- does that just assume acquisitions already done or is there some other expectation of acquisitions to come in there?

Stephane Bello - *Thomson Reuters Corporation - CFO*

That essentially is a projection for total revenue, so it does include the acquisitions that we have already completed to date.

Michael Meltz - *JPMorgan - Analyst*

Okay. And then, Jim, just a bigger picture question on free cash flow priorities. What is your view on acquisitions going forward relative to what the Company has done the past few years in terms of just general free cash flow priorities?

Jim Smith - *Thomson Reuters Corporation - CEO*

I think we have had a very disciplined strategy around what we are going to do with our cash. And we look for all opportunities to create the greatest long-term value for shareholders. I think we will continue to favor the kind of tactical acquisitions that we have made over the past couple of years that strengthen the long-term the growth engine of the Company.

I think you can see we have continued to maintain our faith in the cash-generative ability of the Company. We believe that the dividend is an important part of the value for our shareholders and we are committed to that as well. And we are going to keep all options open and all tools available to make the smartest decision at that point in time.

Michael Meltz - *JPMorgan - Analyst*

Okay. Should we expect continued portfolio repositioning in terms of other divestitures?

Jim Smith - *Thomson Reuters Corporation - CEO*

I think we have announced the significant things that we can see. There will always be some tweaking around the edges of our portfolio. I think that is just a fact of life. I do not anticipate major portfolio shifts at this time.

Michael Meltz - *JPMorgan - Analyst*

Thank you for your time.

Operator

Suzi Stein, Morgan Stanley.

Suzi Stein - *Morgan Stanley - Analyst*

Hi, good morning. Could you talk about what you are seeing competitively in markets? And if you can distinguish what you're seeing by region, that would be kind of helpful. And also, can you just update us on your plans to divest the Healthcare business?

Jim Smith - *Thomson Reuters Corporation - CEO*

Sure, why don't we tagteam that. And I will talk about what we are seeing competitively and I will ask Stephane to provide an update on where we stand with the Healthcare divestiture. I think we are seeing a very, very competitive environment out there. I think we are seeing customers -- really the large banks around the world and in particularly everyone in Europe right now -- rethinking their businesses and re-evaluating what the competitive landscape looks like. I think that makes for a product-by-product, real hand-to-hand combat in terms of the selling process.

But I also think that as our customers are thinking through major structural changes in their environment, that the kinds of conversations that they are now entertaining are pretty encouraging to me and the level of conversations that we are having about providing a variety of solutions are encouraging.

So to the extent that we can be part of the solution in a changing environment, the more encouraged that I am. So there is a great deal of change out there, no question. But that change also produces opportunity. I have to say I particularly like our position on the regulatory front and all the work we have been doing the past few years to strengthen our regulatory content and tools. As you well know, the one place the big banks are spending more money and the one place they are still hiring is around regulation and compliance. Stephane?

Stephane Bello - *Thomson Reuters Corporation - CFO*

Yes, and Suzi, in answer to your question regarding the Healthcare divestiture, we did announce that we were suspending the process a few weeks ago and that really was a reflection of the fact that the market conditions had changed dramatically from the time we announced the divestiture of that business.

Interestingly, the business has performed quite well last year, actually exceeding the projections we had included in the offering memorandum. So you have kind of a big variance between the way the business was performing and the way the market conditions were evolving and we were simply not ready to dispose the business as a fire sale. We absolutely intend to reinitiate that sales process as soon as market conditions allow us to do that.

Suzi Stein - *Morgan Stanley - Analyst*

Okay, thank you.

Operator

Tim Casey, BMO.

Tim Casey - *BMO Capital Markets - Analyst*

A couple things. Just a clarification. Is the contributions from Healthcare, are they included in your guidance?

Stephane Bello - *Thomson Reuters Corporation - CFO*

We provide guidance on free cash flow on two bases. One is the reported free cash flow, which does assume a small amount of contribution from the businesses that are announced for disposals and one on ongoing businesses, which excludes it. All the other items in the guidance do not include Healthcare because they only cover ongoing businesses.

Tim Casey - *BMO Capital Markets - Analyst*

I understand, thanks. Jim, could you provide a little more color on Eikon? You have talked about how it is -- you are thinking about it more as a product. Are there -- should we anticipate any rollouts this year or how should we think about that product and how it is going to be positioned in the portfolio? Thanks.

Jim Smith - *Thomson Reuters Corporation - CEO*

Yes, we are thinking about it as a product and it is an important part of our product strategy. I don't want to minimize it either. I think -- it's not the whole strategy, but it is a gold standard product for us and you should anticipate continued rollouts of Eikon this year.

The way we are approaching it is on a sector-by-sector basis as opposed to a broad, universal, desktop basis. So we are going to continue to develop Eikon and develop new functionality throughout the year. In fact, we have a robust pipeline of developments that we will add to Eikon and capabilities that we will add to Eikon and we will introduce it kind of sector-by-sector where we have the functionality that will really compete strongly and complete most strongly.

So you will see Eikon rollouts throughout the year. I do anticipate we will see increasing number of users and we will see increasing activity on the Eikon platform. I think we'll largely have functionality built out by the end of the year and then we will begin migrating customers and rolling out -- we will -- concurrently, will be rolling out throughout the year in certain sectors and then we will complete that rollout of products in 2013.

So you should think about Eikon as a really important part in the product strategy, but we are not waiting until we get everything right for Eikon to put that out into the market. As we came through the door at the end of last year, we realized that we needed to make certain we were providing our sales people with everything that they could have and our customers with everything they needed.

And we reprioritized a bit of our new product development spend to make sure we had not only Eikon in the bag, but also other tools in the bag that we could sell, like a new and more robust version of Datastream, the new Datastream Pro project that is coming out, like iPad apps built on the ThomsonOne backbone for investment bankers, like new compliance instruments and exchange-traded instruments like a whole manner of specific products that build off of other platforms and sell into other sectors.

So where we are strong enough on the Eikon platform to lead with Eikon, we will lead and where our legacy products still have advantages and where we can still build new features and functionalities into those legacy products, we will continue to do that to make certain we have a broad array of products to sell.

Operator

Paul Steep, Deutsche Bank.

Paul Steep - *Scotiabank - Analyst*

Great. Actually, Scotiabank, but I guess will -- Jim, maybe you can talk about, with Eikon, the product launch date. What is the, I guess, the critical element here? If Eikon was to move out or at all, does that impact look for the year or is it pretty much neutralized in the numbers?

Jim Smith - *Thomson Reuters Corporation - CEO*

I don't think there is anything to watch for. I think the numbers and the guidance that we have given reflects our current expectations for what the Eikon rollout will look like. I can tell you that we have done a very good job of getting the product stabilized. The customer feedback that I've heard myself has been very, very positive as to the stability and the functionality, that it's a major improvement over where we were.

So I don't think you should sit back and expect that there is going to be some big bang of a-ha the major next new version of Eikon is out. In fact, you will see exactly the opposite. We are going to have a kind of continuous slow improvement and rollout of Eikon sector-by-sector as it is fit for purpose. And if anything, we will go more slowly behind our marketing efforts. Right? We are not going to lead with marketing and we are not going to lead with hype. We are going to lead with beta releases into customers, make sure we are ready, make sure we are fit for purpose and then follow it up with the marketing and sales efforts behind it in that order as opposed to the other way round.

Paul Steep - *Scotiabank - Analyst*

Great. And just to clarify as well, anything near term on the sales changes in terms of any implementation risk related to just timing of getting the teams back up to speed? Thanks.

Jim Smith - *Thomson Reuters Corporation - CEO*

I don't see it. And as I say, I have been with more sales people over the past 2.5 weeks than I have ever been with, in the regional meetings as well and I think the sales teams, the energy is really solid in the sales team. I think that, in many ways, what we did was to undo some of the issues that we had in the execution of the last reorganization and we have put people who have been closer to customers and for whom those relationships are pretty strong kind of back in the position to represent the Company.

So I feel very, very good about where we are in the sales organization right now. I feel particularly good about the leadership that we have got in that sales organization. We have sales people leading our sales teams again and they are down to basic blocking and tackling. And always as a general manager, you have to temper your enthusiasm when you come back from the rah-rah sales conferences, but I tell you, it's really good to feel that rah-rah spirit again in the troops because that is not the way we were exiting last year.

Paul Steep - *Scotiabank - Analyst*

Thank you.

Operator

Brian Karimzad, Goldman Sachs.

Brian Karimzad - *Goldman Sachs - Analyst*

Hi, there. I guess a first one would be can you give us some color on some of the dynamics in US Legal that you think are leading to acceleration given you had a good WestlawNext rollout and it sounds like you have been getting pricing on that? So aside from print, curious if there's been some competitive dynamics going on. And then on the parts that you can't control in Markets, can you give us a sense for how net sales have been shaping up over the last couple of months and some of the conversations you are having and kind of conservatism that you have baked in on those factors you can't control in the revenue outlook?

Jim Smith - *Thomson Reuters Corporation - CEO*

Well, perhaps we should tagteam that because Stephane will have some more granular observations, but let me start generally with Legal. I don't think we have seen any material change in the broad dynamics in the legal sector. I think the fourth quarter was surprisingly soft across the board. If you look at what legal demand -- what was happening with legal demand, I think everybody was a bit surprised. But it just reflects, I think, the level of economic activity that we are seeing across lots of sectors of the economy in the fourth quarter of last year.

For us, it manifested itself, as Stephane pointed out, in that core legal research, particularly on the print side, particularly in US state and local governments who are big consumers of print. It manifested itself in a weak core research environment in the UK, in difficulties in Spain, which are not surprising. We did not see massive swings in the competitive dynamic, however. It is playing out as it has played in the last couple of years.

And I think it really just continues to encourage us to pursue the strategy we have been pursuing for the past several years, which is to broaden the value proposition that we bring into law firms and to bring our legal and regulatory solutions toward the buy side of this market into general counsels, into corporations and into other areas and consumers of legal and regulatory information. So no big dramatic dynamic changes there. We expect going forward that our growth will be led by that 60% of our business that is not core legal research that Stephane was referring to earlier.

Brian Karimzad - *Goldman Sachs - Analyst*

Okay.

Stephane Bello - *Thomson Reuters Corporation - CFO*

Yes, and let me then cover the other question you had, Brian, which was about net sales in the Financial Services industry and as Jim mentioned, net sales were clearly negative in the second half of last year and that, obviously, creates a negative momentum for revenues as we enter in 2012.

I think what is going to be quite important is to look at the momentum and the trend of net sales over the course of 2012 and what will be critically important -- it's not so much what the overall average level of net sales will be in the year, but more what the run rate is as we exit the year because that is what is going to be critical as we enter 2013. And what we are expecting is a gradual improvement in net sales over the course of the year.

Brian Karimzad - *Goldman Sachs - Analyst*

Okay, thank you.

Operator

Matt Chesler, Deutsche Bank.

Matt Chesler - *Deutsche Bank - Analyst*

Thanks for taking the call. A quick question on free cash flow just to get my arms around the trends you are seeing there. So it sounds like the Markets' decline in DSOs was an impact on the fourth quarter. Do you think that those recover along with net sales or is there anything you could do operationally to accelerate and stabilize those?

Stephane Bello - *Thomson Reuters Corporation - CFO*

Okay, Matt, it's Stephane. I am going to try to address this. There were several factors that impacted free cash flow negatively last year and most of them were really concentrated in the working capital category, which, in aggregate, ended up dragging free cash flow down by about $240 million.

As I mentioned, the first point that we experienced was about a three-day deterioration in our DSO. And the biggest impact was in Markets and frankly, in previous years, we had managed to achieve progressive improvement in our DSO, but 2011 went the other way. And that's a reflection both of the fact that there is a difficult market environment, also a reflection of the fact that we are actually introducing some new Order to Cash dispensed across the businesses and that always has a temporary negative impact on DSO.

Now I certainly would not want you to think that we will be able to reverse that trend in a major way because there is further introduction of this Order to Cash process across the business coming over the next couple of years, but it is an impact that we, obviously, are going to try to mitigate very, very closely.

The second point I mentioned is higher cash taxes and this was, as I said, largely attributable to higher taxable income in '11, but also to the settlement of prior tax issues. And finally, the last big item was the impact of the disposals and that is why we have tried to provide you with guidance on free cash flow, both on an ongoing basis and also on a reported basis, to try to help you measure us on both metrics.

Brian Karimzad - *Goldman Sachs - Analyst*

Okay. And then just in terms of, Jim, I think you had talked about your corporate goals for Eikon year by year, and it sounds like you are leading more operationally than with sales, but you are also expecting a significant increase in active users.

What is the baseline that you have got in your mind, and kind of what are the ranges you would consider a success for you if you've accomplished at the end of the year?

Jim Smith - *Thomson Reuters Corporation - CEO*

I am not doing it based on seats. So it is hard for me to sit here and say to you I want to go from our baseline of roughly 15,000 users today to X thousand users at the end of the year. I think that number will be materially higher, significantly higher, but we are not targeting just the number of seats. What we are targeting is sector by sector, where we can add real functionality and go in and make a real difference for customers and not just be in this race of terminal to terminal to terminal; but how do we incorporate that into the total value proposition that we give to our customers.

We are expecting to see material improvement in the number of terminals out there and in the levels of usage and also in our customer satisfaction. But at this point, I am not comfortable sharing kind of terminal-based targets. Rather, we are going at it sector by sector.

Brian Karimzad - *Goldman Sachs - Analyst*

Great. Thanks a lot.

Operator

Drew McReynolds, RBC Capital Markets.

Drew McReynolds - *RBC Capital Markets - Analyst*

Thanks very much. I just hopped on the call, so I apologize if you covered this one off. Just, Jim, a little bit of an obscure one for you. Obviously, there is a lot of noise out there on kind of the RIC codes and obviously with the C investigation around that. Just wanted to kind of get from you how important or relevant is this issue, how important is it to keep this proprietary to yourselves? And we, obviously, know competitors are trying to muscle in. Just get a lot of questions on this, so I just wanted to get the right perspective from you guys in terms of the relative importance of maintaining these codes as proprietary. Thank you.

Jim Smith - *Thomson Reuters Corporation - CEO*

Well, the RIC codes are important to us. There is no question about that. They are an important part of the fabric of the symbology that we have built and that tie us into all of our kind of underlying infrastructure. My hands are a little tied at this point about how deep I can go. As you know, we had proposed a solution to the regulators. They have concluded their market testing and they have not gotten back to us as to the conclusion of that market testing. So I sure don't want to say anything today that is going to be obviated by our ongoing discussions or that is going to put us in a position where we are telling you something that is different from where we are. So I just have to be in a bit of a quiet period about this.

I will just say they are very, very important. We think we have proposed a reasonable solution that would allow us to license those out in a very fair way and more to come when we hear the ultimate resolution of that case.

Drew McReynolds - *RBC Capital Markets - Analyst*

Okay, thank you very much.

Operator

Sara Gubins, Bank of America.

Sara Gubins - *Bank of America-Merrill Lynch - Analyst*

Thank you. I am hoping that we can get some more details about your expectations for 2012 across the segments. I am guessing that you are expecting Professional to continue to grow and perhaps for Markets to shrink given the negative net sales and any commentary you can give around margin expectations by segment. Thank you.

Stephane Bello - *Thomson Reuters Corporation - CFO*

Sara, as you know, we don't really provide like segment-related guidance. We prefer to do that at the corporations level, but I think that you can deduct from the guidance that we have provided and the recent performance that we do in general -- I can say we do expect the Professional -- the ex-Professional businesses to continue to do well. And we do expect that, in the Financial & Risk business, we are going to see a gradual improvement in net sales. But that improvement in net sales is not going to translate immediately in revenue growth in 2012. That is something that, obviously, is going to have a lag because of the subscription nature of the business. So we have modest expectations for Financial & Risk in terms of revenue growth in 2012.

Sara Gubins - *Bank of America-Merrill Lynch - Analyst*

And perhaps any color on the margin front, particularly on the Markets side.

Stephane Bello - *Thomson Reuters Corporation - CFO*

I would give you the same comment. I mean what we are going to try to do in Financial & Risk, as Jim stated, the number one priority is to reignite the growth in Financial & Risk. This will require some investments in order to do that, but, as we said also, we absolutely think that we can do that within the spending envelope that we have today.

So we are not projecting or expecting a bump in our CapEx spending or anything of the like. But we will need to make some investments in the business in order to restart the growth engines because that is really, at the end of the day, what will ultimately drive growth in free cash flow and expansion in margins.

Sara Gubins - *Bank of America-Merrill Lynch - Analyst*

Okay, thank you.

Operator

William Bird, Lazard.

William Bird - *Lazard Capital Markets - Analyst*

Good morning. I was wondering if you could talk about any factors that could increment margins in 2012 that aren't in guidance. Thank you.

Stephane Bello - *Thomson Reuters Corporation - CFO*

It is Stephane again. I think if you look at margin movements in 2012 and you are trying to look at the Company's margin performance this year, there are a number of factors to take into consideration. Now, obviously, on the positive side, we have, as Jim said, officially completed the Reuters integration program in '11 and since that spend was about $215 million in 2011, you should expect that to flow through margins in 2012.

We will also see the positive impact of the various restructuring actions that we took last year, both in the first quarter and the fourth quarter. But all these benefits will be offset by a number of factors. The first one is the one that I think Bob used remind you, which is that, until we reach an organic revenue growth rate of 3% or 4%, it is going to be difficult to expect much flow-through at the EBITDA or OI margin level.

The second one are the investments I mentioned that we need to make in the businesses. But again, I don't want to scare you in making you believe that there will be a significant impact on capital expenditure or margins because of the investments; that is not the case.

I mentioned also the negative revenue mix in Legal, which is about 40 or 50 basis points on the margins of Legal. That is just the fact that I just said, that their most profitable business, which is core legal research, is not growing and the other 60% is growing fast, it has attracted margins, but simply not margins that are as high as the core legal research business. So you get, by definition, a negative mix impact.

And last, but not least, the most important factor I think to account for on margins for 2012 is what Jim referred to and that is why you see I think a dichotomy between the way the EBITDA margin is evolving and the way the OI margin is evolving. It is essentially the fact that there is going to be a marked increase in depreciation and amortization expense next year. This is, obviously, non-cash, but this is a reflection of the investment that we have made in the past. So hopefully that helps you a little bit.

William Bird - *Lazard Capital Markets - Analyst*

Yes, very helpful. And on the revenue guidance, I know you don't want to drill down by divisions, can you tell us what, on a consolidated basis, what do you expect for organic constant currency revenue growth for 2012?

Stephane Bello - *Thomson Reuters Corporation - CFO*

I think we have provided guidance that we are going to grow low single digit and that includes a very modest impact from acquisitions that we have made last year.

William Bird - *Lazard Capital Markets - Analyst*

Okay, thank you.

Operator

Vince Valentini, TD Securities.

Vince Valentini - *TD Securities - Analyst*

Thanks very much. Just wanted to make sure I am clear on the free cash flow and on the disposals. So did I hear you correctly, Stephane? Is it $250 million loss of free cash flow from all the disposals that were announced last year plus the new three ones today?

Stephane Bello - *Thomson Reuters Corporation - CFO*

This must be my French accent. I apologize, Vince. I meant $215 million -- not $250 million.

Vince Valentini - *TD Securities - Analyst*

2-1-5, okay.

Stephane Bello - *Thomson Reuters Corporation - CFO*

2-1-5, yes. And that includes essentially -- that is the entire contribution to free cash flow from all the disposals either that we've closed to date or that we have announced and that are still to be closed.

Vince Valentini - *TD Securities - Analyst*

Sorry, is Healthcare in that when you --?

Stephane Bello - *Thomson Reuters Corporation - CFO*

Yes.

Vince Valentini - *TD Securities - Analyst*

That does include Healthcare. Okay.

Stephane Bello - *Thomson Reuters Corporation - CFO*

It does include Healthcare.

Vince Valentini - *TD Securities - Analyst*

But you still get the free cash flow from Healthcare throughout the year until you sell it?

Stephane Bello - *Thomson Reuters Corporation - CFO*

Absolutely.

Vince Valentini - *TD Securities - Analyst*

And then in terms of guidance, the base for 5% to 10% growth would be the $1.602 billion figure from 2011? That's correct?

Stephane Bello - *Thomson Reuters Corporation - CFO*

That is correct.

Vince Valentini - *TD Securities - Analyst*

And then your underlying free cash flow last year, if you take out the integration costs, which will now be zero going forward, was actually $1.888 billion. So the 5% to 10% on top of the $1.602 billion, you're still going to end up below what your underlying free cash flow was this year and I guess that is largely related to the disposals. Is that the way to think about it?

Stephane Bello - *Thomson Reuters Corporation - CFO*

Yes.

Vince Valentini - *TD Securities - Analyst*

Okay. And I guess another big point, I mean somebody already asked about working capital, so it sounds like you don't think you will reverse it, but do you think it actually gets worse? Is that what your guidance implies, that there will be even a further increase in the DSOs this year or some other working capital item?

Stephane Bello - *Thomson Reuters Corporation - CFO*

No, I would, sorry, not project that. We will, obviously -- as I mentioned, Vince, free cash flow is really a key metric for us. So I will tell you we will absolutely redouble our focus on free cash flow. And in the near term, this will mean following a very disciplined capital allocation process just to make sure that we direct our capital to the best opportunities that we have. Not simply adding up on the amount that we spend on capital in order to pursue these opportunities. It is really deploying in the right places more than spending more.

And on working capital, I actually don't expect any major worsening trend next year. That is certainly not the intent I wanted to give. I mean ultimately what is going to drive free cash flow, as I said, once again, is going to be top-line growth. And that is really what we focused on and that is going to be the ultimate driver of free cash flow.

Vince Valentini - *TD Securities - Analyst*

Okay. And sorry for the multiple questions, but depreciation and amortization, can you just clarify there? Is there anything temporary about what seems like a pretty large spike in 2012? Like do WestlawNext and Eikon have some sort of sunset to it where you have accelerated depreciation upfront and then it starts to roll off in '13 or '14 or is this just a new baseline number that we should extrapolate forward?

Stephane Bello - *Thomson Reuters Corporation - CFO*

I think that depreciation and amortization as a percentage of revenue will remain high for the next two or three years and it will be higher than CapEx as a percentage of revenue. What we are really focusing on, because that is what we can influence today, is CapEx as a percentage of revenue. And you have seen, Vince, that our guidance has been that essentially it's going to remain pretty much flat. Depreciation and amortization will remain higher than CapEx for the next two, three years until that -- essentially it reflects the amortization of the big spending we have done on these large projects that you mentioned in the last couple of years.

Vince Valentini - *TD Securities - Analyst*

Very good. Thank you.

Frank Golden - *Thomson Reuters Corporation - SVP, IR*

Operator, I would like to take one final question, please.

Operator

Claudio Aspesi, Sanford Bernstein.

Claudio Aspesi - *Sanford Bernstein - Analyst*

Good morning. A couple of questions. In the investor meeting in March of 2011, the old management of Markets indicated they do not expect -- did not expect, at the time, the rollout of Eikon to materially improve the marketshare of the terminal business. Has this changed in any way going forward? Do you have a view -- have an outlook into the business whether those goals were not aspirational enough?

And the second question is related also to the Markets division and considering the uncertainty in the employment in the financial institutions with significant restructurings announced, are you comfortable with the cost structure of the businesses that are driven by headcount?

Jim Smith - *Thomson Reuters Corporation - CEO*

Okay, I will try to address both of those and if I miss something, I'll ask Stephane to jump in and correct me or support me. Obviously, the March call on guidance on Markets is not something with which I am intimately familiar other than listening to it. I can tell you that I have pretty solid aspirations about what we are going to do going forward, Claudio and I think that -- I don't really look at it as terminal-to-terminal and product-to-product and share that way. I look at it as what are we able to provide in terms of broad solutions into various sectors and into various customer groups.

And I think one of the great advantages for us that we can sell total solutions from desktops, to feeds, to middleware, front-office, back-office. We have a broad array of products, of services, of solutions at multiple price points across the whole range of solutions we can provide. So I do have pretty solid aspirations about our ability to tie that together. How much of that is terminals and how much of that is feeds? I can't say at this point. Our customers will determine what is more valuable.

And while I don't want to talk largely about marketshare because it depends upon how you define the market and you kind of go down a rat hole there, I do think about our competitive position and I think about our competitive position by sector, not by product and I think about improving our competitive position in the sectors that make the most sense for us. Right? If that is an all-encompassing enough answer for you, that is the way I look at it. We are pretty ambitious about what we are biting off and we are pretty optimistic about what our chances are.

Claudio Aspesi - *Sanford Bernstein - Analyst*

On the cost structure.

Jim Smith - *Thomson Reuters Corporation - CEO*

On the cost structure, I think we are always looking at the cost structure. And I also think we have a very solid opportunity to improve our cost structure over time. Two things to remember. First and foremost is the point Stephane has made. We have got to get the revenue growth going and that is what we are focused on today. That is number one.

Number two, our greatest ability to take costs out of our cost structure come when we complete the platform technology buildout of Eikon. Right? And once we get that underlying technology platform built, then we can begin sunsetting legacy systems and that is where we have an opportunity, I think, for significant margin expansion, on the back of those two things -- one, revenue growth and two, the ability to sunset legacy systems.

Claudio Aspesi - *Sanford Bernstein - Analyst*

Just a follow-up question. Did I understand correctly when you mentioned earlier, however, that, in the replacement cycle of the old platforms, you may actually go slower than you thought originally in order to make sure that the product fits what the customers need?

Jim Smith - *Thomson Reuters Corporation - CEO*

Yes.

Claudio Aspesi - *Sanford Bernstein - Analyst*

Okay. So actually what is a realistic timeframe for the completion now of the sunsetting?

Jim Smith - *Thomson Reuters Corporation - CEO*

I will give you that timeline when we have a better picture as to what it is. I feel confident that features and functionality on Eikon, the product, will be largely built out by the end of this year. There are still some significant decisions we need to make about customer migrations off of underlying platforms and the commercial implications of those that we have yet to work our way through. We're working on them right now and when we have a better picture of that and we understand it, we will be happy to share that with you at that time.

Claudio Aspesi - *Sanford Bernstein - Analyst*

Great, thank you very much.

Jim Smith - *Thomson Reuters Corporation - CEO*

So that will be our last question. I would like to thank all of you for joining us today.

Operator

Thank you, ladies and gentlemen. This conference will be available for replay after 10.30 a.m. Eastern Time today through February 16 at midnight. You may access the AT&T teleconference replay system at any time by dialing 1-800-475-6701 and entering the access code of 232271. International participants may dial 320-365-3844. Those numbers again are 1-800-475-6701 and 320-365-3844 with the access code of 232271. That does conclude our conference for today. Thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.
