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EDITED TRANSCRIPT

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PRESENTATION

Andre Benjamin - *Goldman Sachs - Analyst*

Good morning, everyone. Thank you for hanging around for the last presentation of the conference. My name is Andre Benjamin; I am the information services analyst here at Goldman Sachs.

And I am pleased to have with me Jim Smith, the CEO of Thomson Reuters. Jim has been the CEO since January 2012. He previously held a number of roles at the Company, beginning his career as a journalist at Thomson newspapers. Prior to being CEO, he also ran the Professional division after the acquisition of Reuters Corporation in 2008. So thank you very much for being here with us.

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Delighted. Thanks for the invitation.

Andre Benjamin - *Goldman Sachs - Analyst*

I will spend about 35 minutes or so going through a couple questions, and then try to leave some room for investors to get a chance to ask what may be on their mind. So I will kick off with some strategy questions.

Thomson Reuters is a collection of pretty diverse -- and some would argue unrelated -- businesses, including the Financial & Risk information. You have got Legal; you've got Tax; and you have got Science.

Why do you believe it makes sense for all these businesses to be combined? And what are some of the strategic priorities for the Corporation in those individual businesses over the next couple years?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Sure, that's obviously a question that we think about a lot and spend a lot of time debating. And it's interesting when you look at a company like ours, we have certainly not been shy about getting in or out of businesses that we didn't feel fit together, or where there wasn't growth opportunities for us over time.

While I think on the surface we do address many different markets, if you look under the covers of our businesses today there are a lot more similarities operating them than you might see from the outside. When you think about it, the vast majority of our businesses are all about that intersection of information and technology today, right?

And they are all about professional workflows. If you think about the end-users that we serve and the way we have to serve up solutions to them, there are a lot of commonalities about the underlying application of technology to information; there are a lot of underlying commonalities about the way you apply metadata to underlying information; there's a lot of commonalities about professional search and professional workflow tools.

Also I think there are opportunities in each of our businesses that are global in nature. And we are just beginning to tap the surface, I think, in our potential for exploiting the global footprint of our organization, to tap global opportunities for all of our businesses.

So I think underlying, there are a lot more commonalities between the businesses in terms of the things you have to do to be successful in those businesses, although they address different end markets. And we like the footprint right now. I think the great trick will be and the ultimate answer will come when you judge how successful we are at generating the benefits of scale across the face of the enterprise.

Andre Benjamin - *Goldman Sachs - Analyst*

That's very helpful. I guess with 20/20 hindsight -- we wish we all had that, right? So do you believe the combination of Thomson and Reuters businesses still make sense in the current form? I guess, what might have been done differently? And is there any potential that some of these businesses could be reconfigured in the future?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

It certainly hasn't been an easy ride. I would say with 20/20 hindsight I might have picked different timing. Effectively, going big in a financial services industry in 2008 doesn't look like the most fortunate timing, particularly for a company that has gotten the timing right a lot more often than not.

But in truth, the industrial logic behind putting those two businesses together -- the old Thomson Financial business, which was strong in North America and stronger on the buy side, along with the Reuters business, which was very global and very strong on the sell side -- the industrial logic is the same. Right?

Again, I think it was -- there were difficulties around timing. But if you also think back to where we were at that time, it's easy to forget that the old Thomson Company had a $1.5 billion business in the financial services sector, and going at it tooth and nail in a more bifurcated market and -- it was a very tough place to be.

I think in retrospect, the analysis that we have done shows that our Financial & Risk business and our old Markets division actually has performed a hell of a lot better from 2008 forward than did the standalone Reuters or the standalone Thomson Financial in the last downturn. So I think it is a much stronger business.

If you just look at the results, it has been far less volatile. So I think it did help us build a really solid base there.

If you look back at what lessons did you learn, well, I would have picked different timing -- which you couldn't do. So that's outside your control.

I think within our control we would have done a better job of executing the integration right upfront. I hope we have been -- I don't know if apologetic is the right word, but honest enough about admitting some of the mistakes that we made early on.

If I had it to do over again, I wish we hadn't released the early version of Eikon before it was ready. I think that was a very difficult product misstep for us.

But all in, we have recovered from that now, and I think we are beginning to begin to realize the benefits of putting those two businesses together. We are beginning to see the integration, and we are certainly beginning to see a more solid base and an improved, I think, competitive positioning in the marketplace.

So had it to do over again, I would have hoped -- I would hope for better timing and I would have made -- would have focused more on the integration and getting it right, right out-of-the-box.

Andre Benjamin - *Goldman Sachs - Analyst*

I'd say in terms of the F&R segment, the Financial & Risk, you are in the process of executing a turnaround there with the rollout of a new and improved Eikon, amongst other things. Still sticking to the strategy, assuming that turnaround goes as planned and that business looks healthier, could you envision potentially splitting the Company in a way that you maybe have a financial business that looks more like the slimmed-down McGraw-Hill, and then a professional business? Or should we assume that you'll think that these should stay together?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Well, look, I think this is business, so you never say never and you know -- and you look at the track record certainly of our organization, and I am a Thomson lifer, 26 years. We have always confronted reality, and we have taken opportunities in the marketplace and never been afraid to make big, bold decisions.

But that is not on my plate right now. We are not sitting there contemplating the day we build to a point of separation.

In fact, quite the opposite. My focus right now is on how do we operate the enterprise to get the true benefits of scale. And I say -- how do we exploit the commonalities between the businesses as opposed to the differences between the businesses?

So that's just something that's not on the radar screen right now. If it turns out that that's a smart thing to do down the road. We certainly never have shied away from big, bold decisions or tough decisions.

But frankly you got to make sure that they are the smart decision. And just because someone else has found a different path doesn't necessarily mean it's right for you.

As I say, there are a lot of commonalities in the business in terms of the application of technology to information. There are a lot of commonalities in how you manage what everybody today is calling Big Data, but those -- the metadata connections between various databases. And we are finding lots of opportunity to share -- better than share best practice, but to learn from one another and to leverage off those resources.

And then that global footprint is something we have been exploring pretty actively for the last 18 months, about how we can better go to market particularly in rapidly developing economies as a Thomson Reuters, not as a legal business or a tax business or a financial services business, and how we can serve global corporations around the world in a unified sort of way. So that is what we are focused on right now and that's where our attention has to remain, certainly for the near term.

Andre Benjamin - *Goldman Sachs - Analyst*

In terms of capital structure and allocating capital, I understand you're in the process of trying to turn around a bigger part of your business. But in terms of spending money, do you think that the priority, if you can rank them, you have got organic growth, you have got M&A, pay down debt, dividends, and stock buybacks. So as you think about all those things, as you are also focused on operating the business, what should we view as the optimal ranking of those?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Yes, look, I think like everybody today we are constantly reevaluating what the right thing to do is versus the market opportunity and the opportunities we see inside the Company as well. If I look at our capital structure, we have always been committed to maintaining an investment-grade rating. That's just fundamental to who we are, and we are always going to do that. We want to be sound and strong.

That said, we have this really remarkable business that has very solid free cash flow characteristics. So we have a lot of cash that we generate, and we have the luxury of deciding where and how we are going to allocate that.

In the past, we have always given preference and precedence and our greatest attention to those tactical acquisitions that can help us build out a footprint, right? And I think in recent years, as we have been redeploying the assets from some of our portfolio sales, we have had an extraordinary level of acquisition activity.

I think in the near term what you will see is that we will move away from that extraordinary level of acquisition activity. In fact, we will dial that back in what I would anticipate to be a significant way and put a finer filter on those acquisitions.

We will always be looking for some level of tactical acquisitions to buy in a capability, or a product set, or a customer set that we can immediately integrate and scale and we can do a lot more with than that business can do alone. And increasingly, that comes as a result of a buy-versus-build analysis, where clearly the buy has a strong payback.

But that analysis in this day and age kind of turns, right? The world is a different place, and I think we will give increasing consideration in our deliberations to all manner of creating value for shareholders. We believe strongly in the cash generating capability of the business, and we believe there will be plenty of opportunity for us to have that debate.

We have always been solidly behind the dividend as a strong way of returning cash to shareholders. We are still committed to the dividend.

Of course, we have a dividend flow now that is above our target range of 40% to 50% of our free cash flow, in terms of being paid out. We would certainly like to get that back within that range. Part of that is free cash flow, increasing the free cash flow; and part of that is thinking long and hard about what to do with that free cash flow.

And I'd just say we will take, I suspect, a more balanced approach to those deliberations in the future toward all the levers.

Andre Benjamin - *Goldman Sachs - Analyst*

I think a lot of investors focus on the Financial & Risk segment, so a few questions there specifically. You have acknowledged some of the challenges. Rolling out Eikon too early has led to some customers probably not being as receptive as you had hoped to the integrated desktop solution that you offered.

Where do you currently stand in the goal of getting Eikon fully rolled out and Bridge retired by the fall?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

We are absolutely on track. We couldn't be in a better place.

In fact, it's interesting. It is the story -- and I mentioned it myself -- boy, I wish we hadn't stubbed our toe coming out of the gate on Eikon.

But that story is over really. I mean Eikon is a world-class product now. The reception in the market from our customers couldn't be better.

I feel very confident that we have stabilized that business and are now back on a positive track. So that's terrific.

We don't have objection to the product anymore. It's just terrific, and I feel very, very comfortable about that.

I feel particularly comfortable in that it's not just an Eikon story, but more importantly what we have done is build this unified platform that allows us to deliver Eikon as a viewer for individuals to have access to our complete stack of data and information. But also that it's -- the same infrastructure that we are building can deliver the feeds to the machine readers as well.

So that's completely on track. We have, I think, talked publicly about being completely off the Reuters Xtra 3000 terminals by the end of the year. We will be there.

We have talked about shutting down the Bridge network. We will be there. We will do that.

We've set targets earlier in the year for other platform shutdowns. Most notably, our European Mid-Tier platform shut down on time, on budget. Our Hosted Terminal Access platform shut down on time, on budget and with 98% conversion rates of customers.

So it's very, very sticky. I think the metric I am most proud of is not only that retention rate, when we make the conversions, but for every five that we convert we generally get another sale, a new sale in the same shop. So just getting Eikons out there improves our retention rates overall; and getting Eikons out there creates more people interested in having an Eikon.

So that's been pretty gratifying. I know it sounds boring to say we are on track, but we are on track. I think the Reuters Xtra 3000s are -- they will be shut down at the end of this year; we will be off of the Bridge network at the end of this year.

And then next year we will begin the formal rollout of moving into the investment management space. And then all the Thomson ONE products will start to roll onto an Eikon form, and we will be largely through that process next year. So, so far so good and everything is on track.

Andre Benjamin - *Goldman Sachs - Analyst*

That's great. I guess, in terms of the operating environment, two-pronged question. First, could you talk a little bit about how things are going just in your financial service customers? In terms of a lot of the attention on headcount, has that slowed or actually reversed? Are customers actually indicating interest in spending more on services versus keeping them flat and going down?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Yes. In thinking about the macro environments, it's certainly interesting these days. And it's certainly fragile and changing, as everyone in this room knows. Right?

But I would characterize the overall environment particularly in financial services as a world in which everything is not getting worse all the time anymore. Right?

There was a point -- I don't know if it was a year ago or 18 months ago -- where everybody was cutting everything that moved, right? And there was no thought to offense, and how are we going to build our business in the future. It was just how quickly could we get cost out.

There's still an intense cost pressure across the face of the business, and I think that's just reality and it's going to be here for a long, long time to come. We feel that across the face of customers.

That said, if we look geographically we do see improvement and we see people doing offensive things in -- the Americas has certainly improved. Particularly North America we are seeing solid improvement.

Asia feels a lot better today than it did a year ago. Europe is still very challenged; but again it's in that mode of not everything is getting worse all the time.

The large global banks are still under incredible pressure, particularly the large European-based global banks are under incredible pressure. And that's where we are seeing the bulk of our pressure coming and where we are seeing a lot of gains under the covers being offset by cutbacks at the large global banks. And that dynamic is still playing out.

I think, in fact I would note, even in Europe, if you looked at our second-quarter numbers -- what we call our direct sales channel, which are the smaller Financial customers across Europe that we don't have a dedicated account team assigned to them. If you looked at that direct channel, we saw actually increase in net sales amongst that direct channel; but offset by the big globals.

You can just understand that those are -- the top 20 banks are 20% of the revenue in our Financial business, for example. So those move in fairly big chunks when they retrench, and we still fight that.

But I do find it interesting that we do see increasing opportunity, with the cost pressure, for us to engage in different kinds of dialogs. Both with the big banks, who see us as a way of providing technology and automation and services that can help replace some of the costs inside the banks, and we're having a number of interesting strategic discussions with a number of players there.

It is obviously very good timing on our part. I talked about bad timing or questionable timing earlier, or unfortunate timing earlier. Building out our capabilities around regulatory risk and compliance has actually been quite fortunate because if there's one place where every bank -- even banks that are cutting overall headcount -- are adding headcount, in the compliance space.

We have a lot of solutions that can help offset costs of doing regulatory compliance work in-house, and that's a really solid growing business for us. So that's attractive.

I think also when you look at how the global financial markets are restructuring themselves, as the large global payers begin to pull back more and that economic activity transfers into emerging markets per se, but particularly some of the big regional hubs, I think there's great opportunity for us. And we've been working quite hard to make sure we capture that economic activity as a new group of regional aspirates step up and fill some of that void that has been left behind.

As you start to see emerging market or so-called emerging market players opening trading floors in New York or London or wherever and reaching out to be dominant regional players, I think there's a great opportunity for a company like us that can offer the kind of breadth of solutions that we have, from terminals to feeds to other infrastructure support opportunities, that can help them scale to the opportunities that they are seeing as the big players pull back. So that's actually a positive side to the dislocation, or a couple of positive sides to the dislocation.

But overall, everything is not getting worse anymore. Americas look solid, Asia looks solid, Europe challenged.

And I would just say that as the caveat to all of that, everywhere it still feels that the world is a little more fragile place these days. My sense of all the customers that I speak with, everyone still trying to grapple with what the opportunities are in a new lower-growth world with a different regulatory environment. And trying to -- and I think there's a lot of cautiousness on pulling the trigger to make huge investments in the future right now.

You just have to look at, I think, the tone of business dialogue right now as everyone waits to see what the US federal government's going to do in terms of the upcoming budget negotiations, to see how quickly people can (multiple speakers)

Andre Benjamin - *Goldman Sachs - Analyst*

There's no uncertainty there.

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Yes, exactly, right (laughter). So everybody's struggling with that uncertainty right now.

Andre Benjamin - *Goldman Sachs - Analyst*

I guess one nuance point I would like to dig in a little bit on your comment is I think there has been a lot of investor focus on the challenges at the big banks, versus the backdraft that the strong capital markets and strong equity flows have provided for those on the buy side of the business. Are you seeing much of a difference amongst your buy-side clients? And how does that feed into how you are thinking about positioning the business going forward, with the Eikon rollout?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Look, there's absolutely no question. If you had that crystal ball a few years ago, you would have moved more quickly to be developing Eikon for the buy side, and putting your best foot forward on the buy side. And it is a bit of a tale of two halves here, right?

There's certainly a different level of optimism and a different level of aggressiveness on the buy side, and it's one that we are moving as fast as we possibly can to take advantage of, and working to expand and build our relationships there. I would say that it's very interesting to see the emergence of slightly different dynamics around the world in how those buy-side players are shaping up.

But I think you strike at what is one of the great challenges I think for all of us as managers. When there is great disruption like this, there is a tendency for the those of us who run successful businesses and particularly in developed markets to look at all the change and say -- oh my God, this change is a threat to all the historic things that I know; it's a threat to the stability of the business that I know.

And I was just back recently from a trip with our teams in Latin America, and I was struck on the second day of the trip about -- they were having the same discussions about change, but it was -- change was opportunity. Change was -- it was a chance to reinvent the game, a chance to do something new and to reinvent paradigms.

So I think that's a challenge for all of us running businesses, to look at this kind of disruptive change and figure out ways to make it opportunity.

Andre Benjamin - *Goldman Sachs - Analyst*

Right. I think a good follow-up to that would be a discussion of not just the volume growth opportunity, but pricing obviously has a big impact here. Could you talk a little bit about the pricing environment?

You offer a lot of products, so it's not really fair to say what's pricing and then have some unilateral answer. I think maybe some discussion about how things are going in desktops versus data feeds, another big growth area for you.

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Yes.

Andre Benjamin - *Goldman Sachs - Analyst*

And then also you also got the software and trading platforms. If you are seeing big differences across those.

Jim Smith - *Thomson Reuters Corporation - President, CEO*

No, I think one of the -- this has been more about -- particularly on the desktop side it's been more about headcount than it has been about pricing. I think if anything has been a bit of a pleasant surprise to me, it's that pricing has pretty much held up throughout the discussions. We are not seeing huge pushback on price.

I would say on the financial services side, we are in the advantage of not being the price leader in the market. Therefore, is probably not as -- our prices -- we have got a really good, high-quality product at a better price point overall. And I think that's an attractive place to be.

I would say that across the face of the contracts we have been renewing, we have been renewing them with 1.5% to 2.5% net price built into them and uplifts in subsequent years. And we really haven't seen an issue in holding pricing. So pricing itself has held up fairly well across the face of the Company.

I also think that for us pricing is an opportunity for us to be more disciplined, frankly, and for us to bring a little more rationality to our pricing and product mix as we put more discipline into it. So I think there is a -- as we work behind the scenes, the Eikon story -- and everyone can understand the product story of platform consolidation, right? But underneath the covers, there's also a commercial simplification story that goes along with collapsing platforms.

And I think our ability to offer fewer, more valuable variants of our information solutions gives us an opportunity to rethink how we package our pricing. And it's my belief that we can deliver greater value and have greater pricing yield if we are more disciplined about that, and I think you will see a lot more of that.

I think we spoke at our Investor Day in a little more detail about that. And particularly when you move to the investment management side I think you will see even more, in a more granular way, how we will be collapsing a number of products into variant and packages of products.

Andre Benjamin - *Goldman Sachs - Analyst*

So is it a fair characterization? I know you've talked about 1.5% to 2.5% across the Company as that's the average. Should we assume that more of that is biased to areas where you are more of an entrenched competitor, like data feeds or the trading platforms? Or should we be assuming a similar paradigm or event(multiple speakers)?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

No, that would the across the face of everything. And wherever possible we try to give customers the benefit of the totality of the relationship. So that would be an all-in kind of price.

Andre Benjamin - *Goldman Sachs - Analyst*

Instant messaging has been something that people talk a lot about. Bloomberg is the entrenched competitor -- that everyone loves their Bloomberg Messenger and it has been a big stickiness factor for them.

There has been some attention to the desire of other competitors including yourself to develop some alternatives. I know you have been developing something with open architecture.

Could you maybe talk a little bit about receptivity on your efforts there, how progress has been going, and what you think the milestones that we should be looking for going forward?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Sure. We have been a big proponent of open messaging for obvious reasons. You are right; Bloomberg Messaging is a really sticky part of their product and it's in fact in many ways many market participants think it's a part of their identity and ability to play in the market.

We have been behind an open messaging initiative for a long time. We believe that there is great advantage to opening up the ability for participants in the market to interact with lots of folks, not just those who are in a part of a particular club or a particular user group, but to choose which groups that you want to join and to expand those networks beyond one proprietary network.

As you know and as a lot of people talked about, there have been a number of folks in the industry who have been involved in that discussion. Those discussions continue; and I think there's ever more interest in creating a truly open industry environment, where more and more people can confederate their address books and open up the world to broader and bigger groups of participants and to a wider and broader community.

We view our role as working with the industry to connect the industry together. And as far as milestones go, I don't really want to front-run anything. In the due course of time I am very optimistic that there will be some meaningful output from all of the discussions that have gone on, particularly over the past year.

But as I say, it would be premature for me to predict what might happen in the coming weeks. And in the old American football analogy, I would hate to spike the ball on the 10-yard line, but I do think there's a lot of momentum behind creating an open alternative.

Andre Benjamin - *Goldman Sachs - Analyst*

I guess the last one I will ask before I check the crowd for questions is -- I think another big part of the story has been the opportunity for cost reduction. There has been a decent amount of cutting that's already happened in the F&R division. But there is a goal that you've put out there for 30% EBITDA margins for the overall Corporation. I think the cutting in F&R is a big part of that.

Could you talk a little bit -- I know you have identified $150 million in cuts by shutting down legacy systems -- how you feel about the risk around that? And what we should be thinking about to hit 30%, what the revenue versus cost-cutting mix should be to get there?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Look, I think there -- when we talk about a 30% operating margin target in our Financial business, that does imply that you get to a low single-digit revenue growth rate. Right? No business can just cut its way to the future and to prosperity. So we don't want to ever be in a position where we are managing only costs to a margin target.

That said, I believe there's ample opportunity inside our Financial business, but inside all of Thomson Reuters really, to be a lot more disciplined about our cost structure, to be a lot smarter about how we move to automate processes, to employ the latest technology, to make certain that we are focusing our internal resources on the things that create the greatest value-add for our customers.

So I think there is ample opportunity inside the business for us to continue to take costs out for the foreseeable future and particularly in the near term. So it's a blend; a 30% margin overall does imply low single-digit revenue growth to get there. But it's not -- it's difficult but not a stretch of the imagination when you see the opportunity, I think, to work smarter, to work more effectively, and to deploy today's technology particularly in areas like content aggregation and to share best practices across the Company.

Again, we talked earlier about why you hang together as a Company -- was your initial question, right? Part of that is to get some of the benefits of scale that can come from doing things like managing data centers in a common way, managing the entitlement systems in a common way, managing billing systems, managing all that back-office stuff in a common way inside the Company, or in a common way with outsourced providers if that's the better alternative.

Andre Benjamin - *Goldman Sachs - Analyst*

Great. Well, I've got tons more questions, but I'm sure the audience may have a few as well. I think we have one here.

QUESTIONS AND ANSWERS

Unidentified Audience Member

Thank you. I have two unrelated questions. I'm wondering on the -- it seems reasonable to think that when you collapse down some of your legacy desktops and your legacy other products into standardized new generation, that you can save costs on technology and perhaps personnel. How about on the customer service side?

From my discussion with big banks as well as my own experience, the customer service on the Financial product isn't what it is from some of your larger competitors. Is that an area of investment? Do you reinvest some of those savings? Or does your intelligence about the competitiveness of the customer service tell you differently?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Nope. Customer service we are investing more in. We have been investing more in, in the last 18 months; we will continue to invest more in.

It's not just a blank -- that's why I tried to be a little circumspect in my last answer. It's not just about taking heads out; it's not just about cutting costs. You do have to make certain that you are fueling the revenue that's going to get you to the future.

We have been lagging in our customer service, and we are investing more there, and I anticipate continuing to invest more there. But I want to invest more there by moving resources from things that don't matter to things that do.

Unidentified Audience Member

That's good to know. The other question is, you mentioned in your talk that you are getting -- for every five legacy desktops you upgrade you get six Eikon desktops, with one going to a new desk that wasn't previously equipped with Thomson Reuters. And you said that the customers are tending to renew contracts at pretty firm, some -- a little bit higher pricing.

So how do I reconcile that with the Trading and the, I think, it's Investors categories of your Financial revenue, which I think is the bulk of the Financial revenue, comparing down? At least through the June quarter it's still declining.

If the units are good and growing and the pricing firm, then how are the -- there must be some something else happening to cause revenue to still decline.

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Yes, no, and that well could come from other products as well. Remember, we still do have a net downtick just from pure cancellations.

So when I talked about the renewals, those are the renewals. That doesn't include the -- it's cancellations from the big banks is where it is.

Andre Benjamin - *Goldman Sachs - Analyst*

Any others? I will kick in with a slight shift from the Financial business segment; we've talked a lot about that, but you do have another pretty big business in the Legal business that matters as well. We characterize it, that business, somewhat as A Tale of Two Cities, in that you've got the high-margin legacy business that is declining some, offset by the growth of lower-margin newer product and workflow solutions.

So could you talk about what trends you are seeing for both of those, and how you expect that growth to translate into both growth and margin expectations?

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Sure. You have characterized the business exactly right. We do have A Tale of Two Cities going on.

The good news is if you take the growth businesses -- if you put together the businesses that are growing on average 6% to 9%, that is 50% of the business now. So just the math starts to help you as that gets bigger, in terms of overall growth rates.

And I think we will begin to see those margins to expand and already have, particularly in some of those that we have had and made investments in earlier in the cycle. So those businesses are doing really well. Our strategy there is just to continue to put more resource behind them and to try to get them to grow faster and to get them to be bigger and a bigger part of the pie.

On the legacy business, which today is declining, I think that's the core legal research business, particularly in the United States. That's -- there are three parts to that story. I think the biggest part is the large law firm market, which went through a bit of a disruption over the last few years, but seems to have stabilized in many, many ways.

And frankly it's a position where we are really strong. We have great, deep customer relationships, and I feel very good about our place in the large law firm market. Amlaw 100, Magic Circle in the UK, that's up.

We are doing really well there, where we are the preferred provider and the premium provider. We have very deep and broad relationships across multiple services in those large law firms.

The next aspect is print, and print has always been the most cyclically sensitive part of our Legal publishing business, and the first to go in, and the first to get cut. If you look at the US alone, we've still got $550 million of print and that's a very vulnerable bit.

I think we are always looking at print to say -- at what point is this a cyclical phenomenon and at point does this become just a structural change where print is fundamentally going to go away? We are in the midst of that analysis right now.

And the question is -- what can we do with that print business to turn it into perhaps a more stable subscription-like business via more tightly packaging it with the online services and/or moving as rapidly as we can to e-reader. And we have been working very hard over the last few years to develop what we believe is the best e-reader technology for professional users, and doing things the way professional researchers use print material. So we've got a number of initiatives underway attacking what we are doing in print.

And then I think the third aspect of that story is small law firms, particularly small law firms in the US, which collectively is a pretty big market and one that's incredibly price-sensitive. It's a market where we see lots of competition and lots of switching back and forth and, again, sensitivity to price, where the breadth of a legal research solution isn't as important as it is in the large law firm market.

I think if you look from an opportunity standpoint there, it's also a market where roughly half of that market as we define it doesn't buy anything from us or LexisNexis today. The question is -- what kind of solutions can we sell into those markets to provide a different kind of value proposition?

So that's where the Legal space is. Overall, we like our position in the Legal space. It's challenged in those bits of the market that I highlighted, but it's we are very comfortable in.

And it's one where, if I look at it today, our challenge is how we get it back to a higher growth position. Low mid single digits I think are achievable certainly over the cycle.

Right now, we are looking to preserve margins in that space, not to grow margins in that space. But I think, as anyone who operate inside a business, I would be lying if I didn't tell you that I see opportunities to work more smartly and more efficiently within that space as well, particularly as we think about a lot of processes that we have in place that were built on manual practices, where we have perhaps moved to lower-cost locations for labor, but where there might be the opportunity to automate with modern technology.

Andre Benjamin - *Goldman Sachs - Analyst*

Great. Well, appreciate your time. We are out of time. So thank you for coming and visiting with us, and hope everyone has a good day.

Jim Smith - *Thomson Reuters Corporation - President, CEO*

Thank you very much.
