

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 333-08354

THOMSON REUTERS PLC

(Exact name of Registrant as specified in its charter)

England and Wales
(Jurisdiction of incorporation or organization)

3 Times Square
New York, New York 10036
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Ordinary shares of £10 each	The Nasdaq Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.*

Ordinary Shares of £10*
Reuters Founders Share of £1 1

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

* The Registrant issued 194,107,278 Thomson Reuters PLC ordinary shares to Reuters Group PLC shareholders on completion of the Transaction (as defined below). At December 31, 2007, Reuters Group PLC had 1,401,838,175 of its ordinary shares of 25p each outstanding and 1 Reuters Founders Share of £1 outstanding.

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EXPLANATORY NOTE

This Annual Report on Form 20-F is filed by Thomson Reuters PLC (the “**Company**”), as successor issuer to Reuters Group PLC (“**Reuters**”). On May 15, 2007, The Thomson Corporation (“**Thomson**”), renamed Thomson Reuters Corporation as of April 17, 2008, and Reuters entered into a definitive agreement (the “**Implementation Agreement**”) under which Thomson agreed to acquire Reuters by implementing the DLC structure (the “**Transaction**”). On April 17, 2008, the Transaction closed and took effect. The ordinary shares of Thomson Reuters PLC, as the successor issuer to Reuters, have been deemed to be registered under Section 12(b) of the US Exchange Act by operation of Rule 12g-3(c).

Prior to the closing of the Transaction on April 17, 2008, Reuters did not file an Annual Report on Form 20-F with respect to its fiscal year ended December 31, 2007. This Annual Report on Form 20-F contains information that would have been filed by Reuters had the Transaction not been consummated, supplemented with historical information regarding Thomson as well as information regarding Thomson Reuters. In this Annual Report on Form 20-F, “Thomson Reuters” refers collectively to Thomson Reuters Corporation, Thomson Reuters PLC and their respective consolidated subsidiaries operating as a unified group pursuant to the DLC structure. “We” and “our” refers to Thomson Reuters; except that in any item in which information relating to Thomson or Reuters prior to the closing of the Transaction on April 17, 2008 is presented, “we” and “our” refers to Thomson or Reuters as the context so requires.

Under the DLC structure, Thomson Reuters has two parent companies, both of which are publicly listed — Thomson Reuters Corporation and Thomson Reuters PLC. Thomson Reuters Corporation’s common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange. Thomson Reuters PLC’s ordinary shares are listed on the London Stock Exchange as of April 17, 2008, and its American Depositary Shares, each representing six Thomson Reuters PLC ordinary shares, are listed on the Nasdaq Global Select Market. We operate as a unified group pursuant to contractual arrangements as well as provisions in our organizational documents. Thomson Reuters is the world’s leading source of intelligent information for businesses and professionals in the financial, legal, tax and accounting, scientific, healthcare and media markets.

Under the DLC structure, shareholders of Thomson Reuters Corporation and Thomson Reuters PLC both have a stake in Thomson Reuters, with cash dividend, capital distribution and voting rights that are comparable to the rights they would have if they were holding shares in one company carrying on the Thomson Reuters business. As before the Transaction, Thomson Reuters Corporation is a reporting issuer (or has equivalent status) in each of the Canadian provinces and is subject to continuous disclosure obligations under the securities legislation of each province. It also continues to be subject to the information requirements of the US Exchange Act and, accordingly, files or furnishes reports and other information with the SEC. Thomson Reuters PLC has its primary listing on the Official List of the UKLA and is subject to the Listing Rules and the Disclosure and Transparency Rules applicable to companies with a primary listing on the LSE. Similar to Thomson Reuters Corporation, Thomson Reuters PLC is subject to the information requirements of the US Exchange Act. To the extent permitted under applicable laws, Thomson Reuters Corporation and Thomson Reuters PLC will file or furnish all disclosure documents and any reports, statements or other information with the Canadian securities regulators, the UK Financial Services Authority and the SEC on a joint basis.

The primary financial statements for Thomson Reuters shareholders are the consolidated financial statements of Thomson Reuters Corporation. Those statements, which will account for Thomson Reuters PLC as a subsidiary, will be presented in accordance with Canadian GAAP and will include a voluntary reconciliation to IFRS and a reconciliation to US GAAP until no longer required by the SEC. Management of Thomson Reuters intends to present Thomson Reuters financial statements in accordance with IFRS as soon as permitted by regulatory authorities in Canada. Thomson Reuters financial statements will be presented in US dollars. For pro forma financial information of Thomson Reuters giving effect to the Transaction, see Item 3A. “Selected Financial Data”.

To effect the Transaction, Reuters was indirectly acquired by Thomson Reuters PLC through a scheme of arrangement under section 425 of the UK Companies Act (the “**Reuters Scheme**”). Under the Reuters Scheme, all of the issued and outstanding Reuters ordinary shares were cancelled, and Reuters shareholders were entitled to receive, for each Reuters ordinary share held, 352.5 pence in cash and 0.16 Thomson Reuters PLC ordinary shares. Assuming all outstanding Reuters in-the-money share options and other share-based awards are exercised, Thomson will fund cash consideration totaling approximately \$ 8.7 billion (based on the \$/£ exchange rate of \$1.9756/£1 on April 16, 2008 converted at the noon buying rate of the Federal Reserve Bank of New York). As of the closing of the Transaction, one Thomson Reuters PLC ordinary share was equivalent to one Thomson Reuters Corporation common share under the DLC structure.

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Thomson shareholders continue to own their existing common shares (now as Thomson Reuters Corporation shares).

Thomson Reuters PLC issued 194,107,278 ordinary shares to Reuters shareholders in connection with the closing of the Transaction. This amount excludes outstanding Reuters in-the-money share options and other share based awards. Based on the issued share capital of Thomson Reuters Corporation and of Thomson Reuters PLC as of April 17, 2008, The Woodbridge Company Limited, an Ontario corporation, and other companies affiliated with it (collectively, "**Woodbridge**"), has a voting interest in Thomson Reuters of approximately 53% and is the principal and controlling shareholder of Thomson Reuters, other former Thomson shareholders have an interest of approximately 23% and former Reuters shareholders have an interest of approximately 24%.

USE OF CERTAIN TERMS

The following terms have the meanings set out below in this Form 20-F, but not including the Exhibits:

“**Acquisition Facility**” has the meaning ascribed thereto under Item 4B. “Business Overview — Historical Information about Thomson — Material Contracts”;

“**ADS**” means an American Depositary Share of Reuters prior to the Effective Date, and an American Depositary Share of the Registrant on and after the Effective Date, each representing six of Thomson Reuters PLC’s ordinary shares and which is listed on the Nasdaq Global Select Market;

“**Alternative Proposal**” has the meaning ascribed thereto under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Implementation Agreement”;

“**Amended Deed of Mutual Covenant**” means the deed of mutual covenant entered into on the Effective Date among PA Group Limited, NPA Nominees Limited, Australian Associated Press Pty Limited, New Zealand Press Association Limited, Reuters Founders Share Company, Thomson Reuters PLC, Thomson Reuters Corporation and Reuters, which is summarized under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Amended Deed of Mutual Covenant”;

“**Antitrust Conditions**” has the meaning ascribed thereto under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Implementation Agreement”;

“**Approved Person**” means, at any particular time, any person who has been designated as such by Reuters Founders Share Company, in its sole and absolute discretion, for the purposes of the Thomson Reuters Corporation Articles or Thomson Reuters PLC Articles, as the case may be;

“**Arrangement Resolution**” means the special resolution of Thomson to approve the Thomson Arrangement;

“**Audit Committee**” means, prior to the Effective Date, the audit committee of the board of directors of Thomson and, following the Effective Date, the audit committee of the Thomson Reuters board;

“**Canadian GAAP**” means Canadian generally accepted accounting principles;

“**certificated**” or “**in certificated form**” means a share or other security which is not in uncertificated form (that is, not in CREST);

“**Certificated Share**” a share which is recorded in the Register as being held in certificated form;

“**Class Rights Actions**” has the meaning ascribed thereto under Item 4A. “History and Development of the Company — The Dual Listed Company Structure”;

“**Company**” means Thomson Reuters PLC;

“**Computershare**” means Computershare Trust Company of Canada;

“**Corporate Governance Committee**” means, prior to the Effective Date, the corporate governance committee of the board of directors of Thomson and, following the Effective Date, the corporate governance committee of the Thomson Reuters board;

“**CRA**” means the Canada Revenue Agency;

“**Credit Agreement**” has the meaning ascribed thereto under Item 4B. “Business Overview — Historical Information about Thomson — Material Contracts”;

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“**CREST**” means the Relevant System (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited, incorporated in England and Wales with registered number 02878738, is the Operator (as defined in the Regulations);

“**Cross-Guarantees**” means, collectively, the Thomson Reuters Corporation Guarantee and the Thomson Reuters PLC Guarantee;

“**DBRS**” means DBRS Limited;

“**Deed of Mutual Covenant**” refers to the deed of mutual covenant originally made on May 9, 1984 entered into by Reuters and Reuters Founders Share Company and the English, Australian and New Zealand press associations, among other parties;

“**Deposit Agreement**” has the meaning ascribed thereto under Item 4A. “History and Development of the Company — Stock Exchange Listings and Index Participation”;

“**Depository**” means the depository under the Deposit Agreement, which is currently Deutsche Bank Trust Company Americas, with an address at 60 Wall Street, New York, NY 10005, USA;

“**DLC Documents**” means, collectively, the Equalization and Governance Agreement, the Special Voting Share Agreements, the Cross-Guarantees, the Thomson Reuters Corporation Articles, the Thomson Reuters Corporation By-Laws and the Thomson Reuters PLC Articles;

“**DLC structure**” means the dual listed company structure created by the DLC Documents under which Thomson Reuters Corporation, Thomson Reuters PLC and their respective consolidated subsidiaries operate as a unified group;

“**DSUs**” has the meaning ascribed thereto under Item 6A. “Directors and Senior Management — Management and Governance of Thomson Reuters — Thomson Reuters Board”;

“**Economic Equivalence**” has the meaning ascribed thereto under Item 4A. “History and Development of the Company — The Dual Listed Company Structure”;

“**Effective Date**” means April 17, 2008;

“**English Court**” means the High Court of Justice of England and Wales;

“**Equalization and Governance Agreement**” means the Equalization and Governance Agreement entered into on the Effective Date between Thomson Reuters Corporation and Thomson Reuters PLC, which is summarized under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Equalization and Governance Agreement”;

“**Equalization Ratio**” means, at any time, the ratio of (i) one to (ii) the number of Thomson Reuters PLC ordinary shares that enjoy equivalent rights to distributions and voting rights in relation to Joint Electorate Actions as one Thomson Reuters Corporation common share at such time, as more particularly described in the Equalization and Governance Agreement (and which shall initially be 1:1);

“**Equalization Share**” has the meaning ascribed thereto in the Thomson Reuters Corporation Articles;

“**Equivalent Distribution**” has the meaning ascribed thereto under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Equalization and Governance Agreement”;

“**Equivalent Resolution**” means, in relation to a resolution of Thomson Reuters Corporation, a resolution of Thomson Reuters PLC that is certified by a duly authorized officer of Thomson Reuters PLC as equivalent in nature and effect to such resolution of Thomson Reuters Corporation; and in relation to a resolution of Thomson Reuters PLC, a resolution of Thomson Reuters Corporation that is certified by a duly authorized officer of Thomson Reuters Corporation as equivalent in nature and effect to such resolution of Thomson Reuters PLC;

“**ESOTs**” has the meaning ascribed thereto under Item 3A. “Selected Financial Data — Unaudited Canadian GAAP Pro Forma Consolidated Financial Statements of Thomson Reuters Corporation”;

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“**EU Merger Regulation**” means the Council Regulation (EC) 139/2004, as amended;

“**Final Order**” means the final order of the Ontario Court approving the Thomson Arrangement, as that order may have been amended by the Ontario Court (with the consent of Thomson) at any time prior to the Effective Date or, if appealed (unless such appeal is withdrawn or denied), as affirmed or amended on appeal;

“**Founders Share**” means a share in the capital of Reuters, Thomson Reuters PLC or Thomson Reuters Corporation (as the context so requires), which carries special rights as so defined under the constitutional documents of those companies;

“**HMRC**” means HM Revenue and Customs;

“**holder**” means a registered holder and includes any person(s) entitled by transmission to be a registered holder;

“**HSR Act**” means the US Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

“**Human Resources Committee**” means, prior to the Effective Date, the human resources committee of the board of directors of Thomson and, following the Effective Date, the human resources committee of the Thomson Reuters board;

“**IFRS**” means International Financial Reporting Standards, as adopted by the European Union;

“**Implementation Agreement**” means the Implementation Agreement dated May 15, 2007 between Thomson, Reuters, Woodbridge and Thomson Reuters PLC, as amended;

“**Interim Order**” means the interim order of the Ontario Court in respect of the Thomson Arrangement;

“**ISOs**” has the meaning ascribed thereto under Item 6B. “Compensation — Executive Compensation Policies — Equity-Based Compensation Plans”;

“**Joint Electorate Actions**” has the meaning ascribed thereto under Item 4A. “History and Development of the Company — The Dual Listed Company Structure”;

“**LSE**” means the London Stock Exchange plc, or any successor thereto;

“**Loan Note Option**” refers to the alternative whereby (subject to clause 3 of the Reuters Scheme) Reuters shareholders had the option to elect to receive floating rate unsecured loan notes issued by Thomson Reuters PLC in lieu of all or part of the cash consideration to which they would otherwise be entitled under the Reuters Scheme;

“**Matching Action**” has the meaning ascribed thereto under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Equalization and Governance Agreement”;

“**MiFID**” means the European Union’s Market in Financial Instruments Directive;

“**Moody’s**” means Moody’s Investor Services;

“**Nasdaq**” means the National Association of Security Dealers, Inc. Automated Quotations System, or any successor thereto;

“**NYSE**” means the New York Stock Exchange, Inc. or any successor thereto;

“**OBCA**” means the Business Corporations Act (Ontario), as it may be amended from time to time and any successor legislation thereto;

“**OBCA Director**” means the Director appointed pursuant to section 278 of the OBCA;

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“Ontario Court” means the Ontario Superior Court of Justice;

“Overseas Shareholder” refers to a Thomson Reuters PLC shareholder with a registered address outside of the United Kingdom;

“Permitted Bid Acquisition” has the meaning ascribed thereto under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Equalization and Governance Agreement”;

“Press Associations” refers to the English, Australian and New Zealand press associations who are parties to the Deed of Mutual Covenant and the Amended Deed of Mutual Covenant.

“Procedural Resolutions” has the meaning ascribed thereto under Item 4A. “History and Development of the Company — The Dual Listed Company Structure”;

“PRSU” has the meaning ascribed thereto under Item 6B. “Compensation — Executive Compensation Policies — Total Compensation”;

“Qualifying Take-Over Bid” has the meaning ascribed thereto under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Equalization and Governance Agreement”;

“Registrar of Companies” means the Registrar of Companies in England and Wales;

“Register” means, unless the context otherwise requires, the register of shareholders kept pursuant to section 352 of the UK Companies Act and any register maintained by Thomson Reuters PLC of persons holding any renounceable right of allotment of a share;

“Regulations” means the Uncertificated Securities Regulations 2001 (SI 2001/3755);

“Relevant System” means a relevant system, as defined in the Regulations;

“Relevant Terms of Approval” means, in relation to an Approved Person, an agreement or undertaking, if any, entered into by that Approved Person with the holder of the Reuters Founders Share in connection with being designated as an Approved Person;

“Reuters” refers to Reuters Group PLC and its consolidated subsidiaries;

“Reuters Articles” means the memorandum and articles of association of Reuters, as amended;

“Reuters EGM” means the extraordinary general meeting of Reuters shareholders convened for the purpose of considering and, as thought fit, approving the Reuters Scheme, the cancellation of the issued Reuters ordinary shares, the increase in the authorized share capital of Reuters and the application of the reserves arising on the cancellation of ordinary shares, alterations to the Reuters Articles, an authority to the Reuters board of directors pursuant to section 80 of the UK Companies Act, the approval of the waiver of Rule 9 of the UK City Code on Takeovers and Mergers, and various Thomson Reuters compensation plans;

“Reuters Founders Share” means, in relation to Thomson Reuters Corporation, the Reuters Founders Share in the capital of Thomson Reuters Corporation and, in relation to Thomson Reuters PLC, the Reuters Founders Share in the capital of Thomson Reuters PLC;

“Reuters Founders Share Company” means Reuters Founders Share Company Limited;

“Reuters Scheme” has the meaning ascribed thereto under Item 4A. “History and Development of the Company — Description of the Transaction — Key Terms and Conditions”;

“Reuters Trust Principles” has the meaning ascribed thereto under Item 10C. “Material Contracts — Thomson Reuters — Summaries

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of Transaction Documents — Amended Deed of Mutual Covenant — Reuters Trust Principles”;

“**Reuters Trust Principles Support Agreement**” means the agreement entered into on the Effective Date between Woodbridge and Reuters Founders Share Company, which is summarized under “Item 10C. Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Reuters Trust Principles Support Agreement”;

“**Reuters Trustees**” refers to the members (who are also the directors) of Reuters Founders Share Company;

“**RSUs**” has the meaning ascribed thereto under Item 6A. “Directors and Senior Management — Management and Governance of Thomson Reuters — Thomson Reuters Board”;

“**S&P**” means Standard & Poor’s;

“**SARs**” has the meaning ascribed thereto under Item 6B. “Compensation — Executive Compensation Policies — Equity-Based Compensation Plans”;

“**SAYE plans**” means Save-As-You-Earn plans;

“**SEC**” means the US Securities and Exchange Commission;

“**Series II Preference Shares**” means Thomson’s series of preference shares designated as Cumulative Redeemable Floating Rate Preference Shares, Series II;

“**SIP**” has the meaning ascribed thereto under Item 6B. “Compensation — Executive Compensation Policies — Equity-Based Compensation Plans”;

“**Special Voting Share**” means, in relation to Thomson Reuters Corporation, the Thomson Reuters Corporation Special Voting Share and, in relation to Thomson Reuters PLC, the Thomson Reuters PLC Special Voting Share;

“**Special Voting Share Agreement**” means the Special Voting Share Agreement entered into on the Effective Date among the Thomson Reuters Corporation Special Voting Share Trustee, the Thomson Reuters PLC Special Voting Share Trustee, Thomson Reuters Corporation and Thomson Reuters PLC, which is summarized under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Special Voting Share Agreements”;

“**Special Voting Share Agreements**” means the Special Voting Share Agreement, the Thomson Reuters PLC Special Voting Share Trust Deed and the Thomson Reuters Corporation Special Voting Share Trust Deed;

“**Take-Over Bid Thresholds**” has the meaning ascribed thereto under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Equalization and Governance Agreement”;

“**Tax Act (Canada)**” means the Income Tax Act (Canada), as amended;

“**Thomson**” refers to The Thomson Corporation and its consolidated subsidiaries;

“**Thomson Arrangement**” refers to the arrangement pursuant to section 182 of the OBCA under which Thomson effected the Transaction;

“**Thomson Articles of Arrangement**” means the articles of arrangement of Thomson in respect of the Thomson Arrangement, filed with the OBCA Director;

“**Thomson Reuters**” refers collectively to Thomson Reuters Corporation, Thomson Reuters PLC and their respective consolidated subsidiaries operating as a unified group pursuant to the DLC structure;

“**Thomson Reuters board**” has the meaning ascribed thereto under Item 6A. “Directors and Senior Management”;

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“Thomson Reuters business” refers to the business operated by Thomson Reuters;

“Thomson Reuters Corporation” refers to The Thomson Corporation and its consolidated subsidiaries following the Transaction;

“Thomson Reuters Corporation Articles” means the amended and restated articles of Thomson filed in connection with the Transaction, which are summarized under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Thomson Reuters Corporation Articles”;

“Thomson Reuters Corporation By-Laws” means the amended and restated by-laws adopted by Thomson in connection with the Transaction, which are summarized under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Thomson Reuters Corporation By-Laws”;

“Thomson Reuters Corporation Entrenched Articles” means the “Entrenched DLC Articles” as defined in the Thomson Reuters Corporation Articles;

“Thomson Reuters Corporation Entrenched Provisions” means the “TR Corporation Entrenched DLC Provisions” as defined in the Thomson Reuters Corporation Articles;

“Thomson Reuters Corporation Guarantee” means the deed of guarantee entered into on the Effective Date between Thomson Reuters Corporation and Thomson Reuters PLC, which is summarized under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Cross-Guarantees”;

“Thomson Reuters Corporation Special Voting Share” means the Special Voting Share in Thomson Reuters Corporation, as more particularly described in the Thomson Reuters Corporation Articles;

“Thomson Reuters Corporation Special Voting Share Trust” means the trust created by the Thomson Reuters Corporation Special Voting Share Trust Deed;

“Thomson Reuters Corporation Special Voting Share Trust Deed” means the deed of trust entered into on the Effective Date between Thomson Reuters Corporation, as settlor, and the Thomson Reuters Corporation Special Voting Share Trustee, which is summarized under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Special Voting Share Agreements”;

“Thomson Reuters Corporation Special Voting Share Trustee” means Computershare Trust Company of Canada, as trustee of the Thomson Reuters Corporation Special Voting Share Trust;

“Thomson Reuters PLC” refers to Thomson Reuters PLC and its consolidated subsidiaries;

“Thomson Reuters PLC Articles” means the memorandum and articles of association of Thomson Reuters PLC, as the same may be amended;

“Thomson Reuters PLC Entrenched Provisions” means the “TR PLC Entrenched DLC Provisions” as defined in the Thomson Reuters PLC Articles;

“Thomson Reuters PLC Guarantee” means the deed of guarantee entered into on the Effective Date between Thomson Reuters PLC and Thomson Reuters Corporation, which is summarized under Item 10C. “Material Contracts — Cross-Guarantees”;

“Thomson Reuters PLC Memorandum” means the memorandum of association of Thomson Reuters PLC, as amended with effect from the Effective Date;

“Thomson Reuters PLC Special Voting Share” means the Special Voting Share in Thomson Reuters PLC, as more particularly described in the Thomson Reuters PLC Articles;

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“Thomson Reuters PLC Special Voting Share Trust” means the trust created by Thomson Reuters PLC Special Voting Share Trust Deed;

“Thomson Reuters PLC Special Voting Share Trust Deed” means the deed of trust entered into on the Effective Date between Thomson Reuters Corporation, as settlor, and the Thomson Reuters PLC Special Voting Share Trustee, which is summarized under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Special Voting Share Agreements”;

“Thomson Reuters PLC Special Voting Share Trustee” means Computershare Trust Company of Canada, as trustee of Thomson Reuters PLC Special Voting Share Trust;

“Transaction” refers to the acquisition of Reuters by Thomson by implementing the DLC structure;

“Transaction Documents” means, collectively, the DLC Documents, the Implementation Agreement, the Amended Deed of Mutual Covenant and the Reuters Trust Principles Support Agreement;

“Triggering Event” has the meaning ascribed thereto under Item 4A. “History and Development of the Company — The Dual Listed Company Structure”;

“TSX” means the Toronto Stock Exchange, or any successor thereto;

“UK” means the United Kingdom;

“UK Companies Act” means the Companies Act 1985 (UK), as amended, and references to the UK Companies Act shall, so far as is applicable, be interpreted in accordance with section 1297 of the Companies Act 2006 (UK);

“UKLA” means the UK Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000 or any successor thereto;

“uncertificated form” or “in uncertificated form” means a share or other security recorded on the relevant register as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST;

“Uncertificated Share” means a share title to which is recorded in the Register as being held in uncertificated form and title to which may, by virtue of the Regulations, be transferred by means of a Relevant System;

“United States” or “US” means the United States of America;

“US dollars”, “US\$” or “\$” means the lawful currency of the United States;

“US Exchange Act” means the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

“US GAAP” means US generally accepted accounting principles;

“US Holder” has the meaning ascribed thereto under Item 10E. “Taxation — Taxation Information for US shareholders”;

“US Tax Code” means the US Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder; and

“Woodbridge” means The Woodbridge Company Limited, an Ontario corporation, and, unless the context otherwise requires, includes other companies affiliated with it.

FORWARD LOOKING STATEMENTS

Certain statements contained and incorporated by reference in this Form 20-F constitute “forward-looking statements”. When used in this Form 20-F or the documents incorporated by reference herein, the words “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “will”, “may”, “should” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect expectations, estimates and projections. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These risks include, but are not limited to:

- in relation to the Transaction and the DLC structure:
 - failure to achieve benefits from the Transaction to the extent, or within the time period currently expected, which could eliminate, reduce or delay the achievement of synergies expected to be generated by the Transaction;
 - failure to maximize the growth potential of, or deliver greater value for, Thomson Reuters beyond the level that either Thomson or Reuters could have achieved on its own;
 - the relationship of the value of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares to the economic performance of Thomson Reuters;
 - differences in the trading prices of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares;
 - adverse effects of changes to legislation and regulations on the DLC structure;
 - risks and costs not associated with more common acquisition structures;
 - exposure of each of Thomson Reuters Corporation and Thomson Reuters PLC to the credit risk of the other;
 - changes in the tax residence of Thomson Reuters Corporation; or Thomson Reuters PLC:
 - classification of Thomson Reuters PLC as a passive foreign investment company under US federal income tax laws;
 - failure of US shareholders to qualify for special reduced withholding rates on payments of future dividends from Thomson Reuters PLC;
 - ability of Reuters Founders Share Company to affect Thomson Reuters governance and management;
 - prevention or discouragement of take-over bids because of provisions in the DLC Documents;
 - different laws and regulations governing the rights and privileges of Thomson Reuters Corporation shareholders and Thomson Reuters PLC shareholders;
- changes in the general economy;
- actions of competitors;
- changes to legislation and regulations;

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- increased accessibility to free or relatively inexpensive information sources;
- failure to derive fully anticipated benefits from future or existing acquisitions, joint ventures, investments or dispositions;
- failure to develop new products, services, applications and functionalities to meet customers' needs, attract new customers or expand into new geographic markets;
- failure of electronic delivery systems, network systems or the Internet;
- detrimental reliance on third parties for information;
- failure to meet the challenges involved in the expansion of international operations;
- failure to realize the anticipated cost savings and operating efficiencies from the THOMSON*plus* initiative, the Reuters Core Plus program and other cost-saving initiatives, including those designed to make Thomson Reuters a more integrated group;
- failure to protect the reputation of Thomson Reuters;
- impairment of goodwill and identifiable intangible assets;
- failure of significant investments in technology to increase revenues or decrease operating costs;
- increased self-sufficiency of customers;
- inadequate protection of intellectual property rights;
- downgrading of credit ratings or adverse conditions in the credit markets;
- threat of legal actions and claims;
- changes in foreign currency exchange and interest rates;
- failure to recruit and retain high quality management and key employees;
- effect of factors outside the control of Thomson Reuters on funding obligations in respect of pension and post-retirement benefit arrangements; and
- actions or potential actions that could be taken by Woodbridge.

These factors and other risk factors relating to the DLC structure, including those under Item 3D. "Risk Factors", represent risks our management believes are material. Other factors not presently known to us or that we presently believe are not material, could also cause actual results to differ materially from those expressed in the forward-looking statements contained and incorporated by reference herein. Accordingly, undue reliance should not be placed on these forward-looking statements. We do not undertake any obligation to update publicly or to revise any of the forward-looking statements contained or incorporated by reference in this Form 20-F, whether as a result of new information, future events or otherwise, except as required by law, rule or regulation.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

ITEM 3A. Selected Financial Data

Unaudited Canadian GAAP Pro Forma Consolidated Financial Statements of Thomson Reuters Corporation

Set out below are unaudited pro forma consolidated financial statements of Thomson Reuters Corporation which have been compiled from underlying financial statements prepared in accordance with Canadian GAAP as applied by Thomson to illustrate the effect of the Transaction. Unaudited pro forma consolidated financial statements for Thomson Reuters Corporation are presented because, following the completion of the Transaction, the primary financial statements for shareholders of both Thomson Reuters Corporation and Thomson Reuters PLC will be the consolidated financial statements for Thomson Reuters Corporation, accounting for Thomson Reuters PLC as a subsidiary.

The unaudited pro forma consolidated statement of earnings for the year ended December 31, 2007 has been prepared as if the Transaction had occurred on January 1, 2007. The unaudited pro forma consolidated balance sheet as at December 31, 2007 has been prepared as if the Transaction had occurred on that date, being adjusted to reflect the effect of the resumption of Reuters share buy-back program for the period from January 1, 2008 to February 19, 2008, and from March 10, 2008 to April 9, 2008. Thomson Reuters Corporation is considered to be the acquiror and Thomson Reuters PLC is considered to be the acquiree.

The unaudited pro forma consolidated financial statements:

- have been prepared for illustrative purposes only, and because of their nature, address a hypothetical situation and, therefore do not represent Thomson Reuters Corporation's actual financial position or results;
- do not purport to represent what the consolidated results of operations actually would have been if the Transaction had occurred on January 1, 2007 or what those results will be for any future periods or what the consolidated balance sheet would have been if the Transaction had occurred on December 31, 2007. The pro forma adjustments are based on information current as at April 16, 2008 (being the latest practicable date prior to the publication of this Form 20-F); and
- have not been adjusted to reflect any matters not directly attributable to implementing the Transaction. No adjustment, therefore, has been made for actions which may be taken once the Transaction is complete, such as any integration plans of Thomson Reuters.

The unaudited pro forma consolidated financial statements have been compiled from the following sources:

- Financial information on Thomson as at and for the year ended December 31, 2007 has been extracted without material adjustment from Thomson's audited consolidated financial statements set out in Exhibit 99.2 filed as part of this Annual Report on Form 20-F.

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- Canadian GAAP and US GAAP financial information on Reuters as at and for the year ended December 31, 2007 has been extracted without material adjustment, except for currency translation as noted below, from (a) the Reuters unaudited reconciliations summarizing the material differences between IFRS as applied by Reuters and Canadian GAAP as applied by Thomson and (b) the Reuters unaudited reconciliations summarizing the material differences between Canadian GAAP as applied by Thomson and US GAAP set out in Note 7 “Reconciliation to Canadian GAAP as applied by The Thomson Corporation” below and Note 6 “Pro Forma Summary of Differences Between Canadian GAAP and US GAAP” below, respectively.
- The Reuters figures have been translated from £ to \$ using average exchange rates applicable during the period presented for the unaudited pro forma consolidated statement of earnings and the period end exchange rate for the unaudited pro forma consolidated balance sheet.

		\$/£1
December 31, 2007	Average Spot Rate	2.0016
December 31, 2007	Period End Rate	1.9843

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF EARNINGS

For the year ended December 31, 2007

<i>(in millions of US dollars, except common share amounts)</i>	Thomson	Pro forma adjustments		Note	Pro forma
		Reuters	Other		Thomson Reuters
Revenues	7,296	5,232	(86)	3(b)	12,442
Cost of sales, selling, marketing, general and administrative expenses	(5,275)	(4,678)	431	3(c), 3(d), 3(e), 3(f)	(9,522)
Depreciation	(468)	(280)	(57)	3(e)	(805)
Amortization	(256)	(88)	(297)	3(e)	(641)
Operating profit	1,297	186	(9)		1,474
Net other income (expense)	(34)	162	—		128
Net interest expense and other financing costs	(12)	(172)	(243)	3(g)	(427)
Income tax expense	(155)	(28)	73	3(h)	(110)
Earnings from continuing operations	1,096	148	(179)		1,065
Basic earnings per common share from continuing operations	\$1.70				\$1.26
Diluted earnings per common share from continuing operations	\$1.69				\$1.26

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The pro forma information in the table above should be read in conjunction with the consolidated statement of earnings for the years ended December 31, 2007 and 2006 in Thomson's audited consolidated financial statements for the year ended December 31, 2007, set out in Exhibit 99.2 filed as part of this Annual Report on Form 20-F, and with Annex A-3, consolidated income statement for the years ended December 31, 2007, 2006 and 2005 in Reuters audited financial statements for the year ended December 31, 2007.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**As at December 31, 2007**

<i>(in millions of US dollars)</i>	Thomson	Pro forma adjustments		Note	Pro forma
		Reuters	Other		Thomson Reuters
Assets					
Cash and cash equivalents	7,497	510	(4,041)	3(a)(i)	3,966
Accounts receivable, net of allowances	1,565	234	—		1,799
Prepaid expenses and other current assets	508	384	(18)	3(a)ii, 3(a)(iii)	874
Deferred income taxes	104	236	—		340
Current assets of discontinued operations	4	—	—		4
Current assets	9,678	1,364	(4,059)		6,983
Computer hardware and other property, net	731	933	221	3(a)(iii)	1,885
Computer software, net	721	77	1,023	3(a)(iii)	1,821
Identifiable intangible assets, net	3,438	534	4,866	3(a)(iii)	8,838
Goodwill	6,935	810	(810)	3(a)(iii)	6,935
Unallocated purchase price	—	—	12,530	3(a)(iii)	12,530
Other non-current assets	1,322	762	406	3(a)(iii)	2,490
Deferred income taxes	—	331	—		331
Non-current assets of discontinued operations	6	—	—		6
Total assets	22,831	4,811	14,177		41,819

	Thomson	Pro forma adjustments		Note	Pro forma
		Reuters	Other		Thomson Reuters
Liabilities and shareholders' equity					
Liabilities					
Short-term indebtedness	183	155	4,939	3(a)(i)	5,277
Accounts payable and accruals	1,532	1,579	87	3(a)(ii), 3(a)(iii)	3,198
Deferred revenue	1,108	73	(7)	3(a)(iii)	1,174
Current portion of long-term debt	412	365	—		777
Current liabilities of discontinued operations	4	—	—		4
Current liabilities	3,239	2,172	5,019		10,430
Long-term debt	4,264	864	—		5,128
Other non-current liabilities	783	260	52	3(a)(iii)	1,095
Deferred income taxes	974	389	1,802	3(a)(iii)	3,165
Total liabilities	9,260	3,685	6,873		19,818
Shareholders' equity					
Capital	2,932	1,070	7,360	3(a)(i)	11,362
Retained earnings	10,355	3,368	(3,368)	3(a)(i)	10,355
Accumulated other comprehensive income	284	(3,312)	3,312	3(a)(i)	284
Total shareholders' equity	13,571	1,126	7,304		22,001
Total liabilities and shareholders' equity	22,831	4,811	14,177		41,819

The pro forma information in the table above should be read in conjunction with the consolidated balance sheets as of December 31, 2007 and 2006 in Thomson's audited financial statements for the year ended December 31, 2007, set out in Exhibit 99.2 filed as part of this Annual Report on Form 20-F, and with Annex A-5, consolidated balance sheet as of December 31, 2007, 2006 and 2005 in Reuters audited financial statements for the year ended December 31, 2007.

Notes:

1. BASIS OF PRESENTATION

The unaudited pro forma consolidated financial statements have been compiled from underlying financial statements prepared in accordance with Canadian GAAP as applied by Thomson and reflect the Transaction to create a unified group known as Thomson Reuters.

The unaudited pro forma consolidated financial statements should be read in conjunction with the underlying financial information from which they were extracted without material adjustment: (a) the audited consolidated financial statements of Thomson as at and for the year ended

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December 31, 2007 prepared in accordance with Canadian GAAP; (b) the Reuters unaudited reconciliations summarizing the material differences between IFRS as applied by Reuters and Canadian GAAP, as applied by Thomson as at and for the year ended December 31, 2007; and (c) the Reuters unaudited reconciliations summarizing the material differences between Canadian GAAP as applied by Thomson, and US GAAP, as at and for the year ended December 31, 2007.

The underlying financial information of Thomson is included in Thomson's audited consolidated financial statements for the year ended December 31, 2007, set out in Exhibit 99.2 filed as part of this Annual Report on Form 20-F. The underlying audited IFRS financial information of Reuters is included in Annexes A-1 to A-8 of this Form 20-F, Reuters audited financial statements for the year ended December 31, 2007. See Note 7 and Note 8 in these pro forma financial statements for the reconciliations referred to in (b) and (c) in the above paragraph, respectively.

The Transaction has been treated as an acquisition, with Thomson as the acquiror and Reuters as the acquiree, assuming that the acquisition had been completed on January 1, 2007 for the unaudited pro forma consolidated statement of earnings and on December 31, 2007 for the unaudited pro forma consolidated balance sheet.

The unaudited pro forma consolidated financial statements are not intended to reflect the financial position and results which would have actually resulted had the Transaction been effected on the dates indicated. Further, the pro forma results of operations are not necessarily indicative of the results of operations that may be obtained in the future. No account has been taken of the trading activity or other transactions of Thomson or Reuters for the period since December 31, 2007, except for the Reuters share buy-back program explained in Note 3 "Pro Forma Adjustments" below.

Other than share numbers, monetary amounts, unless otherwise stated, are presented in millions of US dollars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited pro forma consolidated financial statements have been compiled in a manner consistent with the accounting policies adopted by Thomson. These accounting policies differ in certain respects from those of Reuters. The adjustments made to reconcile Reuters financial information are described in the reconciliations summarizing the material differences between IFRS and Canadian GAAP as applied by Thomson set out in Note 7 "Reconciliation to Canadian GAAP as applied by The Thomson Corporation" below.

The Reuters balances have been translated from £ to \$ using average exchange rates applicable during the periods presented for the unaudited pro forma consolidated statement of earnings and the period end exchange rate for the unaudited pro forma consolidated balance sheet.

3. PRO FORMA ADJUSTMENTS

The acquisition is accounted for using the purchase method of accounting, whereby Reuters assets and liabilities are revalued to their fair value and its shareholders' equity is eliminated. Thomson's assets and liabilities are not revalued. The pro forma adjustments reflect Thomson's acquisition of 100% of Reuters net assets at their estimated fair values as of December 31, 2007.

(a) Estimated purchase consideration and related excess purchase consideration over fair value of net assets acquired are as follows:

(US\$ millions)

Estimated Purchase Consideration		Notes
Ordinary shares, Thomson Reuters PLC	8,430	(i)
Cash	8,657	(i)
Transaction costs	135	(ii)
Estimated purchase consideration	17,222	
Less: fair value of net (assets) liabilities acquired	1,808	
Excess of purchase consideration over fair value of net assets acquired	19,030	

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(i) To effect the Transaction, Reuters was acquired by a subsidiary of Thomson Reuters PLC, through the Reuters Scheme in which each holder of one Reuters ordinary share was entitled to 352.5 pence in cash and 0.16 Thomson Reuters PLC ordinary shares. Under the terms of the agreement:

- Thomson funded the cash consideration; and
- on closing, one Thomson Reuters PLC ordinary share was equivalent to one Thomson Reuters Corporation common share under the DLC structure.

The ordinary share portion of the estimated purchase consideration was calculated using a price of \$42.38 for each Thomson common share based on the average of the quoted closing market price of Thomson common shares on the NYSE beginning two days before and ending two days after May 15, 2007, the date the Transaction was announced and agreed to by the boards of directors of Thomson and Reuters. The number of Thomson Reuters PLC ordinary shares expected to be issued on completion of the Transaction was 198.9 million, and reflects Reuters employee share-based awards that vested and that were expected to be exercised on completion of the Transaction. The underlying number of Reuters ordinary shares deemed acquired was measured as of April 16, 2008 and therefore, reflects the share buy-back program activity described in this note below. The estimated purchase consideration calculation assumes that options having an exercise price below the aggregate value of the cash and share consideration offered are exercised, while those options having an exercise price above the aggregate value of the cash and share consideration offer are not exercised.

On December 13, 2007, Reuters announced the resumption of its share buy-back program. During the period from January 1, 2008 to February 19, 2008 and from March 10, 2008 to April 9, 2008 (the “buy-back period”), Reuters repurchased 45 million shares for cancellation for total consideration of \$535 million under this program. The effect of this program is reflected in the unaudited pro forma consolidated financial statements as it is a material subsequent event affecting the Reuters ordinary shares subject to this Transaction. For information with respect to Reuters share buy-back program, see Item 5A. “Operating Results — Reuters Information — Supporting Financial Information — Pending Transactions and Post Balance Sheet Events.” Amounts have been translated from £ to \$ using average exchange rates applicable during the buy-back period.

The cash portion of the estimated purchase consideration, payable in British pounds sterling, was translated based on an exchange rate of £: \$1.9756 on April 16, 2008, being the latest practicable date prior to publication of this Form 20-F. Funding came from Thomson’s available cash and available credit facilities.

Reuters Group PLC ordinary shares held by Reuters Employee Share Ownership Trusts (“ESOTs”) did not participate in the Transaction in the same manner as all other Reuters Group PLC ordinary shares. The ESOTs are used to fulfill certain employee share award programs and accordingly all the shares held in these trusts were assumed to be released to employees on exercise of share options as a consequence of the Transaction. Reuters has developed a plan for the orderly distribution of ordinary shares held by ESOTs, therefore, it was appropriate to reflect the release of these shares. The ESOTs owned approximately 12.4 million ordinary shares of Reuters at April 16, 2008.

Adjustments are recorded to reflect:

- Disbursement of \$535 million by Reuters to repurchase its ordinary shares during the period from January 1, 2008 to February 19, 2008 and from March 10, 2008 to April 9, 2008;
- Disbursement of \$8,657 million in cash by Thomson being funded by \$3,718 million in available cash and \$4,939 million drawn from Thomson’s credit facilities;
- The effect of \$212 million in cash received by Reuters relating to exercise of Reuters share-based employee awards;

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- Equity of \$8,430 million attributable to the issuance of 198.9 million Thomson Reuters PLC ordinary shares; and
 - Elimination of Reuters historical shareholders' equity balances in capital of \$1,070 million, retained earnings of \$3,368 million and accumulated other comprehensive income of (\$3,312) million.
- (ii) Transaction costs represent Thomson's estimated direct costs of carrying out the Transaction that may be capitalized as part of the overall consideration.
- An adjustment of \$52 million has been made to reclassify this amount out of current assets and treat it as part of unallocated purchase price.
 - Of the \$135 million in total Transaction costs, \$83 million had not been incurred as at December 31, 2007 and, accordingly, an adjustment has been made to increase accounts payable and accruals as if those charges had occurred.

The following tables summarize the adjustments to cash, accounts payable and accruals, and capital as a result of the items discussed in Notes 3(a)(i) and 3(a)(ii) above. (In addition, unfavorable leases, described more completely below are included for complete reconciliation of accounts payable and accruals adjustments):

(US\$ millions)

Cash adjustment

Cash funding	(8,657)
Funding provided by credit facilities	4,939
Funding from available cash	(3,718)
Cash used by Reuters for share buy-back program	(535)
Cash received by Reuters relating to exercise of share-based employee awards	212
Cash adjustment	(4,041)

Accounts payable and accruals adjustment

Transaction costs accrual	83
Current portion of unfavorable leases	4
Accounts payable and accruals adjustment	87

Capital

Issuance of new shares	8,430
Less: elimination of Reuters capital	(1,070)
Capital adjustment	7,360

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The following table summarizes total Transaction costs referred to in the estimated purchase consideration table in Note 3(a) above:

(US\$ millions)

Transaction costs

Reclassified from prepaid and other current assets	52
Transaction costs accrual	83
Transaction costs	135

(iii) Pro forma purchase price allocation

(US\$ millions)	As at December 31, 2007		
	Reuters Book Value	Fair Value Increment	Pro forma Purchase Price Allocation
Assets			
Cash and cash equivalents	187	—	187
Accounts receivable, net of allowances	234	—	234
Prepaid expenses and other current assets	384	34	418
Deferred income taxes	236	—	236
Current assets	1,041	34	1,075
Computer hardware and other property, net	933	221	1,154
Computer software, net	77	1,023	1,100
Identified intangible assets, net	534	4,866	5,400
Goodwill	810	(810)	—
Unallocated purchase price	—	12,530	12,530
Other non-current assets	762	406	1,168
Deferred income taxes	331	—	331
Total assets	4,488	18,270	22,758
Liabilities			
Short-term indebtedness	155	—	155
Accounts payable and accruals	1,579	4	1,583
Deferred revenue	73	(7)	66
Current portion of long-term debt	365	—	365
Current liabilities	2,172	(3)	2,169

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<i>(US\$ millions)</i>	As at December 31, 2007		
	Reuters Book Value	Fair Value Increment	Pro forma Purchase Price Allocation
Long term debt	864	—	864
Other non-current liabilities	260	52	312
Deferred income taxes	389	1,802	2,191
Total liabilities	3,685	1,851	5,536
Total net assets acquired	803	16,419	17,222

The allocation of purchase price to net assets is based upon preliminary estimates and certain assumptions with respect to the fair value increment associated with the assets to be acquired and liabilities to be assumed. The actual fair values of the assets and liabilities will be determined as of the date of the acquisition and may differ materially from the amounts disclosed above in the pro forma purchase price allocation as further analysis is conducted after the Transaction is complete. Changes in fair values of the assets and liabilities between December 31, 2007 and the date of the acquisition may result in additional material differences from the estimates presented above. The actual allocation of purchase price may result in different adjustments being expensed in the statement of earnings.

Cash and cash equivalents book value amounts reflect Reuters share buy-back program and exercise of share-based employee awards as described in the following table.

<i>(US\$ millions)</i>	As at December 31, 2007	Share buy-back program	Exercise of share-based awards	Book value after share buy-back and exercise of share-based awards
Reuters reconciliation of selected book values				
Cash and cash equivalents	510	(535)	212	187

To the extent that the unallocated purchase price is not allocated to the assets acquired and liabilities assumed in the final purchase price allocation, the balance will represent goodwill.

The amounts indicated as fair value increments were recorded as pro forma adjustments. These adjustments represent the net effect of eliminating the unamortized historical book values and resetting balances to their estimated fair values.

- An adjustment of \$221 million was recorded to increase the carrying value of real property and buildings.
- An adjustment of (\$7) million was recorded to reduce the carrying value of Reuters deferred revenue to \$66 million, which represents an estimate of the fair value of the obligation assumed.
- A net adjustment of \$384 million was recorded to reflect the estimated fair value increment of favorable and unfavorable leases. The following table details the fair value increment.

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<i>(US\$ millions)</i>	Fair Value Increment
Prepaid expenses and other current assets	34
Other non-current assets	406
Less: Accounts payable and accruals	4
Less: Other non-current liabilities	52
Total	384

• Deferred income taxes attributed to the fair value increments, described above and in section (iv) that follows immediately below, were \$1,802 million.

(iv) Preliminary estimates of the fair value of identified intangible assets and developed technology and their respective estimated useful lives as at December 31, 2007 are summarized in the following table.

<i>(US\$ millions)</i>	Estimated Fair Value	Estimated Useful life
Trade name	\$ 2,000	Indefinite
Customer relationships	2,400	8 — 18 years
Other	1,000	5 years
Identified intangible assets	\$ 5,400	
Developed technology	\$ 1,100	5 — 10 years

The Reuters trade name is assigned an indefinite useful life. Developed technology is reported within Computer Software, net on the pro forma balance sheet.

- (b) An adjustment of \$86 million was recorded to reduce revenues. The adjustment was a result of reducing the carrying value of Reuters deferred revenue obligation as at January 1, 2007 to its estimated fair value.
- (c) Thomson and Reuters have incurred integration planning and other Transaction-related costs that do not qualify to be capitalized as part of estimated purchase consideration. These items were initially recorded as expenses in the statement of earnings. An adjustment of \$166 million has been made to reverse the expenses incurred for the year ended December 31, 2007. This adjustment was recorded because the pro forma statement of earnings has been prepared as if the Transaction had occurred on January 1, 2007. Therefore these expenses would have been incurred prior to the closing of the Transaction. Additionally, these expenses are non-recurring in nature and are not expected to have a continuing impact on the consolidated results.
- (d) An adjustment of \$322 million was recorded to reduce cost of sales, selling, marketing, general and administrative expenses, eliminating amortization expense related to past service costs and net actuarial gains and losses in connection with Reuters pension and other post-retirement benefit plans. This amount was removed as retirement plan assets and obligations would have been reflected at their fair values on January 1, 2007.
- (e) Amortization and depreciation
- An adjustment of \$297 million was recorded to reflect additional amortization attributable to the preliminary fair value increment allocated to identified intangible assets.
 - An adjustment of \$57 million was recorded to reflect additional depreciation attributable to the preliminary fair value increment allocated to computer hardware and other property, and internal use software.

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- An adjustment of \$27 million was recorded in cost of sales, selling, marketing, general and administrative expenses to reflect additional amortization attributable to the preliminary fair value increment allocated to capitalized software to be sold externally.

Pro forma amortization and depreciation expense exclude the total amount of the purchase price allocation not subject to amortization of approximately \$14,530 million, representing \$12,530 million in unallocated purchase price and \$2,000 million attributed to the preliminary estimated fair value of the Reuters trade name.

On finalization of the purchase price allocation, if the amount not subject to amortization is allocated to operating assets subject to amortization, pro forma amortization would increase by approximately \$1,751 million, before taxes. Pro forma amortization and the above noted sensitivity have been based on a remaining weighted average estimated economic life of 8.3 years.

A reduction of one year in the weighted average estimated economic life would increase pro forma amortization by \$74 million.

- (f) An adjustment of \$30 million was recorded to reflect additional rent expense attributable to amortization of the preliminary fair value increment allocated to favorable and unfavorable leases.
- (g) An adjustment of \$243 million was recorded to reflect pro forma interest expense. The interest charges relate to the \$4,939 million drawn from credit facilities to finance a portion of the estimated cash consideration, as if such amount was borrowed from January 1, 2007 and outstanding as at December 31, 2007. These interest charges will have a continuing impact on the consolidated results until all borrowings under credit facilities are repaid.
- (h) The estimated tax benefits of the above adjustments are \$73 million. The estimates reflect the tax rates of Thomson and Reuters separately and tax jurisdictions in which the pro forma adjustments were assumed to occur.

The following table summarizes the effect on the statement of earnings from the pro forma adjustments described in (b) through (h) above:

For the year ended December 31, 2007

(US\$ millions)

Adjustment	b)	c)	d)	e)	f)	g)	h)	Total
Revenues	(86)	—	—	—	—	—	—	(86)
Cost of sales, selling, marketing, general and administrative expenses	—	166	322	(27)	(30)	—	—	431
Depreciation	—	—	—	(57)	—	—	—	(57)
Amortization	—	—	—	(297)	—	—	—	(297)
Operating profit	(86)	166	322	(381)	(30)	—	—	(9)
Net interest expense and other financing costs	—	—	—	—	—	(243)	—	(243)
Income tax expense	NA	NA	NA	NA	NA	NA	73	73
Net earnings	NA	NA	NA	NA	NA	NA	NA	(179)

NA — Income tax expense and net earnings presented on a consolidated basis.

4. PRO FORMA EARNINGS PER SHARE

**Year ended
December 31, 2007**

Basic and diluted pro forma earnings per share from continuing operations computation	
Numerator (millions of US dollars):	
Pro forma earnings from continuing operations	1,065
Dividends declared on preference shares	(6)
Pro forma earnings from continuing operations attributable to common shares	1,059
Denominator:	
Thomson weighted-average outstanding common shares	641.2
Shares of Thomson Reuters PLC	198.9
Basic pro forma weighted - average outstanding common shares	840.1
Thomson effect of stock and other incentive plans	3.3
Diluted pro forma weighted - average outstanding common shares	843.4
Basic pro forma earnings per share from continuing operations	\$1.26
Diluted pro forma earnings per share from continuing operations	\$1.26

5. DIVISIONAL ANALYSIS OF REVENUES

Unaudited pro forma revenues for the year ended December 31, 2007 may be further analyzed as follows:

	Thomson	Pro forma adjustment		Pro forma Thomson Reuters	% of Total
		Reuters	Other		
Thomson Financial	2,186	—		2,186	
Reuters	—	5,232	(86)	5,146	
Markets division	2,186	5,232	(86)	7,332	59%
Thomson Legal	3,318	—	—	3,318	
Thomson Tax & Accounting	705	—	—	705	
Thomson Scientific	651	—	—	651	
Thomson Healthcare	452	—	—	452	
Professional division	5,126	—	—	5,126	41%
Eliminations	(16)	—	—	(16)	
Total	7,296	5,232	(86)	12,442	100%

The divisional analysis of Thomson's revenues presented above is extracted without material adjustment from Thomson's audited consolidated financial statements for the year ended December 31, 2007 set out in Exhibit 99.2 filed as part of this Annual Report on Form 20-F.

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See Note 3(b) above for discussion of (\$86) million revenue reduction.

6. PRO FORMA SUMMARY OF DIFFERENCES BETWEEN CANADIAN GAAP AND US GAAP

The reconciliations of Reuters historical financial information from Canadian GAAP as applied by Thomson to US GAAP are set out in Note 8 “Unaudited Canadian GAAP to US GAAP Reconciliations”. The reconciliations of Thomson’s historical financial information from Canadian GAAP to US GAAP are set out in Exhibit 99.2 filed as part of this Annual Report on Form 20-F. The unaudited pro forma consolidated financial statements should be read in conjunction with those reconciliations.

Summary adjustments made to present shareholders equity and earnings from continuing operations as at and for the year ended December 31, 2007 in accordance with US GAAP were extracted from the reconciliations and are identified in the table below as “Canadian GAAP to US GAAP Summary Difference” for Thomson and Reuters, respectively.

No additional differences between Canadian GAAP and US GAAP arose as a consequence of the pro forma adjustments described in Note 3 “Pro Forma Adjustments” above.

The following reconciliation presents the effect of material differences between Canadian GAAP as applied by Thomson and US GAAP with respect to pro forma net earnings from continuing operations and shareholders’ equity.

	Year ended December 31, 2007
<i>(in millions of U.S. dollars)</i>	
Reconciliation of pro forma earnings from continuing operations	
Earnings from continuing operations under Canadian GAAP as applied by Thomson	1,065
Differences in accounting principles increasing (decreasing) earnings:	
Canadian GAAP to US GAAP Summary Difference — Thomson	—
Canadian GAAP to US GAAP Summary Difference — Reuters	190
Earnings from continuing operations under US GAAP	1,255
	As at December 31, 2007
<i>(in millions of U.S. dollars)</i>	
Reconciliation of pro forma shareholders’ equity	
Shareholders’ equity under Canadian GAAP as applied by Thomson	22,001
Differences in accounting principles increasing (decreasing) shareholders’ equity:	
Canadian GAAP to US GAAP Summary Difference — Thomson	(559)
Canadian GAAP to US GAAP Summary Difference — Reuters	(205)
Shareholders’ equity under US GAAP	21,237

7. UNAUDITED RECONCILIATION TO CANADIAN GAAP AS APPLIED BY THE THOMSON CORPORATION**Summary of differences between IFRS (as adopted by the EU) and Canadian GAAP****Unaudited reconciliation of net earnings from continuing operations for the year ended December 31, 2007**

Reuters consolidated financial statements for the year ended December 31, 2007 have been prepared on the basis of IFRS, which differs in certain respects from Canadian GAAP as applied by Thomson in its audited financial statements for the year ended December 31, 2007.

The following unaudited reconciliation presents the effect of material differences between Reuters IFRS accounting policies and Thomson Canadian GAAP accounting policies on the profit and shareholders' equity attributable to ordinary shareholders of Reuters for the year ended December 31, 2007.

	For the year ended December 31, 2007	
	<u>£m</u>	
Profit from continuing operations attributable to ordinary shareholders as previously reported by Reuters under IFRS		213
<i>Differences in GAAP increasing / (decreasing) reported profit net earnings:</i>		
Business combinations	1	(4)
Other intangibles	2	(2)
Employee benefits — pensions	3	(161)
Stock-based compensation	4	3
Derivative instruments and hedging activities	5	(12)
Sale and leaseback transactions	7	—
Property, plant and equipment	8	(16)
Joint ventures and associates	9	—
Restructuring	10	7
Taxation	12	46
Net earnings from continuing operations attributable to ordinary shareholders under Thomson Canadian GAAP accounting policies		74

Unaudited reconciliation of shareholders' equity attributable to ordinary shareholders as at December 31, 2007

		As at December 31, 2007 €m
Shareholders' equity attributable to ordinary shareholders as previously reported by Reuters under IFRS		138
<i>Differences increasing / (decreasing) reported Shareholders' equity:</i>		
Business combinations	1	105
Other intangibles	2	(6)
Employee benefits — pensions	3	251
Stock-based compensation	4	10
Derivative instruments and hedging activities	5	(28)
Investments	6	(2)
Sale and leaseback transactions	7	(2)
Property, plant and equipment	8	—
Joint ventures and associates	9	2
Restructuring	10	(5)
Shares to be repurchased	11	169
Taxation	12	(65)
Shareholders' equity attributable to ordinary shareholders under Thomson Canadian GAAP accounting policies		567

Unaudited reconciliation of the income statement for the year ended December 31, 2007

	For the year ended December 31, 2007			
	Adj. Ref.	IFRS £m	Adjustments £m	Canadian GAAP £m
Revenues	9	2,605	9	2,614
Cost of sales, selling, marketing, general and administrative expenses		(2,147)	(190)	(2,337)
	2		(15)	
	3		(161)	
	4		3	
	5		(11)	
	7		1	
	9		(14)	
	10		7	
Depreciation		(108)	(32)	(140)
	2		(15)	
	7		(1)	
	8		(16)	
Amortization		(68)	24	(44)
	1		(4)	
	2		28	
Operating profit		282	(189)	93
Net other (expense)/income		25	56	81
	5		51	
	9		5	
Net interest expense and other financing costs	5	(34)	(52)	(86)
Income taxes	12	(60)	46	(14)
Earnings from continuing operations		213	(139)	74

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The following unaudited table shows how the Reuters income statement for the year ended December 31, 2007 prepared in a format consistent with Canadian GAAP (Section 1520) compares to Reuters published IFRS income statement.

Year ended December 31, 2007

Canadian GAAP format	As presented in the table above £m	Reclassifications £m	As presented in Reuters published report £m	IFRS format
Revenues	2,605	—	2,605	Revenue
Cost of sales, selling, marketing, general and administrative expenses	(2,147)	(208)	(2,355)	Operating cost
	—	42	42	Other operating income
Depreciation	(108)	108		
Amortization	(68)	68		
Operating profit	282	10	292	Operating profits
Net other income	25	(10)	15	Profit on disposal/Share of losses of JVs and associates
Net interest expense and other financing costs	(34)	151	117	Finance Income
	—	(151)	(151)	Finance cost
Income taxes	(60)	—	(60)	Taxation
Earnings from continuing operations	213	—	213	Profit for the year from continuing operations

Unaudited reconciliation of the balance sheet as at December 31, 2007

		As at December 31, 2007		
	Adjustment reference	IFRS £m	Adjustments £m	Canadian GAAP £m
Assets				
Cash and cash equivalents	9	251	6	257
Accounts receivable, net of allowances	9	107	11	118
Inventories		—		—
Prepaid expenses and other current assets	1	189	4	193
Deferred income taxes	12	—	119	119
Current assets		547	140	687
Computer hardware and other property, net		404	66	470
	7		16	
	8		5	
	9		45	
Computer software, net	2	—	39	39
Identifiable intangible assets		305	(36)	269
	1		2	
	2		(45)	
	9		7	
Goodwill	1	309	99	408
Other non-current assets		142	242	384
	3		262	
	6		(2)	
	9		(18)	
Deferred income taxes	12	286	(119)	167
Total assets		1,993	431	2,424
Liabilities and shareholders' equity				
Liabilities				
Short term indebtedness		(78)	—	(78)
Current portion of long-term debt		(184)	—	(184)
Accounts payable and accruals		(969)	173	(796)
	4		10	
	5		(23)	
	8		(5)	
	9		(6)	
	10		12	
	11		169	
	12		16	
Deferred revenue		(37)	—	(37)
Current liabilities		(1,268)	173	(1,095)
Long term debt		(370)	(65)	(435)
	5		(5)	
	7		(18)	
	9		(42)	
Other non-current liabilities		(102)	(29)	(131)
	3		(11)	
	9		(1)	
	10		(17)	
Deferred income taxes	12	(115)	(81)	(196)
Total liabilities		(1,855)	(2)	(1,857)
Net assets		138	429	567
Shareholders' equity				
Capital		(539)	—	(539)
Retained earnings		(1,309)	(388)	(1,697)
Accumulated other comprehensive income		1,710	(41)	1,669
Total shareholders' equity		(138)	(429)	(567)
Total liabilities and shareholders' equity		(1,993)	(431)	(2,424)

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The following unaudited table shows how the Reuters net assets as at December 31, 2007 in the table above correspond to the published IFRS consolidated balance sheet as at December 31, 2007.

Canadian GAAP format	As presented in the table above £m	Reclassifications £m	As presented in Reuters published report £m	IFRS format
Assets				
Cash and cash equivalents	251	—	251	Cash and cash equivalents
Accounts receivable, net of allowances	107	148	255	Trade and other receivables
Inventories	—	—	—	Inventories
Prepaid expenses and other current assets	189	(189)	—	
		29	29	Other financial assets and derivatives
		12	12	Current tax debtors
Deferred income taxes	—	—	—	
Current assets	547	—	547	Current assets
Computer hardware and other property, net	404	—	404	Property, plant and equipment
Identifiable intangible assets	305	309	614	Intangible assets
Goodwill	309	(309)	—	
		27	27	Investments
Other non-current assets	142	(80)	62	Other financial assets and derivatives
Deferred income taxes	286	—	286	Deferred tax assets
		39	39	Retirement benefit obligations
Non-current assets of discontinued operations	—	—	—	
Non-current assets	1,446	(14)	1,432	Non-current assets
		14	14	Non-current assets held for resale
Total assets	1,993	—	1,993	Total assets
Liabilities and shareholders' equity				
Liabilities				
Short-term indebtedness	(78)	(214)	(292)	Other financial liabilities and derivatives
Current portion of long term debt	(184)	184	—	
Accounts payable and accruals	(969)	277	(692)	Trade and other payables
Deferred revenue	(37)	37	—	
		(247)	(247)	Current tax liabilities
		(37)	(37)	Provisions for liabilities and charges
Current liabilities	(1,268)	—	(1,268)	Current liabilities
Long-term debt	(370)	—	(370)	Other financial liabilities and derivatives
		(102)	(102)	Provisions for liabilities and charges
Other non-current liabilities	(102)	102	—	
Deferred income taxes	(115)	—	(115)	Deferred tax liabilities
Non-current liabilities	(587)	—	(587)	Non-current liabilities
Total liabilities	(1,855)	—	(1,855)	Total liabilities
Net assets	138	—	138	Net assets

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The following is a description of the nature of the differences presented in the above reconciliations.

1. Business combinations

Goodwill amortization

Prior to the adoption of IFRS by Reuters on January 1, 2004, goodwill arising on acquisitions before 1998 and accounted for under the purchase method was eliminated against equity. Goodwill arising on acquisitions from 1998 to December 31, 2003 was capitalized and amortized over its useful life.

Under IFRS, from January 1, 2004, goodwill arising on acquisitions made by Reuters is no longer amortized and is allocated to cash-generating units and assessed for impairment at least annually. Reuters has elected not to apply IFRS 3 “Business combinations” retrospectively to business combinations that took place prior to the group’s January 1, 2004 transition date to IFRS, and amortization arising prior to transition has not been reversed. Goodwill arising on acquisitions before January 1, 2004 remains at its previous carrying value at the date of transition to IFRS.

Under Canadian GAAP, prior to the adoption of Handbook Section 3062 — “Goodwill and other intangible assets”, Thomson amortized goodwill over its estimated useful life. Following adoption of Handbook Section 3062 from January 1, 2002, goodwill was no longer subject to amortization under Thomson Canadian GAAP accounting policies, but assessed for impairment at least annually. A GAAP difference therefore arises in respect of the carrying amount of goodwill at each balance sheet date.

Contingent purchase consideration

Under IFRS, contingent purchase consideration is recognized by Reuters when it is probable that the contingency will be met and the amount can be reliably measured, whereas under Thomson Canadian GAAP accounting policies, contingent purchase consideration is recognized when the amount can be reliably measured, and the outcome of the contingency is determined beyond reasonable doubt. This reconciling item shows the impact of adjusting the goodwill and related liability recorded by Reuters in respect of this difference.

Other intangibles

Prior to the adoption of IFRS on January 1, 2004, identifiable intangible assets were recognized separately providing they had a “readily ascertainable market” and were amortized over their useful lives. This definition precluded the recognition of certain customer lists. These lists would meet the recognition criteria under IFRS; however Reuters elected not to apply IFRS 3 — “Business combinations” retrospectively in accordance with an exemption outlined in IFRS 1 — “First-time Adoption of International Financial Reporting Standards”, and as such these assets were not recognized on adoption of IFRS.

Under Thomson Canadian GAAP, these customer lists met the recognition criteria of Handbook Section 1581 — “Business Combinations” and have resulted in a historic difference in carrying value that will be amortized over the estimated useful life of these assets.

2. Other Intangibles

Under Thomson Canadian GAAP accounting policies costs incurred in the development of computer software to be sold externally are capitalized within “other non-current assets” and amortized through cost of sales. Development costs in respect of software generated for internal use are capitalized within “computer software” and amortized through depreciation expense. Under IFRS, Reuters capitalizes all such costs within intangible assets and recognizes amortization expense within the amortization expense line, therefore relevant amounts have been reclassified as part of the reconciliation.

Furthermore, under IFRS Reuters capitalizes certain intangible assets that would not be capitalized under Thomson Canadian GAAP accounting policies. Reuters then systematically amortizes these assets over their useful economic lives (normally between three and five years). This adjustment shows the impact of writing off the net book value of such intangible assets.

3. Employee benefits — Pensions

Under both IFRS and Canadian GAAP, the defined benefit pension obligation is determined using the Projected Unit Credit Method. Plan assets are measured at fair value.

Under IFRS, Reuters recognizes actuarial gains and losses immediately on the balance sheet with a corresponding charge or credit recorded in the statement of recognized income and expense. The balance sheet asset or liability recognized therefore equates to the actual surplus or deficit in each plan. Under Thomson Canadian GAAP accounting policies, actuarial gains and losses are not recognized immediately, but rather are deferred and recognized in the income statement over the average remaining service life of the active members. Furthermore, cumulative gains and losses are not recognized at all to the extent that they fall inside a “corridor” calculated as 10% of the greater of the defined benefit pension obligation and the fair value of plan assets at the beginning of the year. As a result, the balance sheet asset or liability under Canadian GAAP does not equal the actual surplus or deficit in each plan and the shareholders’ equity reconciliation therefore recognizes a significant asset representing actuarial losses yet to be amortized through the income statement under Canadian GAAP.

Under IFRS, a pension scheme surplus can only be recognized as an asset on the balance sheet to the extent that it is recoverable through a reduction in future contributions or return of scheme assets. Changes in the asset restriction from year to year are recognized through the statement of recognized income and expense. Under Thomson Canadian GAAP accounting policies, an adjustment (“valuation allowance”) must be made to the balance sheet asset or liability for any surplus that is not recoverable at the reporting date. The calculation of the recoverable surplus is similar to that under IFRS. A change in the valuation allowance is recognized in earnings for the period in which the change occurs. The reconciliation of net income for the year ended December 31, 2007 recognizes a significant expense representing the valuation allowance resulting from unrecoverable surplus taken to the income statement under Canadian GAAP. Under IFRS, the equivalent charge is recognized in the statement of recognized income and expense.

Under IFRS, Reuters recognizes past service costs as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, past service costs are recognized immediately. Under Thomson Canadian GAAP accounting policies, past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of active employees expected to benefit under the plan at the date of the amendment.

Reuters recognizes gains or losses on the curtailment of a defined benefit plan when the curtailment occurs. Under Thomson Canadian GAAP accounting policies, a curtailment loss is recognized in earnings when it is probable that a curtailment will occur and the net effects are reasonably estimable, and a curtailment gain is recognized in earnings when an event giving rise to a curtailment has occurred.

4. Stock-based compensation

Differences in adoption dates

Under IFRS, compensation charges are recorded for equity-settled employee share options or awards made after November 7, 2002 but not vested at January 1, 2005. Under Canadian GAAP, CICA 3870 — “Stock Based Compensation” is applied to equity options or awards not vested from January 1, 2004, although early adoption was permitted. Thomson applied CICA 3870 retrospectively from January 1, 2003.

Therefore under IFRS, fewer options or awards are within scope than under Canadian GAAP. This adjustment reflects the additional charge under Thomson Canadian GAAP accounting in respect of options or awards granted by Reuters before November 7, 2002 but not vested at January 1, 2004. Prior period retrospective adjustments would offset in reserves therefore there is no opening adjustment in 2004.

Cash-settled stock options and awards

Under IFRS, options or awards that will be cash-settled are classified as liabilities by Reuters and valued on a fair value basis, with changes in fair value taken to the income statement at each reporting period. Under Thomson Canadian GAAP accounting policies, such options or awards are also classified as liabilities, but are valued on an intrinsic value basis with the movement being reflected in the income statement. This adjustment reflects this difference between the measurement of such options or awards on a fair value basis by Reuters and on an intrinsic value basis under Thomson accounting policies.

National Insurance (social security costs) on stock options and awards

Under IFRS, the liability for National Insurance (social security costs) on stock options/awards is accrued by Reuters based on the fair value of the options/awards on the date of grant and adjusted for subsequent changes in the market value of the underlying shares. Under Canadian GAAP, this expense is recorded by Thomson upon exercise of the stock options/awards. This adjustment reverses the liability recognized by Reuters and the impact of this difference on the charge in the income statement.

Forfeitures

Under IFRS, Reuters is required to estimate the number of awards expected to vest and to revise the estimate, if necessary, if subsequent information indicates that actual forfeitures are likely to differ from previous estimates. Under Canadian GAAP, Thomson recognizes forfeitures of awards as they occur. The adjustment results in a higher expenditure under Thomson Canadian GAAP accounting policies in the years prior to forfeiture as compared to that of IFRS.

5. Derivative instruments and hedging activities

Hedge accounting

Under IFRS, Reuters has designated certain derivatives as hedges of foreign net investments and fair value hedges of borrowings. For net investment hedges, fair value movements arising from these derivatives are recognized in a hedging reserve, until transferred to the income statement on disposal or impairment of the underlying item. For fair value hedges, fair value movements are adjusted in the carrying value of borrowings; movements in the fair value of fair value hedges are recognized in the income statement, together with movements in the fair value of the item being hedged. To the extent that hedges are ineffective, gains and losses are recognized in the income statement.

Reuters has not designated any of its derivative instruments as qualifying hedge instruments under Thomson Canadian GAAP accounting policies. Accordingly, under Thomson accounting policies changes in the fair value of all of Reuters derivative and embedded derivative instruments have been included within the income statement.

Embedded derivatives

Under IFRS, IAS 39 grants an exemption from the requirement to recognize embedded foreign currency derivatives where the currency is commonly used in the economic environment of the host contract. Under Thomson Canadian GAAP accounting policies such an exemption has not been adopted. Therefore Reuters identifies and separately accounts for more embedded derivatives under Thomson accounting policies than it does under IFRS.

In addition, the fair value of certain embedded derivatives differs under Thomson accounting policies in that, under Canadian GAAP, only the minimum contractual portion of a contract that has a determinable notional amount is separated from the host contract and accounted for as a derivative instrument, whereas, under IFRS, the amount separated can be the expected cash flows.

6. Investments

Under IFRS, prior to the adoption of IAS 32 — “Financial Instruments: Disclosure and Presentation” and IAS 39 — “Financial Instruments: Recognition and Measurement” on January 1, 2005, Reuters held fixed asset investments in the balance sheet at cost, net of permanent diminution in value as assessed by the directors.

Following the adoption of IAS 32 and IAS 39, Reuters initially recognizes available-for-sale financial assets and financial assets held for trading at fair value and subsequently remeasures at fair value. Reuters has classified all of its marketable securities as available-for-sale, with the exception of its investment in Savvis, which was classified as a financial asset at fair value through profit or loss, before being disposed of in 2005.

Under Thomson Canadian GAAP accounting policies, investments in available-for-sale assets are measured at fair value and those which do not have a readily determinable fair value (i.e. a quoted market price in an active market) are carried at historical cost.

7. Sale and leaseback transactions

Under IFRS, where gains and losses arise from transactions qualifying as sale and operating leasebacks, such gains and losses on the sale of the properties and rental expenses associated with subsequent leasebacks are recognized by Reuters in the income statement.

Under Canadian GAAP, where a portion of the leased property is sub-let and that sub-lease is not minor, the sale and leaseback is accounted for as financing. The asset is retained on the balance sheet at its written down value and depreciated over the term of the lease. The proceeds received from the sale of the property are deferred on the balance sheet as a financing liability, while lease rental payments are offset against the liability as they are made. The differences between the initial proceeds received and subsequent rental payments are recorded as financing costs over the term of the lease. This reconciling item shows the net effect of these adjustments on Reuters profit and shareholders' equity.

8. Property, plant and equipment

Under Thomson Canadian GAAP policies, the capitalization thresholds and assessments of Useful Economic Lives (UELs) differ for certain asset categories. This reconciling item capitalizes certain items that have been expensed under Reuters IFRS accounting policies and also adjusts UELs to align the policies adopted.

Under IFRS, gains resulting from the sale and operating leaseback of property, plant and equipment are recognized at the point of sale where the transactions occur at fair value. Under Canadian GAAP, gains are deferred in proportion to the rental payments over the lease period.

9. Joint ventures and associates

As described in item 1 above, the carrying value of goodwill under Thomson Canadian GAAP accounting policies will differ due to different adoption dates of relevant accounting standards.

Deferred gain on assets contributed to joint ventures

Prior to the adoption of IFRS on January 1, 2004, where the fair value of assets contributed by Reuters to joint ventures and associates was greater than the book value, the difference was recognized in reserves. This reconciling item recognizes the release of this gain to the income statement over the anticipated life of the long-lived assets contributed to the venture in accordance with Thomson Canadian GAAP accounting policies.

Proportionate consolidation

Reuters adopts equity accounting for its joint ventures. Under Canadian GAAP, interests in joint ventures should be recognized in the financial statements of the venturer using the proportionate consolidation method. This difference is a presentation difference only, and does not impact net profit or shareholders' equity.

10. Restructuring

Under IFRS, Reuters recognizes provisions for restructuring charges other than termination benefits; once it has a present obligation (legal or constructive) to incur the costs as a result of a past event, it is probable that an economic outflow will be required, and a reliable estimate can be made. A constructive obligation is considered to exist when a detailed formal plan is in place and a valid expectation has been raised in those affected. Reuters recognizes termination benefits when it is demonstrably committed to a plan of termination when, and only when, it has a detailed formal plan (with specified minimum contents) for the termination, and there is no realistic possibility of withdrawal. Provisions for costs associated with the exit of a property are recognized once the intention to exit has been announced.

Under Thomson Canadian GAAP accounting policies, employee severance costs that are not one-time termination charges are recognized when it is probable that these costs will be incurred and the amount is capable of being estimated. Charges for costs associated with the exit of properties are recognized upon vacating the property or legal termination of the lease contract.

Under IFRS, liabilities for terminating or reducing the activities of an acquired company are only recognized as part of allocating the cost of a combination if they exist at the date of acquisition and meet certain recognition criteria. Provisions for future losses or other costs expected to be incurred as a result of a business combination are not recognized.

Under Thomson Canadian GAAP accounting policies, certain costs incurred in respect of exit activities and integration are recognized as part of purchase accounting if specified conditions are met.

11. Shares to be repurchased

Under IFRS, Reuters recognizes a liability in respect of irrevocable commitments made to purchase Reuters Group PLC shares as part of its publicly-announced buy-back programme during the post balance sheet close period. A corresponding reduction in shareholders' equity is also recorded.

Under Thomson Canadian GAAP accounting policies, this commitment is not recorded as a liability and reduction to shareholders' equity as there is no fixed price or fixed number of shares and the counterparty has not purchased any shares as at the balance sheet date.

12. Taxation

Deferred tax adjustments in the IFRS to Canadian GAAP reconciliation are primarily the result of the deferred tax impact of the other GAAP adjustments made in the reconciliation.

Stock-based compensation

Reuters recognizes a deferred tax asset for the stock based compensation charge based on the intrinsic value of the related share awards and adjusts the deferred tax asset at each balance sheet date for subsequent changes in the market value of the underlying shares. Under Thomson Canadian GAAP accounting policies, deferred tax assets are recognized over the service period based on the compensation charge. Any realised tax deductions in excess of the related compensation charge are recognized in Additional Paid In Capital (APIC). These windfall tax benefits are pooled and can be used to offset shortfalls in deductions related to other share awards. Windfall tax benefits can only enter the APIC pool to the extent they are realised.

Intercompany transactions

Under Thomson Canadian GAAP accounting policies, tax paid as a result of the transfer of an asset which does not leave the group is recorded as an asset in the financial statements until the asset leaves the group or is otherwise utilised. Under IFRS, Reuters recognizes such tax in the income statement.

Accounting for uncertainty in income taxes

With effect from January 1, 2007, Thomson has adopted a new accounting policy under Canadian GAAP for accounting for uncertainty in income taxes. The policy requires that an entity evaluates uncertain tax positions using a two-step process:

First, Thomson determines whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, Thomson presumes that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information.

Second, a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit with greater than a 50% likelihood of being realised upon ultimate settlement. If the tax position does not meet the more-likely-than-not recognition threshold, no benefit from the tax position is recorded.

Thomson was not able to retroactively apply this new policy as the data to determine the amounts and probabilities of the possible outcomes of the various tax positions that could be realised upon ultimate settlement was not collected in prior periods. Further, significant judgments are involved in assessing these tax positions and Thomson concluded that it is not possible to estimate the effects of adopting the policy at an earlier date.

Under Reuters IFRS accounting policies, no such prescription exists, and the measurement of uncertain tax positions is assessed by management based on their best estimate of the likely outcome.

For periods prior to January 1, 2007, Thomson's Canadian GAAP accounting policy for uncertain tax positions was consistent with IFRS. Therefore, the related reconciling item impacts 2007 only. On adoption of the new Thomson Canadian GAAP accounting policy for accounting for uncertainty in income taxes, Reuters booked a credit of £23 million to retained earnings to reflect the cumulative effect of adoption of the standard.

Thomson recognizes interest and penalties on underpayment of income taxes as an income tax expense.

8. UNAUDITED CANADIAN GAAP TO US GAAP RECONCILIATIONS

For the year ended December 31
2007
£m

Net earnings from continuing operations attributable to ordinary shareholders under Thomson Canadian GAAP		74
<i>Differences in GAAP increasing / (decreasing) reported profit net earnings:</i>		
Employee benefits – pensions	<i>1</i>	125
Stock-based compensation	<i>2</i>	(9)
Taxation	<i>3</i>	(21)
Net earnings from continuing operations attributable to ordinary shareholders under Thomson US GAAP accounting policies		169

As at December 31
2007
£m

Shareholders' equity attributable to ordinary shareholders under Thomson Canadian GAAP		567
<i>Differences increasing / (decreasing) reported Shareholders' equity:</i>		
Employee benefits – pensions	<i>1</i>	(120)
Stock-based compensation	<i>2</i>	(18)
Taxation	<i>3</i>	35
Shareholders' equity attributable to ordinary shareholders under Thomson US GAAP accounting policies		464

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The following is a description of the nature of the differences presented in the above reconciliations.

1. Employee benefits — pensions

Under Thomson Canadian GAAP, actuarial gains and losses are not recognized immediately, rather they are deferred and recognized in the income statement over the average remaining service life of the active members.

In addition, an adjustment (“**valuation allowance**”) must be made to the balance sheet asset or liability for any surplus that is not recoverable at the reporting date. A pension scheme asset can only be recognized as an asset on the balance sheet to the extent it is recoverable through a reduction in future contributions or return of scheme assets. A change in the valuation allowance is recognized in earnings for the year in which the change occurs.

Under US GAAP, actuarial gains and losses are also recognized in the income statement over the average remaining service life of the active members, however, the actuarial gains and losses are recognized within and amortised out of other comprehensive income; the liability or surplus recognized on the balance sheet represents the difference between the fair value of the plan assets and the projected benefit obligation.

Additionally, under US GAAP there is no restriction or cap on the recognition of a pension scheme asset. Therefore, the valuation allowance recorded under Thomson Canadian GAAP is not recorded under US GAAP.

Under US GAAP, there is no equivalent concept of the valuation allowance, meaning that there is no movement recorded as part of the net charge in the income statement.

2. Stock-based compensation

Classifications of awards

Under Thomson Canadian GAAP, awards are only classified as liabilities where they are cash settled. Such awards are valued at each reporting date on an intrinsic value basis with the movements in the intrinsic value being taken to the income statement over the related service period.

Under US GAAP, awards which have conditions or other features that are indexed to something other than a market, performance or service condition are classified as liabilities. As such, these awards are valued on a fair value basis, with changes in fair value taken to the income statement at each reporting period.

3. Taxation

Tax adjustments arise as a result of the deferred tax impact of the GAAP adjusted items noted above.

Currency Exchange Rate Information

The following table sets out the high rate of exchange for US dollars, expressed in Canadian dollars, in effect during the periods indicated, the low rate of exchange in effect during such periods, the rate of exchange in effect at the end of such periods and the average rate of exchange during such periods, in each case based on the noon rates of exchange for conversion of one US dollar to Canadian dollars as reported by the Bank of Canada.

	Year Ended December 31,				
	2007	2006	2005	2004	2003
High	1.1853	1.1726	1.2704	1.3968	1.5747
Low	0.9170	1.0990	1.1507	1.1774	1.2924
Rate at end of period	0.9881	1.1653	1.1659	1.2036	1.2924
Average rate for period	1.0748	1.1341	1.2116	1.3015	1.4015

On April 11, 2008, the noon exchange rate as reported by the Bank of Canada for conversion of US dollars into Canadian dollars was \$1 = C\$1.0215 (C\$1 = \$0.9790).

	2008				2007		
	April 1 to April 16	March	February	January	December	November	October
High	1.0270	1.0279	1.0190	1.0324	1.0217	1.0008	1.0004
Low	1.0025	0.9798	0.9719	0.9905	0.9785	0.9170	0.9499
Rate at end of period	1.0025	1.0279	0.9798	1.0022	0.9881	1.0008	0.9499
Average rate for period	1.0157	1.0010	0.9991	1.011	1.0030	0.9671	0.9752

The following table sets out the high rate of exchange for British pounds sterling, expressed in US dollars, in effect during the periods indicated, the low rate of exchange in effect during such periods, the rate of exchange in effect at the end of such periods and the average rate

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of exchange during such periods, in each case based on the noon rates of exchange for conversion of one British pound sterling to US dollars as reported by the Federal Reserve Bank of New York.

	Year Ended December 31,				
	2007	2006	2005	2004	2003
High	2.1104	1.9794	1.9292	1.9482	1.7842
Low	1.9235	1.7256	1.7138	1.7544	1.5500
Rate at end of period	1.9843	1.9586	1.7188	1.9160	1.7842
Average rate for period	2.0020	1.8434	1.8204	1.8330	1.6347

On April 16, 2008, the noon exchange rate as reported by the Federal Reserve Bank of New York for conversion of British pounds sterling into US dollars was £1 = \$1.9756 (\$1 =£0.5062).

	2008				2007		
	April 1 to April 16	March	February	January	December	November	October
High	1.9961	2.0311	1.9923	1.9895	2.0658	2.1104	2.0777
Low	1.9627	1.9823	1.9405	1.9515	1.9774	2.0478	2.0279
Rate at end of period	1.9756	1.9855	1.9864	1.9895	1.9843	2.0567	2.0777
Average rate for period	1.9786	2.0015	1.9646	1.9702	2.0161	2.0701	2.0449

Selected Historical Financial Data of Thomson

For Thomson's selected financial information for the years ended December 31, 2007, 2006 and 2005, see Exhibit 99.1, management's discussion and analysis of Thomson for the year ended December 31, 2007 under the heading "Overview", filed as part of this Annual Report on Form 20-F.

Selected Historical Financial Data of Reuters

The following selected historical financial should be read in conjunction with Item 5A. "Operating Results — Reuters Information", and with the audited consolidated financial statements of Reuters and related notes from which the following selected data was derived and which are attached to this Form 20-F as Annexes A-1 to A-8.

Prior to 2005, Reuters prepared its audited annual financial statements under UK Generally Accepted Accounting Principles ("UK GAAP"). From January 1, 2005, Reuters has been required to prepare its annual consolidated financial statements in accordance with IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted by the European Union ("EU") and those parts of the UK Companies Act applicable to companies reporting under IFRS. The financial statements take account of the requirements and options in IFRS 1 "First-time Adoption of International Financial Reporting Standards" as those requirements relate to the 2004 comparatives included in the summary table below. The financial statements of Reuters also comply with IFRS as issued by the International Accounting Standards Board ("IASB"). For Reuters, there are no material differences between the application of IFRS as adopted by the EU and IFRS as issued by the IASB.

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The consolidated financial statements of Reuters included in this Form 20-F are presented in pounds sterling (£). On December 31, 2007, the Noon Buying Rate in New York City was \$1.99 = £1; on April 11, 2008, the Noon Buying Rate was \$1.9707 = £1. Additional information on exchange rates between the pound sterling and the US dollar is provided under “Currency Exchange Rate Information” above in this Item 3A.

Consolidated income statement data

For the year ended December 31,

£m (except per share data)	Notes	2007	2006	2005	2004
Amounts in accordance with IFRS					
Continuing activities:					
Revenue		2,605	2,566	2,409	2,339
Operating profit		292	256	207	194
Profit before taxation		273	313	238	396
Profit after taxation		213	293	229	356
Profit from discontinued activities		14	12	253	19
Profit for the year		227	305	482	375
Basic earnings per ordinary share		18.4p	23.6p	32.6p	26.0
Basic earnings per ordinary share — continuing		17.3p	22.6p	16.3p	25.4
Diluted earnings per ordinary share		18.0p	23.1p	31.7p	25.4
Diluted earnings per ordinary share — continuing		16.9p	22.2p	15.9p	24.8
Basic earnings per ADS	1	110.1p	141.9p	195.8p	156.1
Basic earnings per ADS — continuing	1	103.5p	135.6p	97.8p	152.7
Diluted earnings per ADS	1	107.9p	138.7p	190.3p	152.2
Diluted earnings per ADS — continuing	1	101.4p	133.1p	95.4p	148.8
Dividends declared per ordinary share	2	11.9p	10.25p	10.0p	10.0
Dividends declared per ADS:	2				
Expressed in UK currency		71.4p	61.5p	60.0p	60.0
Expressed in US currency		142.8c	115.1c	111.4c	105.8
Weighted average number of ordinary shares (in millions)		1,239	1,297	1,396	1,400

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Consolidated balance sheet data

For the year ended December 31,

	2007	2006	2005	2004
	£m	£m	£m	£m
Amounts in accordance with IFRS				
Total assets	1,993	1,920	2,137	2,580
Net assets	138	172	511	570
Shareholders' equity (attributable to the parent)	138	172	511	371
Share capital	539	496	467	455

Notes:

1. Each ADS (American Depositary Share) represents six ordinary shares.
2. Dividends declared for 2004-2007 exclude UK tax credits. Amounts receivable could be higher for US shareholders who have elected to retain benefits of the old US/UK tax treaty.

ITEM 3B. Capitalization and Indebtedness

Not applicable.

ITEM 3C. Reasons for the Offer and Use of Proceeds

Not applicable.

ITEM 3D. Risk Factors

Risk Factors

The risks and uncertainties below represent the risks that our management believes are material. If any of the events or developments discussed below actually occurs, the business, financial condition or results of operations of Thomson Reuters could be adversely affected. Other factors not presently known to us or that we presently believe are not material could also affect our future business and operations.

Risks and uncertainties relating to our business and operations are also discussed in the materials that Thomson has filed with or furnished to securities regulatory authorities in Canada and the United States from time to time, including its current annual information form, which is contained in Exhibit 99.1, management's discussion and analysis of Thomson for the year ended December 31, 2007 filed as part of this Annual Report on Form 20-F. Risks and uncertainties relating to our business and operations are also discussed in the materials that Reuters has filed with or furnished to the securities regulatory authorities in the United Kingdom and the United States from time to time.

Risks Related to the Transaction

Benefits from the Transaction may not be achieved to the extent, or within the time period currently expected, which could eliminate, reduce or delay the achievement of synergies expected to be generated by the Transaction.

Thomson Reuters Corporation and Thomson Reuters PLC operate as a unified group. In addition to the potential revenue growth generated by Thomson Reuters, the Transaction is expected to deliver synergies at an annual run rate in excess of \$500 million by the end of the third year after closing from areas such as shared technology platforms, third party content and corporate services. To realize the expected benefits of the Transaction, management of Thomson Reuters must implement a business plan which successfully integrates the Thomson Reuters business. Thomson Reuters may encounter difficulties during the post-closing integration process that could eliminate, reduce or delay the realization of the synergies that are currently expected. Among other things, these difficulties could include:

- unexpected integration issues, higher than expected integration costs and an overall post-closing integration process that takes longer than originally anticipated;
- the inability to successfully integrate operations, technologies, products and services;
- inconsistent and/or incompatible business practices, operating procedures, information systems, financial controls and procedures, cultures and compensation structures between the companies;
- difficulty coordinating sales, distribution and marketing efforts to effectively promote Thomson Reuters products;

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- loss of key employees;
- modification or termination of existing agreements with customers and suppliers and delayed entry into new agreements with prospective customers and suppliers; and
- the diversion of management's attention from day-to-day business as a result of the need to deal with integration issues.

As a result of these difficulties, the actual synergies generated by the Transaction may be less, and may take longer to realize, than is currently expected.

The Transaction may not maximize the growth potential of, or deliver greater value for, Thomson Reuters beyond the level that either Thomson or Reuters could have achieved on its own.

One of the principal reasons for the Transaction was to maximize the growth potential of Thomson Reuters beyond the level that either Thomson or Reuters could have achieved on its own. Achieving this growth potential is dependent upon a number of factors, many of which are beyond the control of Thomson Reuters. Thomson Reuters may not be able to pursue successfully innovative product development opportunities or enhance the quality and competitiveness of Thomson Reuters product offerings to the extent anticipated. The inability to realize the full extent of the anticipated growth opportunities from the Transaction, as well as any delays encountered in the integration process, could have an adverse effect upon the revenues, operating results and financial strength of Thomson Reuters.

The value of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares is related to the economic performance of Thomson Reuters.

The dividends, capital returns and the value of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares are related to the economic performance of the Thomson Reuters business. For example, economic returns on the shares of each company are dependent on the economic performance of Thomson Reuters and the Thomson Reuters board considers the perspective of Thomson Reuters as a whole in declaring dividends on Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares.

The trading prices of the Thomson Reuters Corporation common shares and the Thomson Reuters PLC ordinary shares may not be the same and the difference between them may be material.

Notwithstanding that the economic interests of the Thomson Reuters Corporation common shares and the Thomson Reuters PLC ordinary shares are aligned in accordance with the Equalization Ratio, the trading prices of the Thomson Reuters Corporation common shares and the Thomson Reuters PLC ordinary shares may not be the same (when adjusted for the applicable exchange rate) and the difference between them may be material. The difference may arise for various reasons, including the characteristics of the markets in which they trade, such as trading volumes and currencies.

The DLC structure may be adversely affected by changes to legislation and regulations.

The DLC structure has been developed on the basis of existing law and policies of regulatory authorities in Canada, the United Kingdom and the United States. Changes to such laws or policies (including changes to tax laws) may impact upon, or alter the rights, benefits or protections afforded to, each of Thomson Reuters Corporation and Thomson Reuters PLC and their respective shareholders under the DLC structure.

The DLC structure involves risks and costs not associated with more common acquisition structures.

The DLC structure is a relatively uncommon way of acquiring a company and it involves different issues and risks than those associated with other more common acquisition structures. The Transaction was implemented by means of contracts between Thomson Reuters Corporation and Thomson Reuters PLC and provisions in their organizational documents and not by operation of a take-over bid for Reuters or a merger or

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amalgamation of the two companies. The legal effect of these contractual rights may be different than the legal effect of a take-over bid, merger or amalgamation and there may be difficulties in enforcing them. In addition, certain of the contracts between Thomson Reuters Corporation and Thomson Reuters PLC provide that they are enforceable only by the two companies and not directly by their shareholders. Nevertheless, shareholders of either Thomson Reuters Corporation or Thomson Reuters PLC might challenge the validity of the contracts or their lack of standing to enforce rights under these contracts, and courts may interpret or enforce these contracts in a manner inconsistent with the provisions and intentions of the companies expressed in the DLC Documents.

There is uncertainty as to the enforceability of provisions of the DLC Documents, including those relating to an insolvency of one company or both companies. For example, in the event of an insolvency of Thomson Reuters PLC, Thomson Reuters Corporation must take actions to restore Economic Equivalence as between the shares of the two companies. There is no assurance that a court would interpret or enforce that obligation in a manner consistent with the terms of the DLC Documents and the intentions of the companies expressed therein.

Thomson Reuters has two parent companies, both of which are publicly listed, and complies with both Canadian and UK corporate law and different regulatory and stock exchange requirements in Canada, the UK and the US. This will likely require more administrative time and cost than was the case for Thomson or Reuters.

Each of Thomson Reuters Corporation and Thomson Reuters PLC is exposed to the credit risk of the other.

In light of the Cross-Guarantees, each of Thomson Reuters Corporation and Thomson Reuters PLC are exposed to the credit risk of the other. For example, if Thomson Reuters PLC is unable or fails to pay its contractual indebtedness or other obligations, a creditor under a contract may require Thomson Reuters Corporation to pay all amounts due.

Changes in the tax residence of Thomson Reuters Corporation or Thomson Reuters PLC could cause adverse tax consequences for Thomson Reuters.

It is intended that Thomson Reuters Corporation will remain resident only in Canada for tax purposes and that Thomson Reuters PLC will remain resident only in the UK for tax purposes. However, if Thomson Reuters Corporation were to cease to be resident solely in Canada and/or Thomson Reuters PLC were to cease to be resident solely in the UK for tax purposes (including as a result of changes in applicable laws or in CRA and/or HMRC practice), this could cause adverse tax consequences for Thomson Reuters.

If Thomson Reuters PLC were classified as a passive foreign investment company under US federal income tax laws, it could have adverse tax consequences for US holders of Thomson Reuters PLC ordinary shares (including those represented by Thomson Reuters PLC ADSs).

Special rules apply to certain US shareholders that own shares in a non-US corporation that is classified as a passive foreign investment company (“PFIC”). Thomson Reuters does not believe that Thomson Reuters PLC will be a PFIC for the current taxable year and, based on the strategy for the Thomson Reuters business, does not expect Thomson Reuters PLC to become a PFIC in the foreseeable future. However, the application of the PFIC rules to the DLC structure is uncertain and involves some risk that the IRS will consider Thomson Reuters PLC to be a PFIC. The PFIC rules are extremely complex and could, if they apply, have significant adverse effects on the taxation of dividends received and gains realized by a US shareholder of Thomson Reuters PLC. Accordingly, US shareholders of Thomson Reuters PLC are urged to consult their tax advisers concerning the potential application of PFIC rules to their particular circumstances. See Item 10E. “Taxation” for further details on PFIC classification.

US holders of Thomson Reuters PLC ordinary shares who do not hold their shares through Thomson Reuters PLC ADSs might not qualify for special reduced withholding rates on payments of future dividends from Thomson Reuters PLC.

As a result of the Transaction, it is not entirely clear whether US shareholders of Thomson Reuters PLC ordinary shares would be able to qualify for special reduced withholding rates with respect to the payment of dividends from Thomson Reuters PLC. The ability of US holders of Thomson Reuters PLC ordinary shares represented by Thomson Reuters PLC ADSs to qualify for these special reduced withholding rates should not be affected by the Transaction, assuming Thomson Reuters PLC is not considered a PFIC.

Reuters Founders Share Company holds a Reuters Founders Share in each of Thomson Reuters Corporation and Thomson Reuters PLC and may be in a position to affect the governance and management of Thomson Reuters.

Reuters Founders Share Company was established to safeguard the Reuters Trust Principles, including the independence, integrity and freedom from bias in the gathering and dissemination of information and news. Reuters Founders Share Company holds a Reuters Founders Share in each of Thomson Reuters Corporation and Thomson Reuters PLC. The interest of Reuters Founders Share Company in safeguarding the Reuters Trust Principles may conflict with other business objectives of Thomson Reuters, impose additional costs or burdens on Thomson Reuters or otherwise affect the management and governance of Thomson Reuters. In addition, the Reuters Founders Shares enable Reuters Founders Share Company to exercise extraordinary voting power to safeguard the Reuters Trust Principles and to thwart those whose holdings of voting shares of Thomson Reuters Corporation or Thomson Reuters PLC threaten the Reuters Trust Principles. As a result, Reuters Founders Share Company may prevent a change of control (including by way of a take-over bid or similar transaction) of Thomson Reuters in the future. The effect of these rights of Reuters Founders Share Company may be to limit the price that investors are willing to pay for Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares.

Provisions in the DLC Documents that are designed to ensure that shareholders of Thomson Reuters Corporation and Thomson Reuters PLC are treated on an equivalent basis with respect to take-over bids and similar transactions may prevent or discourage take-over bids and similar transactions.

Thomson Reuters believes that it is essential to the implementation and operation of the DLC structure that holders of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares be treated on an equivalent basis with respect to any take-over bid or similar transaction for such shares. Accordingly, the DLC Documents contain provisions that are intended to impede a person from making a take-over bid or similar transaction for shares of one company without also making an equivalent take-over bid or similar transaction for shares of the other company. The effect of these provisions may be to limit the price that investors are willing to pay for Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares if these provisions are viewed as preventing or discouraging take-over bids or similar transactions for shares of either company.

The rights and privileges of Thomson Reuters Corporation shareholders and Thomson Reuters PLC shareholders are governed by different laws and regulations.

Ontario law and the Thomson Reuters Corporation Articles and the Thomson Reuters Corporation By-Laws govern Thomson Reuters Corporation and its relations with its shareholders. UK law and the Thomson Reuters PLC Articles govern Thomson Reuters PLC and its relations with its shareholders. Although the rights and privileges of shareholders of Thomson Reuters Corporation are comparable to those of shareholders of Thomson Reuters PLC, particularly taking into account the effects of the DLC structure, their respective rights and privileges differ in certain respects due to differences between Ontario law and regulations and UK law and regulations and between the Thomson Reuters Corporation Articles and the Thomson Reuters Corporation By-Laws and the Thomson Reuters PLC Articles.

Risks Related to the Business and Operations of Thomson Reuters

Thomson Reuters may be adversely affected by changes in the general economy.

The performance of Thomson Reuters depends on the financial health and strength of its customers, which in turn is dependent on the general economies in its major markets in North America, Europe and Asia. A downturn in the financial markets, a recession in one or more of the countries in which Thomson Reuters operates or significant trading market disruptions or suspensions could adversely affect its business, in particular the financial information businesses of Thomson Reuters. On an unaudited pro forma consolidated basis, approximately 60% of Thomson Reuters revenues for the financial year ended December 31, 2007 were derived from financial information businesses. Cost-cutting by customers in response to a weak economic climate may also adversely affect Thomson Reuters financial results.

Thomson Reuters operates in highly competitive markets and may be adversely affected by this competition.

The information and news industries are highly competitive and Thomson Reuters has established competitors. Many principal competitors have substantial financial resources, recognized brands, technological expertise and market experience. Thomson Reuters competitors are also expected to enhance continuously their products and services, develop new products and services and invest in technology to better serve the needs of their existing customers and to attract new customers. A number of Thomson Reuters competitors are expected to acquire additional businesses in key sectors that will allow them to offer a broader array of products and services. Thomson Reuters may also face competition from Internet service companies and search providers that could pose a threat to some of its businesses by providing more in-depth offerings, adapting their products and services to meet the demands of their customers or combining with one of their traditional competitors to enhance their products and services. Competition may require Thomson Reuters to reduce the price of its products and services or make additional capital investments that would adversely affect profit margins. If Thomson Reuters is unable or unwilling to do so, it may lose market share and its financial results may be adversely affected.

Thomson Reuters may be adversely affected by changes in legislation and regulation.

Laws relating to communications, data protection, e-commerce, direct marketing and digital advertising and the use of public records have become more prevalent in recent years. Existing and proposed legislation and regulations, including changes in the manner in which such legislation and regulations are interpreted by courts, in the United States, the United Kingdom, Canada and other jurisdictions may impose limits on Thomson Reuters collection and use of certain kinds of information and its ability to communicate such information effectively to its customers. It is difficult to predict in what form laws and regulations will be adopted or how they will be construed by the relevant courts, or the extent to which any changes might adversely affect Thomson Reuters.

In addition, changes in tax laws and/or uncertainty over their application and interpretation may adversely affect the results of Thomson Reuters. Thomson Reuters operates in many countries worldwide and its earnings are subject to taxation in many different jurisdictions and at different rates. Thomson Reuters seeks to organize its affairs in a tax efficient manner, taking account of the jurisdictions in which it operates. Tax laws that apply to Thomson Reuters may be amended by the relevant authorities, for example, as a result of changes in fiscal circumstances or priorities. Such amendments, or their application to Thomson Reuters, may adversely affect its results.

Increased accessibility to free or relatively inexpensive information sources may reduce demand for the products and services of Thomson Reuters.

In recent years, more public sources of free or relatively inexpensive information have become available, particularly through the Internet, and this trend is expected to continue. For example, some governmental and regulatory agencies have increased the amount of information they make publicly available at no cost. Public sources of free or relatively inexpensive information may reduce demand for the products and services of Thomson Reuters. Although Thomson Reuters believes its information is more valuable and enhanced through analysis, tools and applications that are embedded into customers' workflows, the financial results of Thomson Reuters may be adversely affected if its customers choose to use these public sources as a substitute for Thomson Reuters products or services.

Thomson Reuters may be unable to derive fully the anticipated benefits from its existing or future acquisitions, joint ventures, investments or dispositions.

Thomson Reuters has acquired, invested in and/or disposed of, and in the future may seek to acquire, invest in and/or dispose of, various companies and businesses. In the future, Thomson Reuters may not be able to successfully identify attractive acquisition opportunities or make acquisitions on terms that are satisfactory to it from a commercial perspective. In addition, competition for acquisitions in the industries in which Thomson Reuters operates is escalating, which could increase costs of acquisitions or cause Thomson Reuters to refrain from making

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certain acquisitions. Thomson Reuters may also be subject to increasing regulatory scrutiny from competition and antitrust authorities. Achieving the expected returns and synergies from past and future acquisitions will depend in part upon Thomson Reuters ability to integrate the products and services, technology, administrative functions and personnel of these businesses into its segments in an efficient and effective manner. It cannot be assured that Thomson Reuters is able to do so or that its acquired businesses will perform at anticipated levels. If Thomson Reuters is unable to successfully integrate acquired businesses, the anticipated revenues and profits may be lower. Strategies of Thomson and Reuters have also historically resulted in decisions to dispose of assets or businesses that were no longer aligned with strategic objectives. Thomson Reuters has expended, and continues to expend, costs and management resources in an effort to complete these divestitures. Any failures or delays in completing divestitures could have an adverse effect on Thomson Reuters financial results and on its ability to execute its strategy.

If Thomson Reuters is unable to develop new products, services, applications and functionalities to meet its customers' needs, attract new customers or expand into new geographic markets, its ability to generate additional revenues may be adversely affected.

The information and news services industries are undergoing rapid evolution. The growth strategy of Thomson Reuters involves developing new products, services, applications and functionalities to meet its customers' needs for critical information solutions and maintaining a strong position in the sectors that it serves. Thomson Reuters needs to anticipate and respond to its customers' needs in order to improve its competitiveness. In addition, Thomson Reuters plans to grow by attracting new customers and expanding into new geographic markets. It may take a significant amount of time and expense to develop new products, services, applications and functionalities to meet needs of customers, attract new customers or expand into new geographic markets. If Thomson Reuters is unable to do so, its ability to generate additional revenues may be adversely affected.

Thomson Reuters relies heavily on network systems and the Internet and any failures or disruptions may adversely affect its ability to serve its customers.

Thomson Reuters is dependent on the ability to handle rapidly substantial quantities of data and transactions on computer-based networks and the capacity, reliability and security of its electronic delivery systems and the Internet. Any significant failure or interruption of these systems, including operational services, loss of service from third parties, sabotage, break-ins, terrorist activities, human error, natural disaster, power or coding loss and computer viruses could cause Thomson Reuters systems to operate slowly or interrupt service for periods of time and could have a material adverse effect on its business and results of its operations. The ability to effectively use the Internet may be impaired due to infrastructure failures, service outages at third party Internet providers or increased government regulation. These events could adversely affect Thomson Reuters ability to store, handle and deliver data and services to customers.

The continuing increase in the update rates of market data may impact product and network performance from time to time. Factors that have significantly increased the market data update rates include:

- the emergence of proprietary data feeds from other markets;
- high market volatility;
- decimalization;
- reductions in trade sizes resulting in more transactions;
- new derivative instruments;
- increased automatically-generated algorithmic and program trading;
- market fragmentation resulting in an increased number of trading venues; and
- multiple listings of options and other securities.

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Changes in legislation and regulation pertaining to market structure and dissemination of market information may also increase update rates. While Thomson Reuters will implement a number of capacity management initiatives, there can be no assurance that it and its network providers will be able to accommodate accelerated growth of peak traffic volumes or avoid other failures or interruptions.

Thomson Reuters is dependent on third parties for information and other services and may not be able to maintain agreements with these parties and the services provided by third parties may not be performed adequately, which may reduce profit margins or market share.

Thomson Reuters obtains significant information through licensing arrangements with content providers. Some content providers may seek to increase licensing fees for providing their proprietary content. If Thomson Reuters is unable to renegotiate commercially acceptable licensing arrangements with these content providers or find alternative sources of equivalent content, it may be required to reduce profit margins or experience a reduction in its market share.

Operating internationally involves challenges that Thomson Reuters may not be able to meet and that may adversely affect Thomson Reuters ability to grow.

There are certain risks inherent in doing business internationally which may adversely affect Thomson Reuters ability to grow. These risks include difficulties in penetrating new markets due to established and entrenched competitors, difficulties in developing products and services that are tailored to the needs of local customers, lack of local acceptance or knowledge of Thomson Reuters products and services, lack of recognition of its brands, unavailability of joint venture partners or local companies for acquisition, instability of international economies and governments, exposure to adverse government action in countries where Thomson Reuters may conduct reporting activities, changes in laws and policies affecting trade and investment in other jurisdictions, and exposure to varying legal standards, including intellectual property protection laws. Adverse developments in any of these areas could cause Thomson Reuters actual results to differ materially from expected results. However, there are also advantages to operating internationally, including a proportionately reduced exposure to the market developments of a single country or region.

Thomson Reuters may be unable to realize all of the anticipated cost savings and operating efficiencies from its initiatives designed to make it a more integrated group.

Thomson Reuters pursues initiatives designed to make it a more integrated operating group and achieve targeted savings and operating efficiencies, similar to the THOMSONplus program and the Reuters Core Plus program (described below under Item 4A. "History and Development of the Company" and Item 4B. "Business Overview"). These programs involve investing in new revenue initiatives and transformation initiatives, including content and development transformation, common platform development, customer administration and data center rationalization. To accomplish these initiatives, costs must be incurred primarily related to technology, restructuring and consulting services. There is a risk that Thomson Reuters will not achieve the targeted savings and operating efficiencies as quickly as anticipated, or at all, and the future expenses associated with these initiatives may exceed expected levels.

The goodwill of Thomson Reuters is key to its ability to remain a trusted source of information and news.

The integrity of Thomson Reuters reputation is key to its ability to remain a trusted source of information and news. Failure to protect the Reuters or Thomson brands or failure to uphold the Reuters Trust Principles may adversely impact Thomson Reuters credibility as a trusted supplier of content and may have a negative impact on its information and news business.

Thomson Reuters may be subject to impairment losses that would reduce its reported assets and earnings.

Goodwill and identifiable intangible assets comprise a substantial portion of the total assets of Thomson Reuters. Economic, legal, regulatory, competitive, contractual and other factors may affect the value of goodwill and identifiable intangible assets. If any of these factors impair the value of these assets, accounting rules would require that Thomson Reuters reduce their carrying value and recognize an impairment charge, which would reduce its reported assets and earnings in the year the impairment charge is recognized. In particular, the determination of

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the actual fair values of the assets and liabilities of Reuters as of April 17, 2008 will be completed after the closing of the Transaction and the actual allocation of the purchase price may result in materially different adjustments being expensed in Thomson Reuters statement of earnings from the estimated pro forma purchase price allocation discussed in Item 3A. “Selected Financial Data — Unaudited Canadian GAAP Pro Forma Consolidated Financial Statements of Thomson Reuters Corporation”, under Note 3(iii).

Significant investments in technology by Thomson Reuters may not increase its revenues or decrease its operating costs, which may adversely affect its financial results.

Thomson Reuters plans to continue to make significant investments in technology, including spending on computer hardware, software, electronic systems, telecommunications infrastructure and digitization of content. It cannot be assured that these significant investments in technology will be able to increase revenues or decrease operating costs and this may adversely affect Thomson Reuters financial results.

The customers of Thomson Reuters may become more self-sufficient, which may reduce demand for its products and services and adversely affect its financial results.

The customers of Thomson Reuters may decide to develop independently certain products and services that they currently obtain from Thomson Reuters, including through the formation of consortia. To the extent that customers become more self-sufficient, demand for the products and services of Thomson Reuters may be reduced which may adversely affect its financial results.

The intellectual property rights of Thomson Reuters may not be adequately protected, which may adversely affect its financial results.

Many of the products and services of Thomson Reuters are based on information delivered through a variety of media, including the Internet, software-based applications, books, journals, compact discs, dedicated transmission lines and handheld wireless devices. Thomson Reuters relies on agreements with its customers and patent, trademark, copyright and other intellectual property laws to establish and protect its proprietary rights in its products and services. Third parties may be able to copy, infringe or otherwise profit from the proprietary rights of Thomson Reuters without authorization and the Internet may facilitate these activities. The lack of specific legislation relating to the protection of intellectual property rights for content delivered through the Internet or other electronic formats creates an additional challenge for Thomson Reuters in protecting its proprietary rights in content delivered through these media. Thomson Reuters also conducts business in some countries where the extent of effective legal protection for intellectual property rights is uncertain. It cannot be assured that Thomson Reuters has adequate protection of its intellectual property rights. If Thomson Reuters is not able to protect its intellectual property rights, its financial results may be adversely affected.

The credit ratings of Thomson Reuters Corporation and Thomson Reuters PLC may be downgraded, or adverse conditions in the credit markets may continue, which may impede Thomson Reuters access to the debt markets or raise its borrowing rates.

Access to financing for Thomson Reuters depends on, among other things, suitable market conditions and the maintenance of suitable long-term credit ratings. The credit ratings of Thomson Reuters Corporation and Thomson Reuters PLC may be adversely affected by various factors, including increased debt levels, decreased earnings, declines in customer demands, increased competition, the deterioration in general economic and business conditions and adverse publicity. Any downgrades in the credit ratings of Thomson Reuters Corporation or Thomson Reuters PLC, or the continued adverse conditions in the credit markets, may impede Thomson Reuters access to the debt markets or raise its borrowing rates.

Thomson Reuters may operate in an increasingly litigious environment, which may adversely affect its financial results.

Thomson Reuters may become involved in legal actions and claims arising in the ordinary course of business. Due to the inherent uncertainty in the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the financial position and results of operations of Thomson Reuters.

Thomson Reuters is significantly dependent on technology and the rights related to it, including rights in respect of business methods. This, combined with the recent proliferation of “business method patents” issued by the US Patent Office, and the increasingly litigious environment that surrounds patents in general, increases the possibility that Thomson Reuters could be sued for patent infringement. If such an infringement suit were successful, it is possible that the infringing product would be enjoined by court order and removed from the market and Thomson Reuters could be required to compensate the party bringing the suit either by a damages claim or through ongoing license fees or other fees, and such compensation could be significant, in addition to the legal fees that would be incurred defending such a claim.

Currency fluctuations and interest rate fluctuations may have a significant impact on the reported revenues and earnings of Thomson Reuters.

The financial statements of Thomson Reuters are expressed in US dollars and are, therefore, subject to movements in exchange rates on the translation of the financial information of businesses whose operational currencies are other than its reporting currency. Thomson Reuters receives revenue and incurs expenses in many currencies and is thereby exposed to the impact of fluctuations in various currency rates. To the extent that these currency exposures are not hedged, exchange rate movements may cause fluctuations in the consolidated financial statements of Thomson Reuters. In addition, an increase in interest rates from current levels could adversely affect the results of Thomson Reuters in future periods.

If Thomson Reuters does not continue to recruit and retain high quality management and key employees, it may not be able to execute its strategy.

The completion and execution of the strategy of Thomson Reuters depends on its ability to continue to recruit and retain high quality management and other employees across all of its businesses. Thomson Reuters competes with many businesses that are seeking skilled individuals, including those with advanced technological abilities. Thomson Reuters may not be able to continue to identify or be successful in recruiting or retaining the appropriate qualified personnel for its businesses and this may adversely affect its ability to execute its strategy.

Thomson Reuters has significant funding obligations in respect of pension and post-retirement benefit arrangements that are affected by factors outside the control of Thomson Reuters.

Thomson Reuters has significant funding obligations in respect of various pension and other post-retirement benefit arrangements that are affected by factors outside the control of Thomson Reuters. The valuations of material plans are determined by independent actuaries. Long-term rates of return for pension plans and post-retirement benefit arrangements are based on evaluations of historical investment returns and input from investment advisors. These valuations and rates of return require assumptions to be made in respect of future compensation levels, expected mortality, inflation, the expected long-term rate of return on the assets available to fund the plans, the expected social security costs and medical cost trends, along with the discount rate to measure obligations. These assumptions are reviewed annually. While Thomson Reuters believes that these assumptions are appropriate given current economic conditions, significant differences in results or significant changes in assumptions may materially affect pension plan and post-retirement benefit obligations and related future expenses for Thomson Reuters.

Woodbridge controls Thomson Reuters and is in a position to affect Thomson Reuters governance and operations.

Woodbridge has an economic and voting interest in Thomson Reuters of approximately 53%. For so long as Woodbridge maintains its controlling interest in Thomson Reuters, it will generally be able to approve matters submitted to a majority vote of Thomson Reuters

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shareholders without the consent of other shareholders, including, among other things, the election of the Thomson Reuters board. In addition, Woodbridge may be able to exercise a controlling influence over the business and affairs of Thomson Reuters, the selection of its senior management, the acquisition or disposition of its assets, its access to capital markets, the payment of dividends and any change of control of Thomson Reuters, such as a merger or take-over. The effect of this control may be to limit the price that investors are willing to pay for Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares. In addition, a sale of shares by Woodbridge or the perception of the market that a sale may occur may adversely affect the market price of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares.

ITEM 4. INFORMATION ON THE COMPANY

ITEM 4A. History and Development of the Company

Under the DLC structure, Thomson Reuters has two parent companies, both of which are publicly listed — Thomson Reuters Corporation and Thomson Reuters PLC — and operate as a unified group pursuant to contractual arrangements as well as provisions in their organizational documents. Thomson Reuters is the world's leading source of intelligent information for businesses and professionals in the financial, legal, tax and accounting, scientific, healthcare and media markets.

Thomson Reuters Corporation was incorporated under the OBCA by articles of incorporation dated December 28, 1977. Thomson Reuters Corporation restated its articles in the form of the Thomson Reuters Corporation Articles effective April 17, 2008. Its registered office is Suite 2706, Toronto Dominion Bank Tower, P.O. Box 24, Toronto-Dominion Centre, Toronto, Ontario M5K 1A1, Canada.

Thomson Reuters PLC was established to be the indirect holding company of Reuters. It was incorporated and registered in England and Wales under the UK Companies Act as a private company limited by shares on March 6, 2007 and was re-registered as a public company limited by shares under section 43 of the UK Companies Act with the name Thomson Reuters PLC on January 31, 2008. Following completion of the Transaction, the entire issued share capital of Reuters is held indirectly by Thomson Reuters PLC (except for Reuters ordinary shares held by employee benefit trusts of Reuters). The registered and head office of Thomson Reuters PLC is located at The Thomson Reuters Building, South Colonnade, Canary Wharf, London E14 5EP, United Kingdom.

The principal executive office of Thomson Reuters is located at 3 Times Square, New York, New York 10036.

Description of the Transaction

Key Terms and Conditions

On May 15, 2007, Thomson and Reuters entered into the Implementation Agreement under which Thomson agreed to acquire Reuters by implementing the DLC structure. The Transaction was subject to the satisfaction or waiver of required regulatory clearances from antitrust authorities, shareholder approvals with respect to both Thomson and Reuters, and various court approvals. The Transaction was effected by Reuters under a scheme of arrangement pursuant to section 425 of the UK Companies Act and by Thomson under a plan of arrangement pursuant to section 182 of the OBCA. The Transaction closed on April 17, 2008.

DLC Structure

Under the DLC structure, Thomson Reuters has two parent companies, both of which are publicly listed — The Thomson Corporation, renamed Thomson Reuters Corporation, and Thomson Reuters PLC. The two parent companies operate as a unified group pursuant to contractual arrangements as well as provisions in their organizational documents. Shareholders of Thomson Reuters Corporation and Thomson Reuters PLC both have a stake in Thomson Reuters, with cash dividend, capital distribution and voting rights that are comparable to the rights they would have if they were holding shares in one company carrying on the Thomson Reuters business.

Consideration Payable to Reuters Shareholders

To effect the Transaction, Reuters was indirectly acquired by Thomson Reuters PLC under the Reuters Scheme. Under the Reuters Scheme, all of the issued and outstanding Reuters ordinary shares were cancelled and Reuters shareholders were entitled to receive, for each Reuters ordinary share held, 352.5 pence in cash and 0.16 Thomson Reuters PLC ordinary shares. As of the closing of the Transaction, one Thomson Reuters PLC ordinary share was equivalent to one Thomson Reuters Corporation common share under the DLC structure. Thomson shareholders continued to hold their shares of Thomson, renamed as Thomson Reuters Corporation.

Assuming all outstanding Reuters in-the-money share options and other share-based awards are exercised, Reuters shareholders would be entitled to receive aggregate cash consideration of approximately \$8.7 billion (based on the \$/£ exchange rate of \$1.9756/£1 on April 16, 2008 converted at the noon buying rate of the Federal Reserve Bank of New York). Thomson plans to fund this cash consideration using proceeds from the sale of its Thomson Learning businesses as well as borrowings under its credit facility.

Thomson Reuters issued 194,107,278 Thomson Reuters PLC ordinary shares to Reuters shareholders on completion of the Transaction. This amount excludes outstanding Reuters in-the-money share options and other share based awards. Based on the issued share capital of Thomson Reuters Corporation and of Thomson Reuters PLC as of April 17, 2008, Woodbridge has a voting interest in Thomson Reuters of approximately 53% and is the principal and controlling shareholder of Thomson Reuters, other Thomson shareholders have an interest of approximately 23% and former Reuters shareholders have an interest of approximately 24%.

Subject to certain exceptions, all options and awards outstanding under Reuters share-based employee compensation plans vested and became fully exercisable when the Reuters Scheme was sanctioned by the English Court.

Arrangements Relating to the Reuters Trust Principles

In order to proceed with the Transaction, Thomson and Reuters were required to seek the support of Reuters Founders Share Company. On May 15, 2007, Reuters Founders Share Company resolved to support the Transaction, subject to the implementation of specified terms by Thomson, Woodbridge and Reuters. Those terms required that:

- each of Thomson Reuters Corporation and Thomson Reuters PLC covenant to use its best endeavors to ensure that the Reuters Trust Principles as applied to Thomson Reuters will be complied with;
- the Thomson Reuters Corporation Articles and the Thomson Reuters PLC Articles contain provisions to safeguard the Reuters Trust Principles on a basis that, after giving effect to the Transaction, correspond to the principal protections currently contained in the Reuters Articles;
- each of Thomson Reuters Corporation and Thomson Reuters PLC issue to Reuters Founders Share Company a share with extraordinary voting powers similar to those of the Founders Share in the capital of Reuters currently held by Reuters Founders Share Company; and
- Woodbridge undertake to use its best endeavors as a shareholder to support the Reuters Trust Principles in relation to Thomson Reuters and exercise its voting rights to give effect to this support.

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Reuters Founders Share Company confirmed that the specified terms of its support for the Transaction have been implemented to its satisfaction. In addition, Reuters Founders Share Company, as holder of the Founders Share in Reuters, gave its irrevocable consent to, and irrevocably agreed to be bound by, the Reuters Scheme and undertook not to exercise any voting rights attached to the Founders Share to defeat the resolutions to approve the Reuters Scheme or the resolutions proposed at the Reuters EGM.

Required Divestitures

In order to obtain antitrust clearance for the Transaction, Thomson agreed to sell a copy of the Thomson Fundamentals (Worldscope) database and Reuters agreed to sell a copy of the Reuters Estimates, Reuters Aftermarket Research and Reuters Economics (EcoWin) databases. The sales include copies of the databases, source data and training materials, as well as certain contracts and, potentially, employees connected to the databases. Thomson Reuters is in discussions with several potential buyers, and expects to complete the sales promptly after completion of the Transaction.

Thomson Reuters has agreed to provide transitional services related to the databases for certain confidential periods following completion of the sales. It also agreed that, for certain confidential periods, Thomson Reuters will not enter into any new exclusive contracts with brokers relating to aftermarket research or renew for longer than one year, or expand the scope of, any existing exclusive contracts.

Thomson Reuters does not expect the required sales to have any material adverse effect on its revenues or profitability or to have any impact on the synergies expected to be generated by the Transaction.

Thomson Arrangement

Thomson effected the Transaction under the Thomson Arrangement. An arrangement of a corporation under the OBCA requires the approval of the Ontario Court. The Interim Order obtained by Thomson on February 14, 2008 provided, among other things, that Thomson was authorized to call, hold and conduct the meeting of Thomson shareholders in the manner set forth in the Interim Order, and at the time and place set forth in the notice of meeting, for the shareholders to consider and, if thought fit, pass, the Arrangement Resolution.

Required Approvals

At the meeting on March 26, 2008, Thomson shareholders were asked to vote on the Arrangement Resolution. The approval of the Arrangement Resolution required the affirmative vote of at least 66 ²/₃% of the votes cast at the meeting by holders of Thomson common shares present in person or represented by proxy and entitled to vote at the meeting.

The Arrangement Resolution was approved by approximately 99% of Thomson shareholders voting at the meeting which allowed Thomson to seek the Final Order and implement the Thomson Arrangement in accordance with the Final Order. At the hearing for the Final Order on March 28, 2008, approval by the Ontario Court was granted as the Ontario Court determined that the Thomson Arrangement met the requirements of the Interim Order and the OBCA, that nothing had been done or was purported to be done that was not authorized by the OBCA, and that the Thomson Arrangement was fair and reasonable.

Arrangement Mechanics

To give effect to the Thomson Arrangement, the Thomson Articles of Arrangement were filed with the OBCA Director and a certificate of arrangement was issued. After the Thomson Arrangement became effective, the following steps occurred and were deemed to have occurred in the sequence and at the times set out in the Thomson Arrangement:

- Thomson's name was changed from "The Thomson Corporation" to "Thomson Reuters Corporation";

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- Thomson’s articles of incorporation were amended and restated in the form of the Thomson Reuters Corporation Articles;
- Thomson’s by-laws were amended and restated in the form of the Thomson Reuters Corporation By-Laws;
- each of the Equalization and Governance Agreement, the Cross-Guarantees, the Thomson Reuters Corporation Special Voting Share Trust Deed, the Thomson Reuters PLC Special Voting Share Trust Deed and the Special Voting Share Agreement was deemed to become effective and the rights and obligations of Thomson Reuters Corporation pursuant thereto became binding on and enforceable against Thomson Reuters Corporation in accordance with its terms;
- the Amended Deed of Mutual Covenant was deemed to become effective and the rights and obligations of Thomson Reuters Corporation pursuant thereto became binding on and enforceable against Thomson Reuters Corporation in accordance with its terms;
- Thomson Reuters Corporation issued the Reuters Founders Share to Reuters Founders Share Company;
- Thomson Reuters Corporation issued the Equalization Share to Thomson Reuters PLC; and
- Thomson Reuters Corporation issued its Special Voting Share to the Thomson Reuters Corporation Special Voting Share Trustee.

Reuters Scheme

Reuters implemented the Transaction under the Reuters Scheme pursuant to section 425 of the UK Companies Act. The Reuters Scheme required the approval of the English Court, which was granted on April 14, 2008. Upon the Reuters Scheme becoming effective, the entire issued share capital of Reuters was indirectly held by Thomson Reuters PLC (except for Reuters ordinary shares held by employee benefit trusts of Reuters).

Reuters Scheme Mechanics

Under the Reuters Scheme, all of the issued and outstanding Reuters ordinary shares were cancelled and Reuters shareholders were entitled to receive, for each Reuters ordinary share held, 352.5 pence in cash and 0.16 Thomson Reuters PLC ordinary shares. Reuters ordinary shares were issued to Thomson Reuters PLC and one of its subsidiaries by capitalization of the reserves arising from such cancellation, which resulted in the entire issued share capital of Reuters being held indirectly by Thomson Reuters PLC (except for Reuters ordinary shares held by employee benefit trusts of Reuters). The Founders Share in the capital of Reuters was cancelled and Thomson Reuters PLC issued a Reuters Founders Share in Thomson Reuters PLC to Reuters Founders Share Company. The Reuters Scheme became effective upon the delivery to the Registrar of Companies in England and Wales of an office copy of the Reuters court order sanctioning the Reuters Scheme for registration.

Accounting Treatment

We will account for the Transaction using the purchase method of accounting under Canadian GAAP, which requires that one of the two companies in the Transaction be designated as the “acquiror” for accounting purposes. Based on a review of the applicable accounting rules, we determined that Thomson Reuters Corporation was the “acquiror” for accounting purposes primarily because shareholders of Thomson Reuters Corporation collectively have economic and voting interests in Thomson Reuters of approximately 76% and Woodbridge is the controlling shareholder of Thomson Reuters. In addition, Thomson Reuters Corporation was determined to be the “acquiror” for accounting purposes because Reuters shareholders were receiving a premium for their shares pursuant to the Transaction and based on an evaluation of other qualitative factors, including the relative sizes of Thomson and Reuters. The consolidated financial statements of Thomson Reuters Corporation will account for Thomson Reuters PLC as a subsidiary.

Ongoing Reporting Obligations

As before the Transaction, Thomson Reuters Corporation is a reporting issuer (or has equivalent status) in each of the Canadian provinces and is subject to continuous disclosure obligations under the securities legislation of each province. It also continues to be subject to the information requirements of the US Exchange Act and, accordingly, files and furnishes reports and other information with the SEC. Thomson Reuters PLC has its primary listing on the Official List of the UKLA and is subject to the Listing Rules and the Disclosure and Transparency Rules applicable to companies with a primary listing on the LSE. Similar to Thomson Reuters Corporation, Thomson Reuters PLC is subject to the information requirements of the US Exchange Act. To the extent permitted under applicable laws, Thomson Reuters Corporation and Thomson Reuters PLC intend to file or furnish all disclosure documents and any reports, statements or other information with the Canadian securities regulators, the UK Financial Services Authority and the SEC on a joint basis.

The primary financial statements for Thomson Reuters shareholders are the consolidated financial statements of Thomson Reuters Corporation. Those statements, which will account for Thomson Reuters PLC as a subsidiary, will be presented in accordance with Canadian GAAP and will include a voluntary reconciliation to IFRS and a reconciliation to US GAAP until no longer required by the SEC. Management of Thomson Reuters intends to present Thomson Reuters financial statements in accordance with IFRS as soon as permitted by regulatory authorities in Canada. Thomson Reuters financial statements will be presented in US dollars.

To comply with European Union and UK regulatory and filing requirements, Thomson Reuters PLC will also publish its own consolidated financial statements (excluding Thomson Reuters Corporation and its subsidiaries) prepared in accordance with IFRS and presented in British pounds sterling or US dollars.

Stock Exchange Listings and Index Participation

Thomson Reuters Corporation and Thomson Reuters PLC maintain separate stock exchange listings. Thomson Reuters Corporation common shares are listed and traded on the TSX and the NYSE under the symbol “TRI” and the Series II Preference Shares are listed on the TSX under the symbol “TRI.PR.B”. Admission of the Thomson Reuters PLC ordinary shares to the Official List of the UKLA and to trading on the LSE’s main market for listed securities became effective and unconditional trading commenced in the Thomson Reuters PLC ordinary shares at 8:00 a.m. (London time) on April 17, 2008 under the symbol “TRIL”. American Depositary Shares (“ADSs”), each representing six Thomson Reuters PLC ordinary shares, commenced trading at 9:30 a.m. (New York time) on April 17, 2008 on the Nasdaq Global Select Market. The ADSs are evidenced by American Depositary Receipts (ADRs) issued by Deutsche Bank Trust Company Americas, as depositary under a deposit agreement, dated April 17, 2008 (the “**Deposit Agreement**”), among Thomson Reuters PLC, the Depositary and ADR holders. The ADSs trade under the symbol “TRIN.”

It is expected that Thomson Reuters Corporation will remain eligible for inclusion in the S&P/TSX series of indices and Thomson Reuters PLC will be eligible for inclusion in the FTSE UK series of indices.

The Dual Listed Company Structure

Overview

Under the DLC structure, Thomson Reuters has two parent companies, both of which are publicly listed — Thomson Reuters Corporation and Thomson Reuters PLC. The two parent companies operate as a unified group pursuant to contractual arrangements as well as provisions in their organizational documents. Shareholders of Thomson Reuters Corporation and Thomson Reuters PLC both have a stake in Thomson Reuters, with cash dividend, capital distribution and voting rights that are comparable to the rights they would have if they were holding shares in one company carrying on the Thomson Reuters business.

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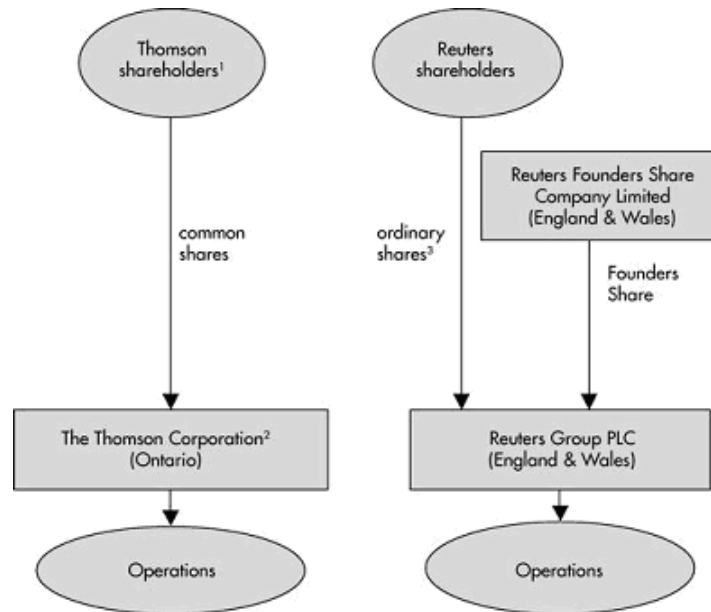
Key features of the DLC structure include the following:

- Thomson Reuters Corporation and Thomson Reuters PLC remain separate publicly listed companies;
- the boards of directors of the two companies comprise the same individuals, as do the companies' executive management;
- shareholders of the two companies ordinarily vote together as a single decision-making body, including in the election of directors;
- shareholders of the two companies receive equivalent cash dividends and capital distributions;
- each company has guaranteed all contractual obligations of the other company and will guarantee other obligations as agreed; and
- a take-over bid or similar transaction is required to be made for shares of both companies on an equivalent basis.

Detailed information about the arrangements giving effect to the DLC structure is contained under Item 10C. "Material Contracts — Thomson Reuters — Summaries of Transaction Documents".

The following simplified diagrams illustrate the structures of Thomson and Reuters prior to the Transaction and the current structure of Thomson Reuters following the Transaction.

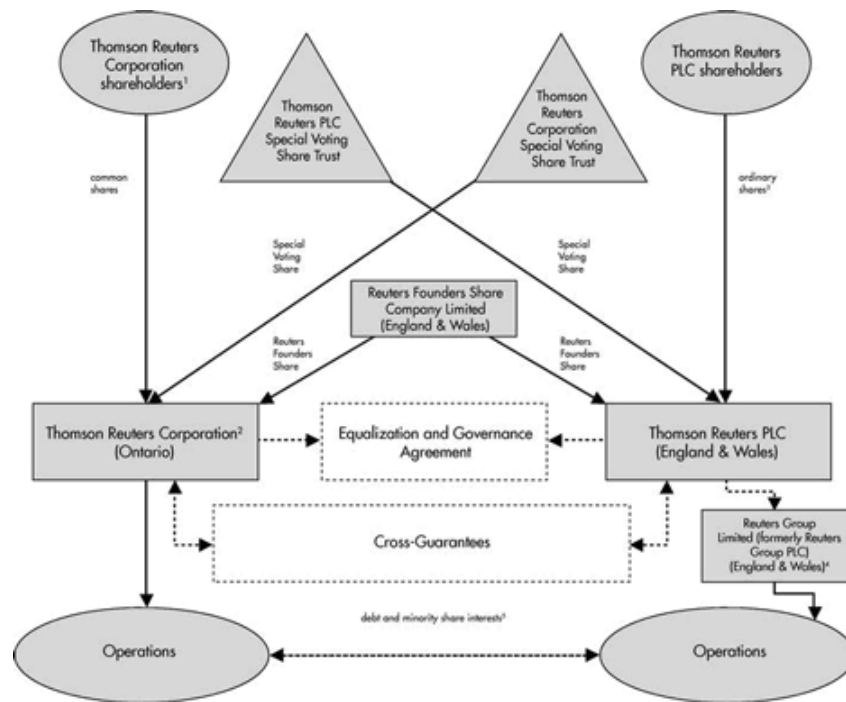
Structures of Thomson and Reuters Prior to the Transaction



Notes:

1. Includes Woodbridge, which as of April 11, 2008 beneficially owned approximately 70% of the outstanding Thomson common shares.
2. In addition to common shares, Thomson had 6,000,000 Series II Preference Shares issued and outstanding as of April 11, 2008.
3. Includes ADSs, each of which represented six Reuters ordinary shares.

Structure of Thomson Reuters After the Transaction



Notes:

1. Includes Woodbridge, which as of April 11, 2008 beneficially owned approximately 70% of the outstanding Thomson common shares.
2. Thomson Reuters Corporation continues to have 6,000,000 Series II Preference Shares issued and outstanding.
3. Includes ADSs, each of which represents six Thomson Reuters PLC ordinary shares.
4. Reuters Group Limited is an indirect wholly-owned subsidiary of Thomson Reuters PLC (except for Reuters ordinary shares held by employee benefit trusts of Reuters).
5. Reflects the initial asset reorganization that Thomson Reuters Corporation and Thomson Reuters PLC intend to implement following the Transaction. Thomson Reuters Corporation and Thomson Reuters PLC may carry out other reorganizations of their assets from time to time. See “The Dual Listed Company Structure” in this Item 4A.

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Separate Entities and Listings

Under the DLC structure, Thomson Reuters Corporation and Thomson Reuters PLC operate as a unified group.

Thomson Reuters Corporation and Thomson Reuters PLC are separate publicly listed companies. Thomson shareholders continued to hold their shares of Thomson, renamed as Thomson Reuters Corporation at the closing of the Transaction and, under the Reuters Scheme, Reuters shareholders exchanged their Reuters ordinary shares for ordinary shares of Thomson Reuters PLC and cash.

Thomson Reuters Corporation common shares are listed and traded on the TSX and the NYSE under the symbol “TRI” and the Series II Preference Shares are listed on the TSX under the symbol “TRI.PR.B”. Admission of the Thomson Reuters PLC ordinary shares to the Official List of the UKLA and to trading on the LSE’s main market for listed securities became effective and unconditional trading commenced in the Thomson Reuters PLC ordinary shares at 8:00 a.m. (London time) on April 17, 2008 under the symbol “TRIL”. ADSs, each representing six Thomson Reuters PLC ordinary shares commenced trading at 9:30 a.m. (New York time) on April 17, 2008, on the Nasdaq Global Select Market. The ADSs are evidenced by American Depositary Receipts (ADRs) issued by Deutsche Bank Trust Company Americas, as depository under the Deposit Agreement among Thomson Reuters PLC, the Depository and ADR holders. The ADSs trade under the symbol “TRIN”.

It is expected that Thomson Reuters Corporation will remain eligible for inclusion in the S&P/TSX series of indices and Thomson Reuters PLC will be eligible for inclusion in the FTSE UK series of indices.

Unified Board and Management

The boards of directors of Thomson Reuters Corporation and Thomson Reuters PLC are comprised of the same individuals, as are the companies’ executive management. The two companies will pursue business objectives established by the Thomson Reuters board and management, who will evaluate these strategies and other operational decisions from the perspective of Thomson Reuters as a whole. In addition to their normal fiduciary duties to the company concerned, the directors of each company will have regard to the best interests of the other company and its shareholders.

For details of the initial membership of the Thomson Reuters board and management, see Item 6A. “Directors and Senior Management — Management and Governance of Thomson Reuters — Thomson Reuters Board”. Resolutions relating to the appointment, election, re-election or removal of any director will be voted upon by shareholders of Thomson Reuters Corporation and Thomson Reuters PLC as Joint Electorate Actions. See “Equalization of Economic and Voting Interests” in this Item 4A. below.

The capital of Thomson Reuters will be deployed and managed in a way which the Thomson Reuters board considers most beneficial to Thomson Reuters. Assets of Thomson Reuters will be owned, directly or indirectly, by whichever of Thomson Reuters Corporation or Thomson Reuters PLC is determined to be most efficient and appropriate under the then prevailing circumstances. Thomson Reuters assets may accordingly be owned, directly or indirectly, from time to time by Thomson Reuters Corporation or Thomson Reuters PLC or by the two companies. Under the DLC structure, transfers of assets within Thomson Reuters may be made from time to time. Such transfers are considered to be in the ordinary course of business and may be made without the approval of shareholders.

In order to facilitate the ongoing efficient cash management and operation of the Thomson Reuters business, Thomson Reuters Corporation and Thomson Reuters PLC intend to implement an initial, substantial reorganization of their assets. This reorganization includes subsidiaries of Thomson Reuters Corporation transferring certain of their assets to subsidiaries of Thomson Reuters PLC and subsidiaries of Thomson Reuters Corporation acquiring debt and minority share interests in certain subsidiaries of Thomson Reuters PLC. In addition, subsidiaries of Thomson Reuters PLC will transfer certain of their assets to subsidiaries of Thomson Reuters Corporation and subsidiaries of Thomson Reuters PLC will acquire debt and/or a minority share interest in certain subsidiaries of Thomson Reuters Corporation.

Equalization Principles

The Equalization and Governance Agreement requires that Thomson Reuters Corporation and Thomson Reuters PLC observe certain principles to ensure that the economic and voting rights of holders of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares are equivalent. These principles are briefly described below. See also Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Equalization and Governance Agreement”.

A ratio (the “**Equalization Ratio**”) determines the economic and voting interests represented by a Thomson Reuters PLC ordinary share relative to the economic and voting interests of a Thomson Reuters Corporation common share and underpins the relationship of the two companies. Initially, the Equalization Ratio is 1:1 and, as a result, one Thomson Reuters PLC ordinary share has equivalent rights to distributions of income and capital and voting rights as one Thomson Reuters Corporation common share.

Dividends and Distributions

If Thomson Reuters Corporation declares or pays a cash dividend to holders of its common shares, then Thomson Reuters PLC must declare or pay to holders of its ordinary shares a cash dividend in an equivalent amount per share. The equivalent cash dividend is calculated before deduction of any withholding taxes or tax payable by or on behalf of, and disregarding any tax benefit available to, a shareholder of Thomson Reuters.

Thomson Reuters PLC may not declare or pay a cash dividend unless Thomson Reuters Corporation first declares or pays a cash dividend. If Thomson Reuters PLC is prohibited by applicable laws from declaring or paying or is otherwise unable to declare or pay the equivalent cash dividend, Thomson Reuters Corporation and Thomson Reuters PLC will, as far as practicable, enter into such transactions as are necessary so as to enable Thomson Reuters PLC to pay such dividend.

On closing of the Transaction, Thomson Reuters Corporation issued the Equalization Share to Thomson Reuters PLC. If Thomson Reuters Corporation is required to make an equalization payment to Thomson Reuters PLC (or is required to take action and elects to do so by means of a payment to Thomson Reuters PLC), Thomson Reuters Corporation will make such payment as a dividend on the Equalization Share, unless the board of directors of Thomson Reuters Corporation determines, with a view to the best interests of Thomson Reuters Corporation, to make such payment by another means.

Matching Actions

If Thomson Reuters Corporation takes any action, other than a cash dividend, that would provide a holder of a Thomson Reuters Corporation common share with an economic benefit or an adjustment to its voting rights (in relation to Joint Electorate Actions) or which would otherwise disadvantage a holder of a Thomson Reuters PLC ordinary share relative to a holder of a Thomson Reuters Corporation common share, then:

- Thomson Reuters PLC must undertake a Matching Action to ensure that the economic benefits and voting rights of a holder of one Thomson Reuters PLC ordinary share relative to a holder of one Thomson Reuters Corporation common share are maintained in proportion to the then prevailing Equalization Ratio; or
- an appropriate adjustment to the Equalization Ratio must be made, to ensure that there is equitable treatment (having regard to the then prevailing Equalization Ratio) for a holder of one Thomson Reuters PLC ordinary share relative to a holder of one Thomson Reuters Corporation common share,

unless the Thomson Reuters board determines that the benefit to holders of Thomson Reuters Corporation common shares is *de minimis* or the costs of doing so would be disproportionate to the benefits that would be realized by holders of Thomson Reuters PLC ordinary shares. The Thomson Reuters board is required to take into account the effect of all prior unadjusted actions in deciding whether a Matching Action or an adjustment to the Equalization Ratio is appropriate and if any adjustment is made it must take into account all such prior unadjusted actions.

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Thomson Reuters PLC may not make any distribution of capital or income or take any other action that would provide a holder of a Thomson Reuters PLC ordinary share with an economic benefit or an adjustment to its voting rights (in relation to Joint Electorate Actions) or which would otherwise disadvantage a holder of a Thomson Reuters Corporation common share relative to a holder of a Thomson Reuters PLC ordinary share other than as a Matching Action.

Cross-Guarantees

Thomson Reuters Corporation and Thomson Reuters PLC each guarantees all contractual obligations of the other company, and those of other parties to the extent they are guaranteed by the other company, and other obligations as agreed. Thomson Reuters PLC guarantees all contractual obligations of Reuters existing as of the Effective Date and, as a result, those obligations are covered by Thomson Reuters Corporation's guarantee of Thomson Reuters PLC's obligations.

Creditors of Thomson Reuters Corporation and Thomson Reuters PLC entitled to the benefit of the guarantees have been, to the extent possible, placed in the same position as if the obligations were owed by Thomson Reuters. In light of these guarantees, each of Thomson Reuters Corporation and Thomson Reuters PLC is exposed to the credit risk of the other. Accordingly, it is anticipated that both companies will share the same credit rating.

See Item 10C. "Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Cross-Guarantees".

Insolvency

In the event that Thomson Reuters PLC is, or is likely to become, insolvent, Thomson Reuters Corporation must seek to ensure that the economic returns made or otherwise available to a holder of Thomson Reuters PLC ordinary shares relative to the economic returns available to a holder of Thomson Reuters Corporation common shares are in due proportion having regard to the Equalization Ratio ("**Economic Equivalence**").

In that event, Thomson Reuters Corporation has the right either to offer Thomson Reuters Corporation common shares to holders of Thomson Reuters PLC ordinary shares *pro rata* to their holdings of Thomson Reuters PLC ordinary shares in consideration for such Thomson Reuters PLC ordinary shares, or to make a payment to holders of Thomson Reuters PLC ordinary shares, in either case, in such amount and in such proportion to ensure that Economic Equivalence is achieved. If Thomson Reuters Corporation does not exercise this right, Thomson Reuters Corporation must make payments to the creditors of Thomson Reuters PLC and then to Thomson Reuters PLC, such that Economic Equivalence is achieved.

If both Thomson Reuters Corporation and Thomson Reuters PLC are insolvent, and if Thomson Reuters Corporation has surplus assets available for distribution to Thomson Reuters Corporation shareholders after the payment of all debts, then Thomson Reuters Corporation will pay to the holders of Thomson Reuters PLC ordinary shares a liquidation distribution which is equivalent on a per share basis in accordance with the Equalization Ratio.

Support Arrangements

Although Thomson Reuters Corporation is obligated to support Thomson Reuters PLC with respect to dividends and other cash distributions and in the event of the insolvency of Thomson Reuters PLC, Thomson Reuters PLC does not have any reciprocal obligations in favor of Thomson Reuters Corporation. These arrangements have been structured to avoid adverse Canadian income tax treatment of dividends paid and received on the Thomson Reuters Corporation common shares. Thomson Reuters does not consider these arrangements to be material to holders of Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares.

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The dividend policy of the Thomson Reuters board provides that dividends are declared from the perspective of Thomson Reuters taken as a whole. Thomson Reuters does not believe that Thomson Reuters Corporation's support obligation affects in any way the dividends or other cash distributions available to holders of either Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares.

The Cross-Guarantees, which apply to all contractual obligations, including indebtedness, of Thomson Reuters Corporation and Thomson Reuters PLC, expose each company to the credit risk of the other. Accordingly, Thomson Reuters believes that, in the event of insolvency, the insolvency would affect Thomson Reuters as a whole rather than either Thomson Reuters Corporation or Thomson Reuters PLC alone.

Voting Arrangements

Shareholders of Thomson Reuters Corporation and Thomson Reuters PLC ordinarily vote together as a single decision-making body, including in the election of directors.

Joint Electorate Actions. On all matters other than those which constitute Class Rights Actions or Procedural Resolutions, all Thomson Reuters Corporation shareholders and Thomson Reuters PLC shareholders vote together as a single decision-making body. These matters, called "Joint Electorate Actions", include:

- the appointment, election, re-election or removal of any director of Thomson Reuters Corporation or Thomson Reuters PLC;
- to the extent such receipt or adoption is required by applicable laws, the receipt or adoption of the financial statements or accounts of Thomson Reuters Corporation or Thomson Reuters PLC, or financial statements or accounts prepared on a consolidated basis, other than any financial statements or accounts in respect of the period(s) ended prior to the Effective Date;
- a change of name of Thomson Reuters Corporation or Thomson Reuters PLC; and
- the appointment or removal of the auditors of Thomson Reuters Corporation or Thomson Reuters PLC.

Class Rights Actions. On specified matters where the interests of Thomson Reuters Corporation shareholders and Thomson Reuters PLC shareholders may diverge, the shareholders of each company vote separately. These matters, called "Class Rights Actions", are as follows:

- the voluntary liquidation of either company;
- any adjustment to the Equalization Ratio other than in accordance with the Equalization and Governance Agreement;
- any amendment to, or termination of, the Equalization and Governance Agreement, the Special Voting Share Agreements or the Cross-Guarantees, other than: (i) any amendment which is formal or technical in nature and which is not materially prejudicial to the interests of Thomson Reuters Corporation shareholders or Thomson Reuters PLC shareholders; or (ii) is necessary to correct any inconsistency or manifest error as may be agreed by the Thomson Reuters board;
- any amendment to, removal or alteration of the effect of (which includes the ratification of any breach of) any of the Thomson Reuters Corporation Entrenched Provisions or the Thomson Reuters PLC Entrenched Provisions other than: (i) any amendment which is formal or technical in nature and which is not materially prejudicial to the interests of Thomson Reuters Corporation shareholders or Thomson Reuters PLC shareholders; or (ii) is necessary to correct any inconsistency or manifest error as may be agreed by the Thomson Reuters board;
- a change in the corporate status of Thomson Reuters Corporation from a corporation existing under the OBCA with its primary listing on the TSX or the NYSE or of Thomson Reuters PLC from a public limited company incorporated in England and Wales with its primary listing on the Official List of the UKLA (unless such change occurs in connection with a termination of the Equalization and Governance Agreement in circumstances not requiring approval as a Class Rights Action);

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- any other action or matter the Thomson Reuters board determines (either in a particular case or generally) should be approved as a Class Rights Action; and
- any action to be approved as a Class Rights Action pursuant to the Equalization and Governance Agreement.

Matters that are Class Rights Actions may not be implemented unless they have been approved by the requisite majority of the votes cast by the Thomson Reuters Corporation shareholders and Thomson Reuters PLC shareholders voting separately.

Procedural Resolutions. Procedural or technical resolutions do not constitute either Joint Electorate Actions or Class Rights Actions and are voted on separately by the relevant Thomson Reuters Corporation shareholders or Thomson Reuters PLC shareholders. Such “Procedural Resolutions” include any resolution:

- that certain people be allowed to attend or be excluded from attending a meeting;
- that discussion be closed and a question put to a vote (provided no amendments have been raised);
- that a question under discussion not be put to a vote;
- to proceed with matters in an order other than that set out in the notice of a meeting;
- to adjourn a debate (for example, to a subsequent meeting); and
- to adjourn a meeting.

Special Voting Shares

To effect the voting arrangements described above, the Thomson Reuters Corporation Articles and the Thomson Reuters PLC Articles each provides for the issuance of a Special Voting Share. Two new special voting trusts, Thomson Reuters Corporation Special Voting Share Trust and Thomson Reuters PLC Special Voting Share Trust, have been formed for the sole purpose of holding these Special Voting Shares.

Thomson Reuters Corporation will issue a Special Voting Share to the Thomson Reuters Corporation Special Voting Share Trustee, which will exercise the voting rights attached to that Special Voting Share at Thomson Reuters Corporation shareholders’ meetings so as to give effect to the voting results recorded at the parallel Thomson Reuters PLC shareholders’ meeting. Thomson Reuters PLC will issue a similar Special Voting Share to the Thomson Reuters PLC Special Voting Share Trustee, which will exercise the voting rights attached to that Special Voting Share at Thomson Reuters PLC shareholders’ meetings so as to give effect to the voting results recorded at the parallel Thomson Reuters Corporation shareholders’ meeting.

On Joint Electorate Actions, the Thomson Reuters Corporation Special Voting Share carries the number of votes cast at the parallel meeting of Thomson Reuters PLC shareholders (as adjusted by the Equalization Ratio and rounded up to the nearest whole number) and the Thomson Reuters PLC Special Voting Share carries the number of votes cast at the parallel meeting of Thomson Reuters Corporation shareholders (as adjusted by the Equalization Ratio and rounded up to the nearest whole number).

On Class Rights Actions, the Special Voting Shares carry voting rights only if the proposed action has not been approved at the parallel meeting of the Thomson Reuters PLC shareholders or Thomson Reuters Corporation shareholders, as the case may be. In that event, the Special Voting Shares carry such number of votes in respect of the proposed action as would be sufficient to defeat it. These voting rights reflect the requirement that Class Rights Actions be approved by the shareholders of each of Thomson Reuters Corporation and Thomson Reuters PLC voting separately.

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Neither Special Voting Share carries any voting rights on Procedural Resolutions. Procedural Resolutions are determined by the relevant company's shareholders.

See Item 10C. "Material Contracts — Thomson Reuters — Summaries of Transaction Documents" under the headings "Thomson Reuters Corporation Articles" and "Special Voting Share Agreements."

Equivalent Treatment in Relation to Take-Overs

Thomson Reuters believes that it is essential to the implementation and operation of the DLC structure that holders of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares be treated on an equivalent basis with respect to any take-over bid or similar transaction for those shares. Accordingly, neither Thomson Reuters Corporation nor Thomson Reuters PLC may accept, approve or recommend, or propose publicly to approve or recommend, or enter into any agreement, arrangement or understanding with a third party related to, any take-over bid or similar transaction with respect to Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares unless such take-over bid or similar transaction constitutes a Qualifying Take-Over Bid.

A Qualifying Take-Over Bid means an offer or offers to acquire (by way of a take-over bid or similar transaction) all of the outstanding Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares which are made in compliance with applicable laws, and which:

- are made to all holders of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares;
- are undertaken with respect to the Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares at or about the same time; and
- are equivalent (although not necessarily the same) in all material respects to the holders of Thomson Reuters Corporation common shares, on the one hand, and the holders of Thomson Reuters PLC ordinary shares, on the other hand, including with respect to:
 - the consideration offered for such shares (taking into account exchange rates and the Equalization Ratio);
 - the information provided to such holders;
 - the time available to such holders to consider such offers; and
 - the conditions to which the offers are subject.

If at any time a party offers to acquire or acquires one or more Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares and, after giving effect to such acquisition, such party: (i) would beneficially own or beneficially owns Thomson Reuters Corporation common shares in an amount equal to 20% or more of the outstanding Thomson Reuters Corporation common shares; (ii) would have an interest in or be interested in 30% or more of the outstanding Thomson Reuters PLC ordinary shares (taking into account Thomson Reuters PLC ordinary shares in which persons acting in concert are interested); or (iii) would have an interest in or be interested in such number of outstanding Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares (taking into account Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares in which persons acting in concert are interested) to which are attached, in the aggregate (after giving effect to the Equalization Ratio), the right to cast 30% or more of all votes entitled to be cast on a Joint Electorate Action by all shareholders of Thomson Reuters Corporation and Thomson Reuters PLC (excluding the holder of the Thomson Reuters Corporation Special Voting Share and the holder of the Thomson Reuters PLC Special Voting Share), such offer or acquisition being a "**Triggering Event**", Thomson Reuters Corporation and Thomson Reuters PLC must, subject to applicable laws, take all actions within their control as are, in the view of the Thomson Reuters board, necessary or appropriate to procure that such party make a Qualifying Take-Over Bid, including adopting a shareholder rights plan and/or requesting that governmental agencies prohibit or otherwise prevent such offer or acquisition, unless:

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- either prior to or simultaneously with the Triggering Event, such party makes a Qualifying Take-Over Bid (and, in the event that such Qualifying Take-Over Bid was made prior to the Triggering Event, such Qualifying Take-Over Bid has not been withdrawn, abandoned or terminated prior to or simultaneously with the Triggering Event); or
- the Triggering Event was an offer to acquire, or an acquisition of, outstanding Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares made pursuant to an exemption from the take-over bid provisions of applicable laws, where the value of the consideration paid for any such shares acquired is not in excess of the respective market values thereof at the date of acquisition.

Acquisitions of Thomson Reuters PLC ordinary shares or Thomson Reuters Corporation common shares by either Thomson Reuters Corporation or Thomson Reuters PLC or any of their respective subsidiaries do not constitute Triggering Events.

Woodbridge has agreed that it will not tender any Thomson Reuters Corporation common shares beneficially owned by it from time to time, or any Thomson Reuters PLC ordinary shares in which it is interested from time to time, to, or otherwise support, a take-over bid or similar transaction made by a party in respect of whom a Triggering Event has occurred unless that transaction is, or is made pursuant to or in accordance with, a Qualifying Take-Over Bid by such party or the transaction is made on an exempt basis, as described above, and that it will not sell or otherwise transfer any such shares or otherwise support the sale or transfer of any such shares to a party if the sale or transfer would result in the occurrence of a Triggering Event unless the sale or transfer is, or is made pursuant to or in accordance with, a Qualifying Take-Over Bid by such party or the sale or transfer is made on an exempt basis, as described above.

See Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents” under the headings “Equalization and Governance Agreement” and “Thomson Reuters Corporation Articles”.

Reuters Trust Principles

Thomson Reuters Corporation and Thomson Reuters PLC are parties to the Amended Deed of Mutual Covenant. Under the Amended Deed of Mutual Covenant, each of Thomson Reuters Corporation, Thomson Reuters PLC and Reuters Founders Share Company has covenanted with English, Australian and New Zealand press associations (the “**Press Associations**”) to use its best endeavors to ensure that the Reuters Trust

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Principles are complied with in relation to Thomson Reuters. Those principles are:

- that Thomson Reuters shall at no time pass into the hands of any one interest, group or faction;
- that the integrity, independence and freedom from bias of Thomson Reuters shall at all times be fully preserved;
- that Thomson Reuters shall supply unbiased and reliable news services to newspapers, news agencies, broadcasters and other media subscribers and to businesses, governments, institutions, individuals and others with whom Thomson Reuters has or may have contracts;
- that Thomson Reuters shall pay due regard to the many interests which it serves in addition to those of the media; and
- that no effort shall be spared to expand, develop and adapt the news and other services and products of Thomson Reuters so as to maintain its leading position in the international news and information business.

The Thomson Reuters Corporation Articles, the Thomson Reuters Corporation By-Laws and the Thomson Reuters PLC Articles include provisions to safeguard the Reuters Trust Principles.

Thomson Reuters Corporation has issued to Reuters Founders Share Company a Reuters Founders Share, which enables Reuters Founders Share Company to exercise extraordinary voting power to safeguard the Reuters Trust Principles and to thwart those whose holdings of voting shares of Thomson Reuters Corporation threaten the Reuters Trust Principles. The Reuters Founders Share in Thomson Reuters Corporation entitles Reuters Founders Share Company to vote in circumstances where a party (defined in the Thomson Reuters Corporation Articles as an “Acquiring Person”), other than one that has been approved by Reuters Founders Share Company (an “Approved Person”) or an entity within Thomson Reuters, has become or becomes the beneficial owner of 15% or more of the outstanding voting shares of Thomson Reuters Corporation or has become or is attempting to become, directly or indirectly, the beneficial owner of 30% or more of such outstanding voting shares. In general, votes cast by Reuters Founders Share Company, alone or in combination with votes cast by Approved Persons, will be sufficient either to negate the voting power of the Acquiring Person or to constitute the requisite majority voting power.

Thomson Reuters PLC has issued to Reuters Founders Share Company a Reuters Founders Share, which enables Reuters Founders Share Company to exercise extraordinary voting power to safeguard the Reuters Trust Principles and to thwart those whose holdings of voting shares of Thomson Reuters PLC threaten the Reuters Trust Principles. The Reuters Founders Share in Thomson Reuters PLC entitles Reuters Founders Share Company to vote in circumstances where a party (defined in the Thomson Reuters PLC Articles as an “Acquiring Person”), other than an Approved Person or an entity within Thomson Reuters, has become or becomes “interested” in 15% or more of the outstanding voting shares of Thomson Reuters PLC or has obtained or is attempting to obtain the ability to control the exercise of 30% or more of the voting rights ordinarily exercisable at meetings of shareholders of Thomson Reuters PLC. In general, votes cast by Reuters Founders Share Company, alone or in combination with votes cast by Approved Persons, will be sufficient either to negate the voting power of the Acquiring Person or to constitute the requisite majority voting power.

Woodbridge, the controlling shareholder of Thomson Reuters, has entered into the Reuters Trust Principles Support Agreement, which provides for Woodbridge to support the Reuters Trust Principles and to exercise its voting rights to give effect to this support. In addition, under the Reuters Trust Principles Support Agreement, Reuters Founders Share Company has irrevocably designated Woodbridge as an Approved Person for so long as Woodbridge is controlled by members of the Thomson family, companies controlled by them and trusts for their benefit.

The following is an overview of the Amended Deed of Mutual Covenant and the Reuters Trust Principles Support Agreement and those provisions of the Thomson Reuters Corporation Articles and the Thomson Reuters PLC Articles that are intended to safeguard the Reuters Trust Principles.

Amended Deed of Mutual Covenant

- Each of Thomson Reuters Corporation, Thomson Reuters PLC and Reuters Founders Share Company covenants with the Press Associations to use its best endeavors to ensure that the Reuters Trust Principles are complied with.
- The Thomson Reuters board will have due regard to the Reuters Trust Principles and to the rights and duties of the Reuters Trustees insofar as, by the proper exercise of its powers and in accordance with the other duties of directors, those principles are capable of being observed by the Thomson Reuters board.
- Thomson Reuters Corporation and Thomson Reuters PLC will have an office of editor-in-chief of the news services of Thomson Reuters and will provide Reuters Founders Share Company with the opportunity to consult with the Thomson Reuters board prior to appointing an individual to, or removing an individual from, such office.
- Thomson Reuters Corporation and Thomson Reuters PLC will keep Reuters Founders Share Company informed of material matters relating to the business and affairs of Thomson Reuters that may reasonably be expected to affect the interests of Reuters Founders Share Company in relation to the Reuters Trust Principles.
- Reuters Founders Share Company will keep Thomson Reuters Corporation and Thomson Reuters PLC informed regarding its views on matters relating to the conduct of the business and affairs of Thomson Reuters in relation to the Reuters Trust Principles.

Thomson Reuters Corporation Articles

- As holder of the Reuters Founders Share, Reuters Founders Share Company is entitled to receive notice of all meetings of shareholders and is entitled to attend and speak at any such meeting. It is entitled to vote separately as a class in respect of a resolution pertaining to any matter for which its prior written consent is required.
- The rights attaching to the Reuters Founders Share may not be varied or abrogated in any respect without the prior written consent of Reuters Founders Share Company.
- Without the prior written consent of Reuters Founders Share Company, Thomson Reuters Corporation may not take certain fundamental corporate actions, including liquidation, dissolution or winding-up, paying dividends in kind, effecting a reorganization (other than an internal reorganization involving entities within Thomson Reuters), amalgamating with unaffiliated entities and removing or altering certain provisions in the Thomson Reuters Corporation Articles and the Thomson Reuters Corporation By-Laws relating to Reuters Founders Share Company and the Reuters Founders Share.
- If any party, other than an Approved Person or an entity within Thomson Reuters, has become or becomes the beneficial owner of 15% or more of the outstanding voting shares of Thomson Reuters Corporation, the Reuters Founders Share will carry voting rights that allow it to negate the voting power of such party by casting the same number of votes as are cast, and in the same manner as such votes are cast (for, against, withheld or abstain), by the Thomson Reuters Corporation Special Voting Share Trustee and holders of voting shares of Thomson Reuters Corporation (aside from such party), in each case multiplied by one hundred.
- If any party, other than an Approved Person or an entity within Thomson Reuters, becomes or is attempting to become, directly or indirectly, the beneficial owner of 30% or more of the outstanding voting shares of Thomson Reuters Corporation, the Reuters Founders Share will carry the following voting rights in respect of Joint Electorate Actions, or Class Rights Actions if the proposed action has been approved at the parallel meeting of the Thomson Reuters PLC shareholders: (i) if there are no Approved Persons or

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Approved Persons beneficially own shares to which are attached not more than 35% of the votes entitled to be cast on the proposed resolution, the right to cast a sufficient number of votes to approve or defeat such resolution; (ii) if Approved Persons beneficially own shares to which are attached more than 35% but less than the requisite majority of the votes entitled to be cast on such resolution, the right to cast the greater of (x) a number of votes equal to the number of votes attached to voting shares beneficially owned by such party plus one and (y) a number of votes sufficient to constitute the requisite majority of votes entitled to be cast on such resolution, in combination with votes attached to all voting shares beneficially owned by Approved Persons and cast in accordance with the Relevant Terms of Approval; or (iii) if Approved Persons beneficially own, and cast in accordance with the Relevant Terms of Approval the votes attached to, voting shares to which are attached the requisite majority of the voting shares entitled to be cast on such resolution, no right to cast any vote.

- Reuters Founders Share Company has the right to requisition a meeting of Thomson Reuters Corporation shareholders.
- For so long as Reuters Founders Share Company is the holder of the Reuters Founders Share, the Thomson Reuters Corporation board of directors may invite the Reuters Trustees to attend meetings of the Thomson Reuters Corporation board of directors and to confer with the Thomson Reuters Corporation board of directors. Reuters Founders Share Company will make representations to the Thomson Reuters Corporation board of directors on matters of general interest to Thomson Reuters Corporation and will cause the Reuters Trustees to be generally available for consultation with the Thomson Reuters Corporation board of directors.
- The directors of Thomson Reuters Corporation will, in the performance of their duties, have due regard to the Reuters Trust Principles insofar as, by the proper exercise of their powers as directors and in accordance with their other duties as directors, the Reuters Trust Principles are capable of being observed by the directors.

Thomson Reuters PLC Articles

- As holder of the Reuters Founders Share, Reuters Founders Share Company is entitled to receive notice of all meetings of shareholders and will be entitled to attend and speak at any such meeting. It is entitled to vote separately as a class in respect of a resolution pertaining to any matter for which the prior written consent of Reuters Founders Share Company is required.
- The rights attaching to the Reuters Founders Share may not be varied or abrogated in any respect without the prior written consent of Reuters Founders Share Company.
- Without the prior written consent of Reuters Founders Share Company, Thomson Reuters PLC may not take certain fundamental corporate actions, including liquidation or winding-up, paying dividends in kind, effecting a reconstruction and amending, removing or altering certain provisions in the Thomson Reuters PLC Articles relating to Reuters Founders Share Company and the Reuters Founders Share.
- If any party, other than an Approved Person or an entity within Thomson Reuters, becomes interested in 15% or more of the outstanding voting shares of Thomson Reuters PLC, the Reuters Founders Share will carry voting rights that allow it to negate the voting power of such party by casting the same number of votes as are cast, and in the same manner as such votes are cast (for, against, withheld or abstain), by the Thomson Reuters PLC Special Voting Share Trustee and holders of voting shares of Thomson Reuters PLC (aside from such party), in each case multiplied by one hundred.
- If any party, other than an Approved Person or an entity within Thomson Reuters, has obtained or is attempting to obtain the ability to control the exercise of 30% or more of the voting rights ordinarily exercisable at meetings of shareholders of Thomson Reuters PLC, the Reuters Founders Share will carry the following voting rights in respect of Joint Electorate Actions or Class Rights

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Actions if the proposed action has been approved at the parallel meeting of the Thomson Reuters Corporation shareholders: (i) if there are no Approved Persons or Approved Persons are interested in shares to which are attached not more than 35% of the votes entitled to be cast on the proposed resolution, the right to cast a sufficient number of votes to approve or defeat such resolution; (ii) if Approved Persons are interested in shares to which are attached more than 35% but less than the requisite majority of the votes entitled to be cast on such resolution, the right to cast the greater of (x) a number of votes equal to the number of votes attached to voting shares in which such party is interested plus one and (y) a number of votes sufficient to constitute the requisite majority of votes entitled to be cast on such resolution, in combination with votes attached to all voting shares in which Approved Persons are interested and cast in accordance with the Relevant Terms of Approval; or (iii) if Approved Persons are interested in, and cast in accordance with the Relevant Terms of Approval the votes attached to, voting shares to which are attached the requisite majority of the voting shares entitled to be cast on such resolution, no right to cast any vote.

- Reuters Founders Share Company has the right to requisition a meeting of Thomson Reuters PLC shareholders.
- For so long as Reuters Founders Share Company is the holder of the Reuters Founders Share, the Thomson Reuters PLC board of directors may invite the Reuters Trustees to attend meetings of the Thomson Reuters PLC board of directors and to confer with the Thomson Reuters PLC board of directors. Reuters Founders Share Company will make representations to the Thomson Reuters PLC board of directors on matters of general interest to Thomson Reuters PLC and will cause the Reuters Trustees to be generally available for consultation with the Thomson Reuters PLC board of directors.
- The directors of Thomson Reuters PLC will, in the performance of their duties, have due regard to the Reuters Trust Principles insofar as, by the proper exercise of their powers as directors and in accordance with their other duties as directors, the Reuters Trust Principles are capable of being observed by the directors.

Reuters Trust Principles Support Agreement

- Reuters Founders Share Company has designated Woodbridge as an Approved Person for the purposes of the Thomson Reuters Corporation Articles and the Thomson Reuters PLC Articles. This designation is irrevocable for so long as Woodbridge is controlled by members of the Thomson family, companies controlled by them and trusts for their benefit.
- Woodbridge will vote its voting shares of Thomson Reuters Corporation and Thomson Reuters PLC in a manner consistent with the Reuters Trust Principles.
- Woodbridge will give Reuters Founders Share Company as much advance notice as practicable in the circumstances of how it intends to vote at meetings of shareholders of Thomson Reuters Corporation and Thomson Reuters PLC with a view to providing Reuters Founders Share Company with a reasonable opportunity to determine whether the manner in which Woodbridge intends to vote is inconsistent with the Reuters Trust Principles. Woodbridge will use its best efforts to give such notice to Reuters Founders Share Company before meeting materials are disseminated to shareholders but will, in any event, give such notice to Reuters Founders Share Company not less than ten days prior to the date of the applicable shareholders' meeting. Reuters Founders Share Company will notify Woodbridge of its determination as soon as practicable. All disagreements and disputes between Woodbridge and Reuters Founders Share Company as to the manner in which Woodbridge intends to vote at shareholders' meetings will be brought to the attention of the President of Woodbridge and the Chairman of Reuters Founders Share Company, who will try to resolve the disagreement or dispute, failing which the disagreement or dispute will be submitted to final and binding arbitration. Where a shareholders' meeting of Thomson Reuters Corporation or Thomson Reuters PLC is to be held before the disagreement or dispute is resolved, Woodbridge will, subject to applicable laws, take all actions within its control as are necessary or appropriate to

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ensure that the subject of the disagreement or dispute is not proposed for consideration at such meeting, including by voting in favor of the postponement or adjournment of the shareholders' meeting, and refrain from voting on the disputed matter.

- Woodbridge will use its best efforts as a shareholder of Thomson Reuters Corporation and Thomson Reuters PLC to ensure that the Reuters Trust Principles are complied with in relation to Thomson Reuters.
- Without the prior written consent of Reuters Founders Share Company, Woodbridge will not transfer any voting shares of Thomson Reuters Corporation or Thomson Reuters PLC to any person that is not an Approved Person, where the transferee would become an Acquiring Person under the Thomson Reuters Corporation Articles or the Thomson Reuters PLC Articles.
- Without the prior written consent of Reuters Founders Share Company, Woodbridge will not purchase securities of any class of Thomson Reuters Corporation or Thomson Reuters PLC if, as a result of such transaction, securities of that company would cease to be eligible for listing on a stock exchange on which that company's securities are then listed.
- Upon the request of Reuters Founders Share Company, Woodbridge will promptly requisition the Thomson Reuters board to call a meeting of shareholders of Thomson Reuters Corporation and/or Thomson Reuters PLC for such purpose as Reuters Founders Share Company, in its sole and absolute discretion, thinks fit.

Principal capital expenditures and divestitures

Thomson Information

For information regarding Thomson's principal capital expenditures and divestitures, see Exhibit 99.1, management's discussion and analysis of Thomson for the year ended December 31, 2007, under the headings "Overview — Acquisitions", "Overview — Dispositions", and "Results of Operations — Discontinued Operations", filed as part of this Annual Report on Form 20-F.

Reuters Information

For information regarding Reuters principal capital expenditures and divestitures, see Annex A-8, notes to the financial statements of Reuters for the year ended December 31, 2007, under notes "36 Acquisitions", "37 Disposals", and "38 Post balance sheet events" filed as part of this Annual Report on Form 20-F.

ITEM 4B. Business Overview

Overview of Thomson Reuters

Thomson Reuters is a leading global provider of electronically delivered critical information and decision support tools to businesses and professionals.

By combining Thomson's strength in North America with Reuters strength in Europe, the Middle East and Asia, Thomson Reuters created a business with a global brand and presence that will allow it to grow faster than either Thomson or Reuters could have on its own.

Thomson Reuters serves the legal, financial services, tax and accounting, scientific, healthcare and media markets, and is organized in two divisions:

- **Markets**, which consists of the previous Reuters business combined with Thomson Financial; and

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- **Professional**, which consists of Thomson's previous non-financial business segments — Legal, Tax & Accounting, Scientific and Healthcare.

Thomson Reuters expects to leverage its products and services and technology platforms across its businesses to create enhanced offerings that respond to customers' evolving information and decision-making needs. By offering products and services that Thomson Reuters believes will improve productivity and result in competitive advantage, Thomson Reuters aims to be at the center of its customers' daily activities. Thomson Reuters believes this will lead to strong and enduring relationships with customers.

Corporate headquarters is located in New York, New York, with key staff also located in Stamford, Connecticut and London, UK.

Key Pro Forma Financial Information

The following table sets forth certain key pro forma financial information for the year ended December 31, 2007 for Thomson Reuters. This information has been extracted or derived from the unaudited pro forma financial information set out under Item 3A. "Selected Financial Information — Unaudited Canadian GAAP Pro Forma Consolidated Financial Statements of Thomson Reuters Corporation", which has been compiled from financial statements prepared in accordance with Canadian GAAP as applied by Thomson and Canadian GAAP financial information on Reuters from the Reuters unaudited reconciliations summarizing the material differences between IFRS as applied by Reuters and Canadian GAAP as applied by Thomson.

2007 Pro Forma Financial Information

Revenues	\$12.4 billion
	59% — Markets
	41% — Professional
Operating profit	\$1.5 billion
Operating profit margin	11.8%

For more information on the unaudited pro forma financial information for Thomson Reuters, see Item 3A. "Selected Financial Information — Unaudited Canadian GAAP Pro Forma Consolidated Financial Statements of Thomson Reuters Corporation".

Strategy

Thomson Reuters has adopted the following strategies:

Capitalize on a global brand and presence to drive international growth.

In 2007, Thomson generated 83% of its total revenues in North America. In contrast, Reuters generated 73% of its revenues in 2007 in Europe, the Middle East, Asia and Africa. Thomson Reuters plans to capitalize on Reuters trusted, authoritative brands and global reach to grow its global customer base and profit from serving their expanding needs.

For example, Reuters well-established brand and sales channels in Asia, the Middle East and other expanding markets will help Thomson Reuters participate in the natural growth of these economies. Thomson Reuters will also look to grow its Professional division by leveraging Reuters well-established reputation and networks in over 140 countries around the world. Similarly, Thomson's technology and marketing skills will help grow Reuters existing businesses.

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Approximately 90% of Thomson Reuters offerings will be electronic, which should enable it to deliver information and decision support tools efficiently to customers around the globe.

Deliver greater value to customers through a broader range of electronically delivered critical information and decision support tools.

Thomson Reuters will have strong cross-business capabilities which will allow it to provide improved products, services and other benefits to its customers. For example, content from the Professional division, including the Legal and Scientific units, is expected to help broaden and deepen Reuters existing offerings, and the inclusion of Reuters news service in various Professional offerings will allow these customers to become better informed, which Thomson Reuters believes will provide them with competitive advantage. In addition, collaboration tools, advanced search capabilities and machine-readable protocols will be utilized across Thomson Reuters, resulting in enhanced products and services for its customers.

Combining the best of Thomson and Reuters technological platforms, capabilities and resources is expected to spur innovation and further enhance the quality and competitiveness of Thomson Reuters critical information and decision support tools. Thomson Reuters believes this will allow it to meet customers' growing demands for broader, faster and more deeply integrated information and decision support services.

Integrate Thomson and Reuters businesses to accelerate growth and capture synergies.

Central to the creation of Thomson Reuters is the integration of Thomson Financial with Reuters to create the new Markets division. The complementary nature of these two businesses is expected to present growth opportunities. Thomson Financial's buy-side focus combined with Reuters sell-side strength will create complementary and unique products and services for customers in both segments.

In addition to growth opportunities, there are areas of overlap between Reuters and Thomson Financial that will allow for significant cost savings through integration. Cost-saving opportunities also exist in many other areas across Thomson Reuters, including technology procurement, third-party data suppliers, data centers and infrastructure. Further savings will be realized by integrating the Thomson and Reuters corporate functions.

Leverage increased revenue diversity and scale, financial strength and capital deployment to maximize shareholder return.

Thomson Reuters plans to manage its businesses and deploy its capital to maximize returns to shareholders over the long term. Shareholders are expected to benefit from greater diversity in revenue streams and a larger capital base following the creation of Thomson Reuters. Also, Thomson Reuters business model will focus on: (i) increasing the proportion of revenue generated from electronically delivered information and services and from recurring revenues; and (ii) generating higher levels of free cash flow from operations while also maintaining a strong balance sheet. Thomson Reuters plans to make disciplined investment decisions, deploying capital to drive growth and achieve further operating efficiencies across the businesses.

By focusing on, and balancing, both growth and profitability, Thomson Reuters believes it will be able to increase returns to shareholders, including in the form of dividends and share buy-backs, while allocating sufficient capital to be reinvested in existing businesses and to fund acquisitions.

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Businesses, Products and Services

The Markets division's strong position in the financial services and media markets is complemented by the range of businesses operated by the Professional division.

Markets

The Markets division will include the units described below.

- **Sales & Trading** — a leading provider of information, trading and post-trade connectivity requirements of buy-side and sell-side customers in the foreign exchange, fixed income, equities and other exchange-traded instruments, and commodities and energy markets. The Sales & Trading unit consists of Reuters existing unit and Thomson Financial's Fixed Income and Institutional Equities businesses and Omgeo.
- **Enterprise** — a leading provider of information and software that supports business automation within the capital markets. The Enterprise unit consists of Reuters existing unit and Thomson Financial's enterprise businesses. Major brands include Kondor+, RMDS, Datascope, and PORTIA.
- **Investment & Advisory** — a leading provider of information and decision support tools and integration services to portfolio managers, wealth managers, investment bankers, research analysts and corporate executives. The Investment & Advisory unit consists of Reuters existing Research & Asset Management businesses and Thomson Financial's Investment Management, Investment Banking, Wealth Management, Corporate Services and Content Strategy businesses. Major brands include Lipper, First Call, Reuters Knowledge, Datastream and Thomson ONE.
- **Media** — a leading provider of comprehensive and timely global information and news services to the world's newspapers, television and cable networks, radio stations and websites, as well as directly to consumers through Reuters-branded digital services online, mobile and IPTV platforms.

Professional

The Professional division will include the units described below.

- **Legal** — a leading provider of critical information, decision support tools and services to legal, intellectual property, compliance, business and government professionals throughout the world. Major brands include Westlaw, Aranzadi, BAR/BRI, Carswell, Thomson CompuMark, Thomson Elite, FindLaw, LIVEDGAR and Sweet & Maxwell.
- **Tax & Accounting** — a leading provider of critical information, decision support tools and software applications for tax and accounting professionals in North America. Major brands include Checkpoint, Creative Solutions and RIA.
- **Scientific** — a leading provider of critical information and decision support tools to researchers, scientists and information professionals in the academic, scientific, corporate and government marketplaces. Major brands include Derwent World Patents Index, MicroPatent, Thomson Pharma, Web of Science and ISI Web of Knowledge.
- **Healthcare** — a leading provider of critical information and decision support tools to physicians and other professionals in the healthcare, corporate and government marketplaces. Major brands include Medstat, Micromedex, PDR (Physicians' Desk Reference) and Solucient.

Corporate Headquarters

The corporate headquarters of Thomson Reuters seeks to foster a group-wide approach to management while allowing the Markets and Professional divisions sufficient operational flexibility to serve their customers effectively. The corporate headquarters is responsible for overall direction on technology, communications, investor relations, tax, accounting, finance, treasury and legal, and administers certain human resources services, such as employee compensation, benefits administration and training and development.

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Thomson Reuters corporate headquarters will work closely with the Markets and Professional divisions in setting strategy, allocating capital, driving innovation and fostering talent across all the Thomson Reuters businesses and then will oversee implementation of these initiatives and assesses the results. For each of these key initiatives, management intends to build upon the strong processes previously existing at both Thomson and Reuters.

- **Strategy and capital allocation.** Thomson Reuters will deploy its capital in opportunities in existing and new businesses that it believes will provide the highest returns with appropriate levels of risk. Allocation decisions will be made based on measurable return estimates and detailed risk analysis.
- **Innovation.** Thomson Reuters plans to develop new products and services, technologies and business models informed by the current and future needs of customers. In depth understandings of the relevant markets and the ability to respond to changes will be fostered and rewarded at all levels of the organization. Thomson Reuters strength in technology will help promote innovation.
- **Talent.** Thomson Reuters senior management understands that attracting, retaining and motivating talented employees is crucial to the success of its businesses. Talent management will be aligned with business strategy and integrated into organizational processes, helping drive a world-class, integrated and engaging approach to attracting, developing, motivating and retaining a talented workforce.

Employees

Thomson Reuters has over 50,000 employees before expected voluntary attrition and targeted job reductions. Thomson Reuters has a world class, customer-focused employee base, skilled senior management, and a vibrant culture of innovation.

Some of the cost savings arising from the integration of the Thomson and Reuters businesses are expected to be realized through job reductions. Thomson Reuters has not finalized any rationalization plans and will determine the location and amount of any reductions based on business considerations, including the impact on employees. In connection with any job reductions, Thomson Reuters intends to inform and consult with appropriate employee representative bodies, such as unions and works councils, and to safeguard applicable employment rights. Thomson Reuters evaluation of its business needs and operational efficiencies may also result in the relocation or consolidation of some of its operations.

Each of Thomson and Reuters believed and Thomson Reuters believes it has good relations with its employees and Thomson Reuters senior management team is committed to maintaining those good relations.

Dividend Policy of Thomson Reuters

All Thomson Reuters shareholders, whether holding Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares, will receive dividends in an equivalent per share amount (for so long as the Equalization Ratio is 1:1), disregarding any amounts that may be required to be withheld or deducted in respect of taxes and any other tax consequences. We anticipate that the Thomson Reuters board will adopt a target dividend payout ratio that is comparable to Thomson's historical target dividend payout ratio of approximately 40% of annual free cash flow. On that basis, we anticipate that our initial dividend policy will provide for the payment of a quarterly dividend of \$0.27 per share. The Thomson Reuters board plans to review the dividend policy in the first quarter of each fiscal year.

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Thomson Reuters 2008 Dividend Schedule

We anticipate that the following dividends will be paid to shareholders of Thomson, Reuters and Thomson Reuters during 2008.

	Thomson	Reuters	Thomson Reuters Corporation & Thomson Reuters PLC
March/May 2008 ¹	\$ 0.27000	£0.07000	—
Record Date	02/21/2008	03/25/2008	—
Payment Date	03/17/2008	05/01/2008	—
April 2008 – Interim Dividends – Closing ²	\$ 0.31747	£0.03240	—
Record Date	04/16/2008	04/16/2008	—
Payment Date	05/01/2008	05/01/2008	—
June 2008 ³	—	—	—
Record Date	—	—	—
Payment Date	—	—	—
September 2008 ⁴	—	—	0.22253
Record Date	—	—	08/21/2008
Payment Date	—	—	09/15/2008
December 2008	—	—	0.27000
Record Date	—	—	11/20/2008
Payment Date	—	—	12/15/2008

Notes:

1. Represents a regular quarterly dividend for Thomson shareholders in relation to the fourth quarter of 2007, and a second-half 2007 dividend for Reuters shareholders.
2. Represents accrued/pro-rated dividends from January 1, 2008 through April 16, 2008. For Thomson shareholders, the accrual/pro-ration is based on \$0.27 per share. For Reuters shareholders, the accrual/pro-ration is based on £0.0551 per share.
3. As a result of the interim dividends to be paid for the period up to April 16, 2008, we do not contemplate paying a dividend in June, as has been Thomson's practice.
4. Represents an accrued/pro-rated dividend from April 17, 2008 through June 30, 2008, based on a quarterly dividend of \$0.27 per share.

Historical Information about Thomson

Corporate Structure

The following provides information about Thomson's principal subsidiaries as of December 31, 2007. As of that date, Thomson beneficially owned, directly or indirectly, 100% of the voting securities and non-voting securities of each of these subsidiaries. Certain subsidiaries, each of which represents not more than 10% of the consolidated assets and not more than 10% of the consolidated revenues of Thomson, and all of which, in the aggregate, represent not more than 20% of the total consolidated assets and the total consolidated revenues of Thomson as of December 31, 2007, have been omitted. Indentation indicates the voting securities are directly or indirectly owned by the subsidiary listed above. Thomson's legal structure was not indicative of its operational structure.

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Subsidiary	Jurisdiction of Incorporation/Formation
Thomson Canada Limited	Ontario, Canada
Thomson Holdings S.A.	Luxembourg
Thomson Finance S.A.	Luxembourg
LiveNote Technologies Ltd.	England and Wales
LiveNote Inc.	Delaware, U.S.A.
Engate LLC	Delaware, U.S.A.
Emica Corporation	Delaware, U.S.A.
Thomson U.S. Holdings Inc.	Delaware, U.S.A.
THI (U.S.) Inc.	Delaware, U.S.A.
Thomson U.S. Inc.	Delaware, U.S.A.
The Thomson Corporation Delaware Inc.	Delaware, U.S.A.
Thomson Holdings Inc.	Delaware, U.S.A.
Thomson Finance Company	Delaware, U.S.A.
Thomson TradeWeb LLC	Delaware, U.S.A.
Thomson Healthcare Inc.	Delaware, U.S.A.
Physicians' Desk Reference Inc.	Florida, U.S.A.
Thomson Financial Holdings Inc.	Delaware, U.S.A.
Thomcorp Holdings Inc.	New York, U.S.A.
Thomson Scientific Inc.	Pennsylvania, U.S.A.
Thomson Professional & Regulatory Inc.	Texas, U.S.A.
Quantitative Analytics, Inc.	Illinois, U.S.A.
Thomson Financial LLC	Delaware, U.S.A.
Thomson Legal & Regulatory Inc.	Minnesota, U.S.A.
West Publishing Corporation	Minnesota, U.S.A.
West Services Inc.	Delaware, U.S.A.
Thomson International SA	Luxembourg
The Thomson Corporation PLC	England and Wales
The Thomson Organization Limited	England and Wales
TTC (1994) Limited	England and Wales
Thomson Information & Publishing Holdings Limited	England and Wales
Thomson Information & Solutions Limited	England and Wales
Thomson Legal & Regulatory Limited	England and Wales
Thomson Financial Limited	England and Wales

Description of the Business

Overview

Prior to the Effective Date, Thomson was one of the world's leading information services providers with 2007 revenues of approximately \$7.3 billion. The following discussion relates to Thomson prior to the Effective Date. Thomson is focused on providing products and services that:

- serve business and professional customers;
- target customer segments and sub-segments that it believes provide the best opportunities for growth and profitability;
- integrate critical, must-have data with software, tools and services;
- generate subscription-based or recurring revenues;
- reach customers directly through a technology platform;
- integrate into customers' workflows; and
- are scalable and leverageable.

Thomson serves customers principally in the following sectors: law, financial services, tax, accounting, scientific research and healthcare.

Thomson has a leading position and well recognized and respected brands in each of its principal sectors. Thomson's revenues in 2007 (which exclude all discontinued operations) were approximately \$7.3 billion and it derived approximately 81% of its revenues from subscription and other similar contractual arrangements, which are generally recurring in nature. In 2007, Thomson derived 83% of its revenues from operations in North America.

Thomson delivers information electronically to customers through the Internet, dedicated transmission lines, compact discs and handheld wireless devices. Electronic delivery of Thomson's products and services improves its ability to provide additional products and services to existing customers and to access new customers around the world. In 2007, electronic, software and services revenues comprised 82% of total revenues. Thomson also delivers some of its products and services in print format.

During 2007, Thomson operated in five segments. The following table summarizes certain information about each of the segments and corporate center. Information regarding countries with operations and employees is as of December 31, 2007.

Segments and Corporate Center

	2007 Revenues	% of 2007 Revenues	% of 2007 Revenues from Electronic, Software and Services	Countries with Operations	Employees
Thomson Legal	3,318	45	67	21	12,900
Thomson Financial	2,186	30	98	35	8,600
Thomson Tax & Accounting	705	10	88	3	3,800
Thomson Scientific	651	9	96	23	2,700
Thomson Healthcare	452	6	83	9	1,800
Corporate	—	—	—	24	3,100
Eliminations	(16)	—	—	—	—
Total	7,296	100	82	44	32,900

Note:

1. Audited; in millions of US dollars. See “Note 23: Segment Information” in Thomson’s audited financial information for the year ended December 31, 2007 set out in Exhibit 99.2 filed as part of this Annual Report on Form 20-F.

While Thomson is a Canadian company, its operational headquarters are based in Stamford, Connecticut. Thomson’s corporate center supports its business operations. By centralizing key functions in its corporate center, Thomson fosters a company-wide approach while allowing its segments sufficient operational flexibility and scope for initiative in dealing with customers. In addition to identifying new business opportunities and acquisitions, the corporate center oversees the planning processes of the segments and their implementation of strategy and assesses their performance. The corporate center develops and executes capital strategy, including tax planning, and determines Thomson’s overall direction on technology. In addition, Thomson’s corporate center is responsible for overseeing the training and development of senior executives.

In 2007, Thomson completed the sale of Thomson Learning, which included businesses that served the higher education, careers, library reference, corporate e-learning and e-testing markets. Thomson received gross proceeds of approximately \$8.2 billion.

In the tables included below in this section, countries are indicated in parenthesis where brands are principally associated with products and services offered in countries other than the United States.

Thomson Legal**Overview**

Thomson Legal is a leading provider of legal and compliance information, software and workflow solutions to law firms, courts, government bodies, corporations, academic institutions and other professional customers. Thomson Legal offers a broad range of products and services that utilize its electronic databases of legal, regulatory and business information. Thomson Legal is one of the largest publishers of legal casebooks, treatises, textbooks and related materials for legal professionals and law schools. Its offerings also include software to assist lawyers with practice management functions, including financial, accounting and timekeeping applications, document management, case management and

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other back office functions. Thomson Legal also offers Internet-accessible legal directories, website creation and hosting services and law firm marketing solutions to assist its customers in their client development initiatives. It also provides bar exam preparatory courses and continuing legal educational programs. Thomson Legal also provides strategic consulting advisory services and technology hosting services to the legal industry. During 2007, Thomson Legal provided products and services to leading law firms around the world and its databases are some of the largest in the world.

Thomson Legal consists of two business groups:

- North American Legal; and
- International Legal & Regulatory.

In 2007 and 2006, Thomson Legal generated revenues of approximately \$3.3 billion and \$3.0 billion, respectively. The following table provides additional information regarding Thomson Legal's revenues in 2007 and 2006.

	% of Total Revenues	
	2007	2006
Electronic, software and services	67%	66%
From North America	84%	84%
Recurring/subscription-based	83%	84%

Products and Services

Thomson North American Legal. Through its West and West-related businesses, Thomson North American Legal is a leading provider in the United States of legal information-based products, software and services. The following provides information about its major brands.

Major Brands	Principal Products and Services	Customers
West Westlaw Westlaw Litigator Westlaw Business LiveNote	Legal, regulatory and compliance information-based products and services Deposition, transcript and court reporting software and services	Lawyers, law students, law librarians and other legal professionals Lawyers, courts and court reporters and investigators
Carswell (Canada)	Legal, regulatory and compliance information-based products and services	Lawyers, law students, law librarians and other legal professionals
WestlaweCarswell (Canada)	Legal, regulatory and compliance information-based products and services	Lawyers, law students, law librarians and other legal professionals
West km	Integrated knowledge management software	Lawyers, law students, law librarians and other legal professionals
Thomson Elite Elite 3E	Law firm management software, competitive intelligence	Lawyers, law firm finance and operations and business development professionals

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Major Brands	Principal Products and Services	Customers
West Monitor Suite	Business and market intelligence solutions	Lawyers, law firm finance, operations and business development professionals
ProLaw	Law firm management software, competitive intelligence	Lawyers, law firm finance, operations and business development professionals
Hildebrandt International Baker Robbins	Strategic, technology and information consulting advisory services	Lawyers, law firm finance, operations and business development professionals
Thomson Litigation Consulting	Litigation consulting and support services	Lawyers, law firm finance, operations and business development professionals
FindLaw HubbardOne	Web-based legal directory, website creation and hosting services and law firm marketing solutions	Lawyers and legal professionals
Foundation Press West Law School Publishing BAR/BRI West LegalEdcenter LegalWorks	Textbooks, study aids, bar review courses, continuing education materials and seminars	Law students, lawyers and legal professionals

Thomson North American Legal provides legal and regulatory solutions to large law firms, significant government organizations and law schools in the United States and to small and medium-sized law firms and corporate in-house legal professionals. Its information includes case law, statutes, administrative material, law reviews and treatises, competitive intelligence, securities filings, lawyer profiles, legal commentary, news, public records and legal forms, in electronic and print formats. Thomson North American Legal offered its customers the information they need from approximately 32,000 databases as of December 31, 2007.

Thomson North American Legal's West business publishes cases, statutes and other legal information and enhances them with headnotes, synopses, key numbers and other editorial annotations prepared by its staff of attorneys and editorial professionals. Thomson believes that these editorial annotations facilitate more productive research by its customers, enabling them to be more efficient and effective.

Westlaw is the business' primary online delivery platform. Westlaw offers numerous search features and navigation tools that enable customers to search relevant Westlaw databases to find specific points of law, build tables of authorities or search for topically related commentary. Law firms of all sizes can tailor their Westlaw subscription to meet their unique practice needs. Westlaw also includes KeyCite, an online citation research service that, among other things, enables customers to trace the history of a case, statute, administrative decision or regulation to determine if it is still authoritative. It also allows the customer to retrieve a list of cases that cite a particular case or compile a table of authorities.

Westlaw Litigator, a service designed to assist attorneys with all phases of litigation, is a current focus of investment and product development. Westlaw Litigator combines relevant case law research materials with practical tools for case evaluation, pre-trial investigation, settlement negotiation and trial preparation and presentation. In 2006, Thomson North American Legal acquired LiveNote, a leading provider of transcript and evidence management software to litigators and court reporters. LiveNote brings new functionality to the Thomson suite of litigation solutions and Thomson North American Legal now provides its customers seamless access to all of the specific facts of a case, including case law, briefs, depositions, litigation profiles, dockets and court testimony.

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The acquisition of Global Securities Information and its LIVEDGAR service in 2005 enhanced Thomson North American Legal's ability to provide corporate and transactional lawyers with value-added services for preparing and completing commercial transactions, such as securities offerings, mergers and acquisitions and investment management. During the third quarter of 2007, Thomson North American Legal launched Westlaw Business, which is supported by Global Securities Information securities filing content, and allows transactional lawyers to more efficiently and effectively draft documents, research applicable law and regulatory rules and opinions, and help its clients negotiate business deals.

Thomson North American Legal acquired Oden Insurance Services in early 2007, which enhanced its regulatory and compliance center offerings to the insurance industry and support for law firms.

Carswell provides integrated knowledge and business solutions for the legal, finance and human resources markets in Canada. Online delivery to the legal market is provided through WestlaweCarswell.

Thomson Elite offers a range of software that assists law firms and government agencies with front office and back office management functions, including document management, case management, general ledger accounting, timekeeping, billing and records management. Thomson Elite has been integrated with the ProLaw business to offer a broad legal software suite of products, as well as realize sales, marketing, product development, customer service and other operational efficiencies. While its software customers are primarily based in the United States, Thomson Elite is currently expanding internationally. In 2006, the business launched Elite 3E, an advanced browser-based business optimization platform that offers powerful core financial and practice management features, including built-in collaboration, automation and a rapid application development environment in one integrated high-performance system.

FindLaw offers client development services in the United States that include legal directories, website development, marketing solutions, legal news, a legal career center and other legal resources. Thomson North American Legal believes that the FindLaw.com portal was the highest trafficked legal website as of December 31, 2007 with an average of approximately 2.4 million unique monthly visitors during 2007. FindLaw charges law firms a fee to be included in its online legal directories but users may search its legal directories and other products and services free of charge. FindLaw provided website development and hosting services to more than 8,600 law firms in 2007. In 2006, FindLaw launched FirmSite en Español to enable law firms to offer Spanish-language content on their websites so they can better market themselves online to the Hispanic community.

Hildebrandt International, which Thomson North American Legal acquired in 2005, is a leading provider of strategic consulting advisory services to law firms, corporate law departments and government law departments throughout the world. In 2007, Thomson North American Legal acquired Baker Robbins, a leading provider of technology and information management consulting to law firms and law departments and also launched Thomson Litigation Consulting, a new consulting practice that provides litigation consulting and support to law firms.

West Education Group is a leading provider of educational solutions to legal professionals and law students in the United States. Through BAR/BRI, Thomson North American Legal provides bar examination review courses and materials. North American Legal also has a legal textbook publishing business with over 1,800 titles as of December 31, 2007, making it a leading provider of casebooks and other learning materials to law students in the United States. Its West LegalEdCenter provides online continuing legal education materials and offers one of the largest selections of video and audio continuing legal education programs on the Internet, including approximately 19,000 hours of US-accredited content as of December 31, 2007.

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Thomson International Legal & Regulatory. Thomson International Legal & Regulatory provides services to a number of markets primarily outside of North America. The following provides information about Thomson International Legal & Regulatory's major brands.

Major Brands	Principal Products and Services	Customers
Westlaw ¹ Sweet & Maxwell (UK, Asia) IDS (UK) Aranzadi (Spain) Civitas (Spain) Karnov (Denmark and Sweden) Lawbook (Australia) Brookers (New Zealand) La Ley (Argentina) Lawtel (UK) White Book (UK, Asia) Archbold (UK)	Legal information-based products and services	Lawyers, law students, law librarians, corporate legal professionals, government agencies and trademark professionals
Taxpoint (Australia) PowerTax (Australia)	Tax and accounting information and software-based products and services	Professional accounting firms, corporate, finance and accounting departments, law firms and governments
Thomson CompuMark SAEGIS (North America, EMEA)	Trademark search and protection information services	Business and legal and trademark professionals

Note:

1. United Kingdom, Denmark, Hong Kong, Spain, Sweden and through a joint venture, Japan.

Thomson International Legal & Regulatory operates legal information businesses in various countries outside of North America. As of December 31, 2007, these countries were Argentina, Australia, China, Denmark, France, Hong Kong, India, Ireland, Japan, Malaysia, the Netherlands, New Zealand, Singapore, Spain, Sweden and the United Kingdom through local operations. Through these businesses, Thomson International Legal & Regulatory provides a range of primary materials, such as case law and statutes, and secondary materials, including treatises and legal commentary specific to the countries in which it operates. The portfolio includes online, print and compact disc products.

In the United Kingdom, Thomson International Legal & Regulatory's Westlaw UK service offers a combination of legal information from the United Kingdom and the EU that is derived from its legal publishing businesses in those jurisdictions, together with information licensed from third parties. Thomson International Legal & Regulatory also operates Lawtel, a UK online legal information service.

Outside of the United Kingdom, Thomson International Legal & Regulatory offers country-specific online legal services. As of December 31, 2007, these services were provided in Argentina, Australia, Denmark, Hong Kong, New Zealand, Spain and Sweden. In each case, Thomson International Legal & Regulatory offers local content, owned or licensed by its operations in that region, supplemented with relevant information from other regions of the world.

In addition, Thomson International Legal & Regulatory also provides a basic Westlaw service, known as Westlaw International. As of December 31, 2007, Westlaw International was provided in over 60 countries. Through Westlaw International, Thomson International Legal & Regulatory is able to offer its current online products and services to customers in markets where it may not have an existing publishing presence or has not yet developed a fully customized Westlaw service.

In 2006, Thomson International Legal & Regulatory formed a joint venture in Japan with Shin Nippon Hoki Shuppan K.K. to establish Westlaw Japan K.K., a business that has recently introduced a new online service created expressly for what is estimated to be one of the world's largest legal information marketplaces. Shin Nippon Hoki Shuppan is a leading provider of print-based legal information in Japan.

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Thomson International Legal & Regulatory also offered tax and accounting information and software based products and services in Argentina, Australia, Denmark, New Zealand and the United Kingdom as of December 31, 2007. The product portfolio includes online, print and software products and solutions to assist tax and accounting professionals in supporting the needs of their clients in compliance reporting and filings.

Through Thomson CompuMark, Thomson International Legal & Regulatory operates a global trademark business. As of December 31, 2007, Thomson International Legal & Regulatory maintained databases containing all current trademark registrations in over 200 countries, including the United States, Canada, China, Japan, Mexico, South Korea and most European countries. Thomson International Legal & Regulatory also offers a wide range of products and services that cover all aspects of developing and protecting trademarks, including enabling customers to screen them, determine their availability, protect them from infringement and search domain names.

Competition

Thomson Legal's primary global competitors in the legal and regulatory information market are Reed Elsevier (which operates Lexis-Nexis) and Wolters Kluwer NV with which Thomson Legal competes in the United States and in most of the other countries in which it operates. Thomson Legal also competes with other companies in the United States and in its international markets which provide legal and regulatory information, practice management and client development services.

Thomson Financial

Overview

Thomson Financial is a leading provider of integrated information and technology applications to the global financial services industry. Thomson Financial offers a broad range of financial data and develops individual workflow solutions and services. These services are specifically designed for trading professionals, portfolio managers, investment bankers, stockbrokers, financial planners, corporate executives and treasury and investor relations professionals to optimize their decision making and performance.

Thomson Financial divides its core business into three groups:

- Corporate, Investment Banking & Investment Management;
- Equities, Fixed Income & Wealth Management; and
- Omgeo.

In 2007 and 2006, Thomson Financial generated revenues of approximately \$2.2 billion and \$2.0 billion, respectively. The following table provides additional information regarding Thomson Financial's revenues in 2007 and 2006.

	% of Total Revenues	
	2007	2006
Electronic, software and services	98%	98%
From North America	75%	79%
Recurring/subscription-based	80%	82%

Products and Services

Thomson Financial offers a variety of content, analytical applications and transaction platforms to financial professionals worldwide in the following segments:

- Investment banking;
- Wealth management;
- Investment management;
- Institutional equities;
- Fixed income;
- Corporate management;
- Institutional research;
- Hedge funds; and
- Private equity and consultants.

While Thomson Financial continues to sell many of its products and services separately, its applications are also combined under the Thomson ONE brand to provide integrated workflow solutions. Thomson ONE is a flexible open architecture framework that allows for easy integration and delivery. This platform gives Thomson Financial the flexibility to customize its content offering to customers. Thomson ONE workflow solutions are designed to meet the distinct needs of professional users in each segment that Thomson Financial serves.

During 2007, the number of Thomson ONE workstations increased approximately 10% from approximately 140,950 to approximately 154,950 as a result of user migration from legacy products and new client wins. Thomson Financial continues to expand the capabilities of its Thomson ONE solutions and achieve continued growth in these workstations.

Thomson Financial derives its financial information from regulatory bodies, public sources, proprietary research, third party providers with which it has license arrangements, and contributors with which it has developed trusted relationships. To provide industry-leading, high-quality information, Thomson Financial employed a global research group of approximately 2,300 employees as of December 31, 2007. This group collects, enhances and manages all key content to deliver financial information to its clients. Its databases of financial information are some of the largest in the world and many have decades' worth of invaluable history. Its global research group is cost efficient, ensures consistency and supports the workflow solutions offered by Thomson Financial.

Corporate, Investment Banking & Investment Management. Thomson Financial's Corporate, Investment Banking & Investment Management group focuses on providing investment bankers, private equity and hedge fund professionals, corporate executives, investor relations personnel and asset managers with integrated information solutions to assist them in analyzing markets and pursuing and completing transactions, including precedent transaction analysis, company and market due diligence, financial analysis and modeling, preparation of presentation materials and securities offerings. Products are offered as distinct modules as well as through a comprehensive information solution.

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The following table provides information about Thomson Financial's major Corporate, Investment Banking & Investment Management brands.

Major Brands	Principal Products and Services	Customers
Thomson ONE Investment Banking	Analytical tools and databases of brokerage research, transactional data, institutional holdings data, current and historical earnings estimates, pricing information, SEC filings and news	Investment bankers and private equity professionals
SDC Platinum Investext Global Access Thomson Research Thomson ONE Investment Management Quantitative Analytics (TQA) Datastream I/B/E/S First Call Baseline StreetEvents	Security and portfolio analytical tools as well as databases of real-time equity and fixed income brokerage research, current and historical analyst forecast estimates, investor presentations, company accounts data, pricing data, global aggregated forecast data at the country, sector and industry levels, market indices data, institutional holdings data, SEC filings and news	Portfolio managers, portfolio analysts, buy-side traders and research analysts
Thomson ONE Investor Relations Thomson ONE Corporate Development	Internet-based software applications providing corporate information and news, stock surveillance services and outbound communications services	Investor relations professionals and corporate financial executives
Capital Markets Intelligence (CMI)	Market intelligence and analytical services for market valuation analysis	Investor relations professionals and corporations

The Corporate, Investment Banking & Investment Management group provides online financial data and research on companies, industries and markets that allow its customers to develop and analyze financial forecasts, market share, competition, industry trends, economic climates and key industry participants. Thomson Financial offers a range of customizable products and services that enable its customers to effectively and efficiently manage and execute each phase of the investment process, including research and analysis, investment decisions and stock selection.

Thomson Financial also offers institutional securities ownership information that enables its customers to analyze who may be buying, selling and holding securities as well as mergers and acquisitions transaction data that customers use to identify comparable transactions, business opportunities and business trends. In addition, customers can access news, stock price information and SEC filings and analyze this information with a set of comprehensive tools.

Thomson Quantitative Analytics is a leading provider of financial database integration and analysis solutions. Its software solutions are used by investment management firms for securities selection, modeling, back testing, portfolio construction and trading strategy development. Thomson Quantitative Analytics integrates multiple data sources, including proprietary customer data, to create an integrated database of financial information and provides a suite of analytical tools to query or mine the database for insights and trading ideas.

StreetEvents is used by investment managers to monitor the activities of their company portfolios. It has a robust electronic events calendar used by corporations to post notices of earnings releases and investor presentations. StreetEvents also has a database containing transcripts and archived webcasts of public company earnings conference calls.

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For corporations, Thomson Financial provides information solutions primarily to investor relations professionals and financial executives. Thomson Financial offers online access to financial information, such as broker research, ownership and peer analysis, news, stock quotes, institutional profiles and contact data. Additionally, Thomson Financial provides services for the dissemination of corporate news releases, as well as comprehensive offerings for investor relations professionals that include hosting of investor websites, product webcasts for earnings calls and the dissemination of critical information to shareholders through common communication mechanisms. In 2006, Thomson Financial acquired AFX News, a European independent real-time financial news agency which provides equity-focused business, financial and economic news to the investment community. This acquisition complemented Thomson Financial News for investment professionals in North America.

Equities, Fixed Income & Wealth Management. The Equities, Fixed Income & Wealth Management group focuses on providing wealth managers, brokers and equity and fixed income traders with integrated information solutions to assist them in managing client portfolios, analyzing securities and executing securities transactions.

The following table provides information about Thomson Financial's major Equities, Fixed Income & Wealth Management brands.

Major Brands	Principal Products and Services	Customers
Thomson ONE Wealth Management Thomson ONE Equity Sales Thomson ONE Fixed Income Thomson ONE Hedge Fund Trading InvestmentView Global Topic ILX	Electronic financial information, including real-time market data, such as pricing data, company information, news and analytics	Institutional traders, retail traders, investment advisors and hedge fund professionals
TradeWeb TradeWeb Retail	Online marketplace for fixed income securities and derivatives	Institutional and retail traders
Thomson Transaction Services AutEx	Back office data processing services Electronic database and real-time network for trade order indications and trade executions	Brokers and dealers Equity traders
Thomson Transaction Analytics eXimius	Transaction cost analysis and trade execution compliance services Front-office private client investment management application	Brokers, market makers and exchanges Wealth managers and investment advisors

Thomson Financial provides wealth managers with workflow solutions that combine market data, news and analysis with sophisticated financial planning and portfolio and client management tools. These workflow solutions are designed specifically to meet the needs of financial advisors, brokers and sales support staff requiring real-time market data, news, charts and quotes. Thomson InvestmentView provides hypothetical illustrations, client-ready presentations, financial planning calculators and detailed fund profiles designed exclusively for financial advisors. InvestmentView enables users to deliver personalized and timely recommendations, allowing them to focus on growing their client relationships and increasing assets under management.

TradeWeb is a leading over-the-counter, multi-asset class marketplace and a pioneer in the development of electronic trading and trade processing. The business provides services in the fixed income, derivatives and equity markets to clients in more than 50 countries. Since 1998, TradeWeb has operated a global trading network, which harnesses the distribution of 36 major investment banks with approximately 2,000

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institutional clients as of December 31, 2007. During 2007, TradeWeb clients traded on average more than \$250 billion daily using TradeWeb. TradeWeb is also a leading electronic straight-through-processing network for fixed income markets, providing dealers and buy-side institutions with paperless trade allocations and confirmations on its fully-integrated TradeXpressSTP network.

In 2007, the TradeWeb Routing Network typically handled over 1.2 billion shares traded per day with over 7,000 buy-side and sell-side connections. In addition to the TradeWeb Routing Network, Thomson Financial's suite of electronic trading solutions includes AutEx, which is used globally for communicating pre-trade and order execution services between brokers and their buy-side trading partners. Through AutEx, a broker/dealer is able to send real-time indications (IOIs) to their institutional buy-side trading partners. The IOI appears in the buy-side trader's AutEx user interface and the buy-side trader can then contact the broker/dealer to make the trade. Once the trade is complete, the broker/dealer reports the transaction to all AutEx subscribers via an advertised trade. This allows subscribers to obtain an intraday summary of trades and IOIs sent.

In October 2007, Thomson announced that it had agreed to form a partnership with a consortium of nine global securities dealers to seek to further expand TradeWeb. The partnership will utilize TradeWeb's position to create a global multi-asset class execution venue for clients. Under the terms of the agreement, in January 2008, the dealers invested \$280 million in TradeWeb, \$180 million of which was used to purchase a 15% stake in TradeWeb Markets, an entity that includes TradeWeb's established markets, as well as Thomson Financial's AutEx and order routing businesses.

Thomson and the dealers have also agreed to fund additional investment in asset class expansion through a new entity, TradeWeb NewMarkets. Thomson's initial cash contribution to TradeWeb NewMarkets is \$30 million, with a commitment for an additional \$10 million of cash, as well as certain assets valued at approximately \$30 million. The dealer consortium will contribute \$60 million, with a commitment for an additional \$40 million, as well as certain contracts valued at approximately \$180 million. Thomson will own 20% of TradeWeb NewMarkets and the consortium will own 80%.

The infrastructure, including the existing TradeWeb platform, and management of TradeWeb Markets, will support both companies. TradeWeb NewMarkets will pay a fee for services provided by TradeWeb Markets. Under the terms of the agreement, these two entities will merge upon meeting either certain performance or time-based milestones.

Thomson Transaction Analytics provides compliance technology and services to measure and audit agency trading activity, which allows users to fulfill regulatory requirements to provide their customers with best execution.

Thomson Transaction Services (formerly known as BETA Systems) allows brokerage firms to outsource the majority of their back office data processing activities, such as processing orders for securities and maintaining customer and firm accounts. Customers of Thomson Transaction Services are able to generate a range of customer account documents, including monthly customer statements, trade confirmations and real-time portfolios. Thomson Transaction Services interfaces with major clearing services, depositories and exchanges to process orders for securities.

In 2007, Thomson Financial acquired eXimius NV, enabling the seamless integration of Thomson Financial's wealth management and investment management capabilities with the eXimius front-office private client investment management application. This has allowed Thomson Financial to offer a fully-integrated front-office solution for private banking and wealth management clients around the world.

Omgeo. In 2001, Thomson Financial formed Omgeo, a partnership with The Depository Trust & Clearing Corporation, to meet the expanding information and processing needs of its customers in the financial services industry, which resulted from a proposal to move from a three day (T+3) to a one day global settlement cycle (T+1). While the T+1 initiative has not yet been implemented, Omgeo is able to provide clients with a managed transition to a new and more efficient way of processing trades for straight-through processing and increasing trade settlement capabilities.

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Competition

Thomson Financial competes with Bloomberg L.P., FactSet Research Systems Inc., Standard & Poor's (a division of The McGraw-Hill Companies), SunGard Data Systems Inc, Broadridge Financial Solutions, Inc. and MarketAxess Holdings Inc., plus a number of other smaller firms, each of which focuses primarily on specific product and service areas within the various financial segments.

Thomson Tax & Accounting

Overview

Thomson Tax & Accounting provides tax and accounting professionals with regulatory information, software, services, tools and applications to assist them in their daily work. Thomson Tax & Accounting is one of the leading online suppliers of this type of information in the United States.

Thomson Tax & Accounting consists of three business groups:

- Research & Guidance;
- Professional Software & Services; and
- Corporate Software & Services.

In 2007 and 2006, Thomson Tax & Accounting generated revenues of approximately \$705 million and \$598 million, respectively. The following table provides additional information regarding Thomson Tax & Accounting's revenues in 2007 and 2006.

	% of Total Revenues	
	2007	2006
Electronic, software and services	88%	84%
From North America	100%	100%
Recurring/subscription-based	94%	95%

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Products and Services

The following provides information about Thomson Tax & Accounting's major brands.

Major Brands	Principal Products and Services	Customers
<i>Research & Guidance:</i> RIA PPC Checkpoint Quickfinder Warren Gorham & Lamont (WG&L)	Tax and accounting information-based products and services	Professional accounting firms, corporate, finance and accounting departments, law firms and governments
<i>Professional Software & Services:</i> Creative Solutions GoSystem UltraTax GoFileRoom	Tax and accounting software and services focused on compliance and management solutions	Professional accounting firms, tax preparers, bookkeepers and enrolled agents
<i>Corporate Software & Services:</i> InSource CrossBorder Solutions Tax Partners TrustEase eComply Fiduciary Practice Systems ePropertyTax	Tax and accounting software and services focused on compliance and document management	Corporate tax departments and financial services firms

Tax and accounting information is available in both electronic and print formats. Thomson Tax & Accounting's business is currently focused on developing integrated research and workflow solutions utilizing products from its software and information businesses to create a broader offering to tax and accounting professionals.

Through its Research & Guidance businesses, Thomson Tax & Accounting offers a variety of tax, accounting and auditing-related information and solutions. Checkpoint is its online integrated tax and accounting solution which provides expert guidance, information, analysis and forms from various Thomson Tax & Accounting products and services (RIA, WG&L, PPC) as well as third party content. This information is linked to comprehensive legislative, administrative and case materials. For example, Checkpoint's CompareIt allows users to link to coverage of similar topics from one state to another, from state to federal, and from treaty to treaty across countries. Checkpoint's Create-a-Chart allows users to capture pertinent multi-state tax information in one convenient table. Checkpoint covers US federal, state and local taxation, international taxation, estate planning, pension and benefits, payroll, SEC compliance, GAAP compliance, internal auditing and financial management.

Software offered by the Professional Software & Services businesses performs payroll, write-up, bookkeeping, audit and practice management functions and enables accounting firms to interact with their clients through the Internet. Thomson Tax & Accounting's software also assists its customers in the preparation of tax returns and enables them to file tax returns electronically.

Through its Corporate Software & Services businesses, Thomson Tax & Accounting provides corporate tax departments with a specialized range of products for managing corporate tax, bank and trust accounting, from tax preparation software to complete tax preparation services. In the first quarter of 2007, Thomson Tax & Accounting acquired CrossBorder Solutions, a tax software company whose products expanded its transfer pricing offerings and enhanced its tax provisions offerings. In the third quarter of 2007, Thomson Tax & Accounting acquired the Deloitte Tax LLP Property Tax Services business, a provider of property tax compliance outsourcing and consulting services, such as real estate appeals and complex property valuation. Thomson Tax & Accounting expects this acquisition to enhance ePropertyTax's compliance outsourcing service line.

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Thomson Tax & Accounting's customers are primarily in the United States and Canada.

Competition

Thomson Tax & Accounting's primary competitor across all customer segments is CCH (owned by Wolters Kluwer NV). Other major competitors include Intuit in the professional software and services market, MLM in the corporate software and services market and BNA in the information market. Thomson Tax & Accounting also competes with a number of smaller firms across the tax and accounting landscape.

Thomson Scientific

Overview

Thomson Scientific is a leading provider of information services to support scientific research and discovery. Primary customer segments include researchers, scientists, intellectual property specialists, and information professionals in the academic, pharmaceutical, corporate and government marketplace. At the core of Thomson Scientific's solutions is a collection of comprehensive and authoritative content derived from academic, scientific, technical and medical journals, global patent authorities and public sources. Thomson Scientific supplements the collected information, in many cases, with proprietary analysis and indexing prepared by its staff of expert editors. Thomson Scientific further enhances the value of this information by combining it with analytical and visualization tools to make it more accessible and of greater utility to its customers.

In 2007 and 2006, Thomson Scientific generated revenues of approximately \$651 million and \$602 million, respectively.

The following table provides additional information regarding Thomson Scientific's revenues in 2007 and 2006.

	% of Total Revenues	
	2007	2006
Electronic, software and services	96%	95%
From North America	72%	70%
Recurring/subscription-based	74%	76%

Products and Services

Thomson Scientific's solutions assist scientists and other research-oriented professionals in all stages of the research and development (R&D) cycle from scientific discovery to product release. Thomson Scientific's business operates primarily in the secondary publishing market. As a secondary publisher, Thomson Scientific enhances the value of primary publication information by abstracting, indexing, integrating and ranking the information so it is more accessible to its customers. Thomson Scientific's products and services add further value by providing integrated workflow solutions that enable access and management of high quality and relevant published materials for researchers, information specialists and administrators in diverse fields. Thomson Scientific provides complementary products and services, such as bibliographic software programs, manuscript authoring and submission workflow solutions, and intellectual property portfolio management and annuity services. The majority of Thomson Scientific's products are easily accessible, searchable databases available over the web and other electronic formats (e.g. Web of Knowledge, Thomson Pharma, Thomson Innovation). Thomson Scientific also customizes its products for particular industries or other customer groups.

Thomson Scientific's solutions are used by many academic institutions, research libraries, large global pharmaceutical, biotechnology, chemical, electronics and other high-technology companies to advance research and development, to protect and leverage patent portfolios, and to track competition.

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The following table provides information about Thomson Scientific's major brands.

Major Brands	Principal Products and Services	Customers
ISI Web of Knowledge	Comprehensive and integrated platform that includes the Web of Science as well as third party hosted content, editorially selected websites, and tools to access, analyze and manage research information	Research scientists and scholars, government agencies, research libraries and universities and colleges
Web of Science	Comprehensive database providing a source for journal article-cited references and access to abstracted and indexed journals	Research scientists and scholars, government agencies, research libraries and universities and colleges
Thomson Pharma	Integrated web platform that delivers scientific literature, patents, commercial and regulatory information, company news communications, professional meeting reports and other relevant content	Intellectual property professionals, R&D professionals, lawyers, business intelligence staff
Thomson Innovation	Integrated web platform providing a global collection of intellectual property content, scientific literature, analytical and visualization tools, and document services	Pharmaceutical and biotechnology companies
Derwent World Patents Index	Comprehensive database of English language patent abstracts from approximately 40 patent authorities around the world including coverage of China, Japan and Korea	Intellectual property professionals, R&D professionals, lawyers and business intelligence staff
Prous Integrity	Integrated web platform delivering drug discovery content and analytic functionality for biologists and chemists	Pharmaceutical and biotechnology companies, academic centers and research institutes

Within Thomson Scientific's academic and government division, the ISI Web of Knowledge integrated platform offers a single point of entry for scholarly researchers. This electronic service extends its users' access to research information by offering an integrated collection of databases which, as of December 31, 2007, covered almost 22,000 peer-reviewed professional journals, leading scientific and patent information databases, journal citation reports, approximately 12,000 meetings and conference proceedings and over 7,500 evaluated scientific websites. Its advanced interface enables its customers to search a single platform or multiple databases concurrently and links customers to full-text journal articles provided by publishers while also allowing for the seamless return to its service. As of December 31, 2007, the bibliographic references in its databases covered the period from 1900 to the present. Its databases and websites are also viewed as important distribution channels by authors and publishers of journals. Over 3,000 institutions worldwide rely on the Web of Knowledge to conduct their research.

In 2006, Thomson Scientific acquired ScholarOne. ScholarOne's products, which are sold to scientific, technical and medical journal publishers and scientific conference organizers, provide a web-based system that allows research authors, peer reviewers and journal editors to streamline and accelerate the article and conference-related content submission, review and evaluation process.

Thomson Scientific's pharmaceutical and chemical division provides extensive drug-specific information for all stages of the product lifecycle. Thomson Pharma integrates content from many of Thomson Scientific's key products with information from other businesses across Thomson.

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Through powerful search and analytical tools, Thomson Pharma enables its customers in the fields of biology, chemistry, licensing, business development and competitive intelligence to retrieve critical information needed to make informed decisions. As of December 31, 2007, Thomson Pharma supplied information about the R&D portfolios of more than 13,800 entities involved in drug development, information about therapeutic patents, including links to the full text of the original patent, the pipeline status of investigational drugs, searchable chemical structures, meeting reports and bibliographic references.

In 2007, Thomson Scientific acquired Prous Science, a leader in the provision of life sciences information. As of December 31, 2007, the Prous Science Integrity portal provided access to more than 265,000 compounds with demonstrated biological activity and more than 100,000 patent family records. In addition, Prous Science has developed strong relationships with key global medical associations and centers of excellence to maximize the reach of medical knowledge to specialists worldwide.

Thomson Scientific also has a leading collection of assets that serve the intellectual property lifecycle, from ideation to maintenance and protection. Thomson Scientific delivers information solutions that can be seamlessly integrated into its customers' daily workflows. Each solution offers sophisticated software tools with relevant patent data, its comprehensive coverage of world journal literature and other content extracted from its extensive product portfolio. Through the Derwent World Patents Index, Thomson Scientific is one of the world's most comprehensive providers of professionally abstracted and annotated patent information. As of December 31, 2007, Thomson Scientific assessed, classified, summarized and indexed patent documents from approximately 40 international patent-issuing authorities and its databases covered the period from 1963 to the present. Thomson Innovation and its sister solutions, Delphion, Patentweb, and Aureka provide business and professional researchers with access to full-text international patent documents supported by search, retrieval, analysis and other workflow productivity tools. In addition, Thomson IP Management Services has been providing intellectual property management portfolio management software and annuity services for over 35 years.

Thomson Scientific also provides access to an aggregated collection of online content licensed from third-party sources under the brands of Dialog and DataStar that serve information professionals. As of December 31, 2007, more than 600 databases supported research in the areas of competitive intelligence, intellectual property, scientific and market research, engineering and finance.

Competition

Thomson Scientific's principal competitors in the scientific information market are Reed Elsevier, Wolters Kluwer NV, and the Chemical Abstracts Services (CAS).

Thomson Healthcare

Overview

Thomson Healthcare is a leading provider of decision support information and services in the healthcare marketplace. Its businesses provide data analytics, benchmarks, integrated information solutions and knowledge-based tools to healthcare payers and providers. Payers include large employers, health plans, health insurers and government agencies served by management decision support solutions to better manage healthcare costs and quality. Providers include hospitals, outpatient clinics and emergency/poison control centers served by clinical decision support for important clinical information and by management decision support to manage service planning, operations, delivery, and costs. Pharmaceutical companies represent a third, smaller customer group served with outcomes research services and with the Physicians' Desk Reference (PDR) as a regulatory and marketing tool for distributing drug information to physicians and other clinicians.

In 2007 and 2006, Thomson Healthcare generated revenues of approximately \$452 million and \$374 million, respectively. The following table provides additional information regarding Thomson Healthcare's revenues in 2007 and 2006.

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	% of Total Revenues	
	2007	2006
Electronic, software and services	83%	76%
From North America	100%	100%
Recurring/subscription-based	70%	65%

Products and Services

The following table provides information about Thomson Healthcare’s major brands.

Major Brands	Principal Products and Services	Customers
Micromedex	Comprehensive database set of drugs, disease information, medical emergency and poison control procedures, patient education and other relevant clinical, toxicological and environmental health and safety information	Physicians, pharmacists, health professionals, pharmaceutical companies, hospitals, poison control centers, corporations, government agencies and insurance companies
MercuryMD	Medical reference and decision support tool for personal digital assistants, delivering real-time patient data to clinicians	Physicians, health professionals and hospitals
PDR (Physicians’ Desk Reference)	Database of US Food and Drug Administration (FDA) approved drug monographs, delivered in print and electronic format	Physicians, health professionals, pharmaceutical companies and government agencies
Medstat Advantage Suite	Decision support products integrating benchmarks and analytics, designed for managing healthcare costs and quality and employee wellness and productivity	Large and mid-size employers, governmental healthcare purchasers, managed care and insurance companies, pharmaceutical companies and health services research providers
Solucient	Benchmark, comparative and market databases, integrated with analytics to support marketing and planning, operational improvement and clinical performance improvement	Hospitals, researchers, service planners, patient safety and quality managers and financial and administrative staff

The Micromedex comprehensive databases of drug information, evidence-based acute and chronic disease information, poison and biohazard information, clinical practice guidelines and procedures and patient education information, have been developed from scientific and clinical literature by expert editors and from approved drug-labeling information. They were utilized in more than 80 countries and approximately 3,000 US hospitals as of December 31, 2007.

MercuryMD allows Thomson Healthcare to deliver real-time patient data from a hospital’s various information systems to desktop and mobile devices, providing clinicians direct access to the latest updates on their patients.

The PDR (Physicians’ Desk Reference) product is a drug database created in large part from US Food and Drug Administration approved drug-labeling information. The PDR is distributed in a print directory format, on handheld electronic devices and through the Internet.

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Pharmaceutical companies provide Thomson Healthcare with the drug-labeling information and list their products in the directory. In 2007, pharmaceutical companies also sponsored the annual delivery of the PDR to practicing physicians in the United States and Thomson Healthcare sold additional copies of the directory to other healthcare professionals and consumers.

Through Medstat, Thomson Healthcare provides decision support systems, market intelligence, benchmarking databases and research for managing the purchase, administration and delivery of health services and benefits. Thomson Healthcare also develops and provides products and methodologies for organizing and understanding the data. Its decision support solutions and research provide an extensive collection of healthcare information for corporate and governmental healthcare purchasers, the managed care and health insurance industry, hospitals and integrated delivery networks, the pharmaceutical industry and the health services research community. This information helps these customers better manage the cost, quality and strategic positioning of health services and benefits.

Solucient's public and proprietary data helps healthcare providers identify significant trends inside their organizations and benchmark their performance against similar organizations and national standards. Solucient provides healthcare decision makers with one of the most comprehensive and valuable sets of decision support capabilities for managing both healthcare costs and quality of care.

Competition

Thomson Healthcare's principal competitors in the clinical and drug information market are Reed Elsevier (Science) and Wolters Kluwer. Within provider management decision support, Premier is a principal competitor. Within the payer management decision support market, its principal competitors are Ingenix (a division of UnitedHealth Group, Inc.) and McKesson Health Solutions (a division of McKesson Corporation).

Technology

Thomson's businesses maintain sophisticated electronic infrastructures and highly developed online systems and support capabilities to provide its customers with electronic products and services primarily through the Internet.

Thomson is continuing to develop its online delivery platforms, which utilize highly scalable technologies resulting in significantly enhanced capabilities. Thomson's platforms allow it to more easily combine content from its various online services, reduce product delivery costs and reduce development time for new products and services. Thomson continues to upgrade and standardize its applications and infrastructure, enabling it to enhance its ability to market and sell its products through the Internet.

Thomson Financial maintains global data collection and management systems that have enabled it to assemble and manage one of the largest and broadest database collections of financial information in the world. Thomson Financial also maintains powerful delivery platforms that enable it to provide real-time market data quickly and reliably to its customers. Thomson Financial believes that its systems use more open architecture than its competitors, which allows its customers to more easily utilize other information and software applications with its products and services. This delivery architecture allows it to offer modular web-based services that can be bundled together to integrate a number of its products and services into a single product offering. Thomson Financial also maintains private networks, or extranets, allowing it to provide innovative community solutions, such as AutEx. These solutions connect a large number of firms to a network and permit the online exchange of real-time trade order indications and executions. Similarly, TradeWeb's dealer-to-customer online marketplace uses client/server architecture to display real-time, best bid and offer prices from dealers for a range of fixed income products, and offers secure, interactive and simultaneous trading over its Internet-based network.

Technology is an increasingly important element of the products and services of Thomson Scientific and Thomson Healthcare. Thomson Scientific and Thomson Healthcare are focused on continuously improving their content management and delivery technologies so they can provide their products in the media best suited to their customers. This includes delivery over dedicated networks, the Internet and handheld wireless devices. Both Thomson Scientific's and Thomson Healthcare's businesses deploy a common flexible content management system

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that improves their ability to customize and combine their products and simplifies the new product development process. These content management systems provide efficiencies in the information collection and editorial process as the businesses are able to automatically update their databases concurrently.

Sales and Marketing

Thomson primarily sells directly to its customers. In the United States, some of its businesses have regional sales representatives in addition to a team of account managers and sales representatives who work out of its offices to ensure that its existing customers' needs are met. Outside of the United States, some of its businesses have regional sales forces that focus on marketing and selling its products to customers located in a particular country or area. Thomson sometimes supplements its regional sales and account management presence with a telemarketing group to assist in meeting its customers' informational requirements.

In addition, Thomson has been successful in selling some of its products and services through the Internet. Focusing some of its marketing and sales efforts on Internet sales has allowed it to broaden its range of customers and reduce sales and marketing costs. A number of its businesses also use the Internet to provide product support to its existing customers.

Seasonality

Historically, Thomson's revenues and operating profits from continuing operations have been proportionally the smallest in the first quarter, and the largest in the fourth quarter, as certain product releases are concentrated at the end of the year, particularly in the regulatory and healthcare sectors. As costs continue to be incurred more evenly throughout the year, its operating margins have historically increased as the year progresses. For these reasons, the performance of its businesses may not be comparable quarter to consecutive quarter and should be considered on the basis of results for the whole year or by comparing results in a quarter with the results in the same quarter of the previous year.

Intellectual Property

Many of Thomson's products and services are comprised of information delivered through a variety of media, including the Internet, software-based applications, books, journals, compact discs, dedicated transmission lines and handheld wireless devices. Thomson's principal intellectual property assets include its patents, trademarks, databases, copyrights in its content and other rights in its trade names. Thomson believes that its intellectual property is sufficient to permit it to carry on its business as presently conducted. Thomson also relies on confidentiality agreements to protect its rights. In addition, Thomson obtains significant content and data through third party licensing arrangements with content providers. Thomson has also registered a number of website domain names in connection with its publishing and Internet operations.

Research and Development

Innovation is essential to the success of Thomson and is one of the primary bases of competition in its markets. Thomson's businesses are continuously engaged in research to develop new products and services, to improve and enhance the effectiveness and ease of existing products and services, and to develop new applications for existing products and services.

Environmental Matters

Thomson believes that its operations are in material compliance with applicable environmental laws, as well as laws and regulations relating to worker health and safety. Compliance with these laws and regulations has not had, and is not expected to have, a material effect on its capital expenditures, earnings or competitive position.

Properties and Facilities

Thomson owns and leases office space and facilities around the world to support its businesses. Thomson believes that its properties are in good condition and are adequate and suitable for its present purposes. Thomson's operational headquarters are in Stamford, Connecticut, where Thomson leases office space. The following table provides summary information about its principal properties as of December 31, 2007.

Facility	Approx. Sq. Ft.	Owned/Leased	Principal Use
Eagan, Minnesota	2,792,000	Owned	Thomson Legal's North American Legal headquarters and West operating facilities
New York, New York	435,200	Leased	Thomson Financial offices and headquarters
Carrollton, Texas	409,150	Owned	Thomson Tax & Accounting operating facilities
Boston, Massachusetts (1)	370,000	Leased	Thomson Financial offices

Note:

(1) Consists of three addresses.

Employees

As of December 31, 2007, Thomson had approximately 32,900 employees in 44 countries. Of that number, approximately 12,900 were employed by Thomson Legal, 8,600 by Thomson Financial, 3,800 by Thomson Tax & Accounting, 2,700 by Thomson Scientific, 1,800 by Thomson Healthcare and 3,100 by its corporate center. As of December 31, 2007, Thomson had approximately 22,800 employees in the Americas, approximately 4,500 employees in Europe, the Middle East and Africa and approximately 5,600 employees in Asia. Thomson believes that its employee relations are good.

As of December 31, 2006, Thomson had approximately 32,375 employees in 37 countries (excluding employees of Thomson Learning). Of that number, approximately 14,600 were employed by Thomson Legal, 3,000 by Thomson Tax & Accounting, 9,300 by Thomson Financial, 2,400 by Thomson Scientific, 2,600 by Thomson Healthcare and 475 by its corporate center. Thomson Learning had approximately 9,480 employees in 39 countries as of December 31, 2006.

As of December 31, 2005, Thomson had approximately 40,500 employees in 45 countries. Of that number, approximately 17,300 were employed by Thomson Legal & Regulatory, 9,400 by Thomson Learning, 8,700 by Thomson Financial and 4,700 by Thomson Scientific & Healthcare. The remaining employees were employed within its corporate center.

Legal Proceedings and Regulatory Actions

In February 2007, Thomson entered into a settlement agreement related to a lawsuit involving its BAR/BRI business that alleged violations of antitrust laws (*Rodriguez v. West Publishing Corp. and Kaplan Inc.*). Thomson's part of the settlement was \$36 million. Thomson is also a defendant in a separate lawsuit involving its BAR/BRI business, *Park v. The Thomson Corporation and Thomson Legal & Regulatory Inc.*, which was filed in the US District Court for the Southern District of New York. The Park lawsuit alleges primarily violations of US federal antitrust laws. In the third quarter of 2007, Thomson accrued \$13 million in connection with this matter. Thomson has entered into a settlement agreement which has been preliminarily approved by the court. In February 2008, another purported class action complaint alleging violations of US federal antitrust laws was filed in the United States District Court for the Central District of California against West Publishing Corporation, d/b/a/BAR/BRI and Kaplan Inc. In April 2008, this case was dismissed with prejudice.

In the third quarter of 2007, the US District Court for the Western District of Pennsylvania decided against Thomson in a patent infringement case related to a business formerly owned by Thomson Financial. Thomson subsequently posted a \$95 million letter of credit in connection with its appeal. The letter of credit represents the amount of the district court's judgment, plus interest.

In 2005, Thomson became aware of an inquiry by the Serious Fraud Office in the United Kingdom regarding the refund practices relating to certain duplicate subscription payments made by some of the customers in its Sweet & Maxwell and Gee businesses in the United Kingdom. In August 2007, Thomson was notified by the authorities that they had completed their inquiry and no action would be taken against it.

In addition to the matters described above, Thomson is engaged in various legal proceedings and claims that have arisen in the ordinary course of business. The outcome of all of the proceedings and claims against Thomson, including, without limitation, those described above, is subject to future resolution, including the uncertainties of litigation. Based on information currently known by Thomson and after consultation with

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outside legal counsel, Thomson's management believes that, other than in respect of the settlements of the Rodriguez matter and the Park matter, such proceedings and claims will not have, and have not had in the recent past, a significant effect on the financial position or profitability of Thomson.

Material Contracts

This section of the Form 20-F describes the material contracts (other than the Transaction Documents which are described under Item 10C. "Material Contracts — Thomson Reuters — Summaries of Transaction Documents" and contracts entered into in the ordinary course of business) which have been entered into by Thomson since May 4, 2005, or were entered into before that date and are still in effect or which are proposed to be entered into. Copies of these contracts have been filed on SEDAR and furnished to the SEC.

Sale of Thomson Learning Businesses

Thomson entered into two purchase and sale agreements dated as of May 11, 2007 with funds advised by Apax Partners and OMERS Capital Partners under which such funds agreed to acquire the higher education, careers and library reference businesses of Thomson Learning and a consortium of funds advised by OMERS Capital Partners and Apax Partners agreed to acquire Nelson Canada, for a combined total value of \$7.75 billion in cash. The agreements contained customary representations, warranties and covenants and closing was subject to regulatory approvals and other customary closing conditions. The transaction was completed on July 5, 2007.

Acquisition Facility

Thomson entered into a £4.8 billion Acquisition Facility, dated as of May 24, 2007 and amended as of June 27, 2007, among Thomson, as Canadian borrower and non-Canadian borrower, certain of its subsidiaries as non-Canadian borrowers, the lenders party thereto, Barclays Bank PLC, as non-Canadian administrative agent, The Toronto-Dominion Bank, as Canadian administrative agent, and the other parties thereto. Thomson entered into the Acquisition Facility as a result of requirements of the UK City Code on Takeovers and Mergers, which required Thomson and its financial advisors for the Transaction to confirm its ability to finance the proposed acquisition of Reuters as part of the Transaction. Thomson may only draw down amounts under the Acquisition Facility to finance the Reuters acquisition, to refinance any existing debt of Reuters after completion of the Transaction, and to pay fees and expenses that it incurs in connection with the Transaction and the Acquisition Facility. In July 2007, Thomson reduced the aggregate lending commitment under the Acquisition Facility to £2.5 billion after receiving proceeds from the sale of Thomson Learning assets. In accordance with the terms of the Acquisition Facility, Thomson was required to hold certain of these sale proceeds in "permitted investments", as defined in the Acquisition Facility, until the completion of the Transaction. These "permitted investments" include, among other investments, money market funds that are rated at least "A" or better. The Acquisition Facility is structured as a 364-day credit line with subsequent extension/term-out options that would allow Thomson to extend the final maturity until May 2009.

Prior to April 17, 2008, Thomson had not utilized this facility. Thomson Reuters plans to draw down on the Acquisition Facility later this month.

Credit Agreement

Thomson entered into a credit agreement (the "Credit Agreement") dated as of August 14, 2007, among Thomson, its subsidiary borrowers party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as General Administrative Agent, Royal Bank of Canada, as Canadian Administrative Agent, J.P. Morgan Europe Limited, as London Agent, and J.P. Morgan Australia Limited, as Australian Administrative Agent. The Credit Agreement consists of a \$2.5 billion five-year unsecured revolving credit facility. Under the Credit Agreement, Thomson may request an increase in the amount of the lenders' commitments up to a maximum amount of \$3.0 billion. The Credit Agreement is available to provide liquidity in connection with Thomson's commercial paper program and for general corporate purposes of Thomson (and, after the completion of the Transaction, Thomson Reuters). The maturity date of the Credit Agreement is August 14, 2012. However, Thomson may request that the maturity date be extended, under certain circumstances as set forth in the Credit Agreement, for up to two additional one-year periods.

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The Credit Agreement contains certain customary affirmative and negative covenants, each with customary exceptions. In particular, the Credit Agreement requires Thomson to maintain a leverage ratio of net debt as of the last day of each fiscal quarter to adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization and other modifications) for the last four fiscal quarters ended of not more than 4.5:1.

In connection with entering into the Credit Agreement, Thomson terminated its existing unsecured revolving bilateral loan agreements which had previously provided an aggregate commitment of \$1.6 billion.

Credit Ratings

Thomson's long-term unsecured debt securities are rated Baa1 (stable) by Moody's, A- (negative) by S&P and A (low) (stable) by DBRS.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities and are indicators of the likelihood of payment and of the capacity and willingness of a company to meet its financial commitment on an obligation in accordance with the terms of the obligation. A description of the rating categories of each of the rating agencies is set out below.

Moody's Investor Services ("Moody's")

Moody's long-term credit ratings are on a rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such securities rated. Moody's "Baa" rating assigned to Thomson's long-term debt instruments is the fourth highest rating of nine rating categories. Obligations rated "Baa" are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics. Moody's appends numerical modifiers from 1 to 3 to its long-term debt ratings, which indicate where the obligation ranks in its ranking category, with 1 being the highest. In September 2007, Moody's downgraded its ratings assigned to Thomson's long-term debt to "Baa1" from "A3", citing significant increases in leverage that would result from the Transaction. Moody's outlook is stable. Outlooks represent Moody's assessment regarding the likely direction of the rating over the medium-term.

Standard & Poor's ("S&P")

S&P's long-term credit ratings are on a rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. S&P's "A" rating assigned to Thomson's long-term debt instruments is the third highest rating of 10 major rating categories. An "A" rating indicates that the obligor's capacity to meet its financial commitment is strong, but that the obligation is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. S&P uses "+" or "-" designations to indicate the relative standing of securities within a particular rating category. In September 2007, S&P affirmed its "A-" rating of Thomson's long-term debt and changed its outlook to negative. Outlooks represent S&P's assessment regarding the potential direction of the rating over the immediate to long-term. A developing outlook is assigned when a rating may be raised or lowered.

DBRS Limited ("DBRS")

DBRS' credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. DBRS' "A" rating assigned to Thomson's long-term debt is the third highest of the 10 rating categories for long-term debt. Debt securities rated "A" are of satisfactory credit quality and protection of interest and principal is considered substantial. A reference to "high" or "low" reflects the relative strength within the rating category. DBRS' outlook is stable. Outlooks represent DBRS' opinion regarding the outlook for the ratings.

The credit ratings by Moody's, S&P and DBRS are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. Credit ratings may not reflect the potential impact of all risks on the value of

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securities. In addition, real or anticipated changes in the rating assigned to a security will generally affect the market value of that security. Shareholders cannot be assured that a rating will remain in effect for any given period of time or that a rating will not be revised or withdrawn entirely by a rating agency in the future.

Related Party Transactions

From time to time, in the normal course of business, Woodbridge purchases some of Thomson's products and service offerings. These transactions are negotiated at arm's length on standard terms, including price, and are not significant to Thomson's results of operations or financial condition individually or in the aggregate.

In the normal course of business, a Woodbridge-owned company rents office space from one of Thomson's subsidiaries. Additionally, a number of Thomson's subsidiaries charge a Woodbridge-owned company fees for various administrative services. In 2006, the total amounts charged to Woodbridge for these rentals and services were approximately \$2 million. In 2007, these rentals and services totaled approximately \$1 million.

The employees of Jane's Information Group, a business that Thomson sold to Woodbridge in April 2001, participated in Thomson's pension plans in the United States and the United Kingdom, as well as Thomson's defined contribution plan in the United States, until June 2007, when Woodbridge sold Jane's Information Group to a third party. As a consequence of the sale, employees of Jane's Information Group have ceased active participation in Thomson's plans. During its period of participation, Jane's Information Group made proportional contributions to these pension plans as required, and made matching contributions in accordance with the provisions of the defined contribution plan. As part of its original purchase from Thomson, Woodbridge assumed the pension liability associated with the active employees of Jane's Information Group.

Thomson purchases property and casualty insurance from third party insurers and retains the first \$500,000 of each and every claim under the programs via its captive insurance subsidiary. Woodbridge is included in these programs and pays Thomson a premium commensurate with its exposures. In 2006, these premiums were about \$50,000 and in 2005 they were about \$45,000, which would approximate the premium charged by a third party insurer for such coverage. In 2007, these premiums totaled approximately \$50,000. In 2007, Thomson paid approximately \$100,000 in claims to Woodbridge.

Thomson entered into an agreement with Woodbridge under which Woodbridge has agreed to indemnify up to \$100 million of liabilities incurred either by Thomson's directors (including former directors) and officers or by Thomson in providing indemnification to these individuals on substantially the same terms and conditions as would apply under an arm's length, commercial arrangement. A third party administrator will manage any claims under the indemnity. Thomson pays Woodbridge an annual fee of \$750,000, which is less than the premium Thomson would pay for commercial insurance. This arrangement is being replaced by a conventional insurance arrangement in connection with the Transaction. See Item 6A. "Directors and Senior Management — Management and Governance of Thomson Reuters — Director Indemnification and Insurance Arrangements".

In February 2005, Thomson entered into a contract with Hewitt Associates Inc. to outsource certain human resources administrative functions in order to improve operating and cost efficiencies. Steven A. Denning, one of Thomson Reuters directors who was Chair of Thomson's Human Resources Committee, is also a director of Hewitt. Mr. Denning did not participate in negotiations related to the contract and refrained from deliberating and voting on the matter by the Human Resources Committee and the Thomson board of directors. Under the current contract terms, Thomson expects to pay Hewitt an aggregate of approximately \$165 million over a 10 year period beginning in 2006. In 2006, Thomson paid Hewitt \$16 million for its services. In 2007, Thomson paid Hewitt approximately \$11 million associated with this agreement.

Historical Information about Reuters

Corporate Structure

The following provides information about Reuters principal subsidiaries as of December 31, 2007. As of that date, Reuters beneficially owned, directly or indirectly, 100% of the voting securities and non-voting securities of each of these subsidiaries, unless otherwise noted. Certain subsidiaries, each of which represented not more than 10% of the consolidated assets and not more than 10% of the consolidated revenues of Reuters, and all of which, in the aggregate, represented not more than 20% of the total consolidated assets and the total consolidated revenues of Reuters as of December 31, 2007, have been omitted. Prior to the Effective Date, Reuters legal structure was not indicative of its operational structure.

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Subsidiary	Jurisdiction of Incorporation/ Formation	Principal area of operation
Reuters AG	Germany	Germany
Reuters America Holdings Inc.	USA	Worldwide
Reuters America LLC	USA	USA
Reuters Australia Pty Limited	Australia	Australia
Reuters BV	Netherlands	Netherlands
Reuters Canada Limited	Canada	Canada/USA
Reuters Europe SA	Switzerland	Spain/Portugal
Reuters Finance PLC	UK	UK
Reuters France SNC	France	France
Reuters Group Overseas Holdings (UK) Limited	UK	Worldwide
Reuters Holdings Limited	UK	UK
Reuters Hong Kong Limited	Cook Islands	Hong Kong
Reuters International Holdings SARL	Switzerland	Worldwide
Reuters Investment Limited	UK	UK
Reuters Italia SpA	Italy	Italy
Reuters Japan Kabushiki Kaisha	Japan	Japan
Reuters Limited	UK	Worldwide
Reuters Middle East Limited	Cook Islands	Middle East
Reuters Nederland BV	Netherlands	Netherlands
Reuters Research Inc	USA	USA
Reuters SA	Switzerland	Worldwide
Reuters Singapore Pte Limited	Singapore	Singapore
Reuters Svenska AB	Sweden	Sweden
Reuters Transaction Services Limited	UK	Worldwide

Joint ventures and associates	Jurisdiction of incorporation/Formation	Principal area of operation	Percentage of equity shares held
3 Times Square Associates LLC	USA	USA	50 ¹
FXMarketSpace Limited	UK	Worldwide	50
Times Global Broadcasting Company Limited	India	India	26

Note:

1. This is the equity interest of Reuters but the effective economic interest at December 31, 2007 was 35%.

[Table of Contents](#)**Description of the Business****Overview**

Prior to the Effective date, Reuters was a leading electronic publisher of news and financial data with 2007 revenues of approximately £2.6 million. The following discussion relates to Reuters prior to the Effective Date.

The average number of employees during 2007 was as follows:

	2007	Restated 2006	Restated 2005
Business division:			
Sales & Trading*	1,430	1,301	987
Research & Asset Management	895	800	658
Enterprise	1,491	1,241	925
Media	220	189	109
Shared divisional resources	3,706	3,182	3,504
Total divisions	7,472	6,713	6,183
Global Sales & Service Organization	5,843	5,717	4,988
Editorial	2,351	2,321	2,210
Corporate Services*	1,526	1,551	1,637
Total continuing operations	17,462	16,302	15,018
Discontinued operations	—	—	846
Total average number of employees	17,462	16,302	15,864
By location:			
Europe, Middle East and Africa	7,359	7,174	6,962
Americas	4,219	4,252	4,292
Asia	5,884	4,876	3,764
Total continuing operations	17,462	16,302	15,018
Discontinued operations	—	—	846
Total average number of employees	17,462	16,302	15,864
By function:			
Production and communications	10,335	9,438	8,498
Selling and marketing	4,609	4,572	4,179
Support services and administration	2,518	2,292	2,341
Total continuing operations	17,462	16,302	15,018
Discontinued operations	—	—	846
Total average number of employees	17,462	16,302	15,864
The above include:			
Development staff	3,120	2,670	2,332

Note:

* 2006 and 2005 have been restated to reflect the way that Reuters was managed in 2007, Transaction Sales and Hosted are now shown within Sales & Trading rather than in Shared divisional resources and Global Sales & Service Organization, respectively. Chief Technology Office is now included in Corporate Services rather than in Shared Divisional resources.

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The average number of employees during 2007 included 167 temporary staff (2006:168, 2005:181).

More than 90% of Reuters revenue is derived from serving the wholesale financial services industry, which includes investment and commercial banks, broker-dealers, asset and wealth managers, and commodities and energy traders. Reuters aggregates information, providing both real-time and historical data, to give a comprehensive view of the financial markets and the events that move them. Reuters offers tools to enable traders to perform fast and accurate analysis of financial data and systems used for managing trading risk. Reuters electronic trading services connect financial communities, helping them to gain access to the best prices and to trade efficiently and cost-effectively.

Reuters remaining revenue is derived from providing news and information services to the world's newspapers, television and cable networks, radio stations and websites, as well as directly to consumers through Reuters-branded digital services.

Reuters operates through four business divisions: Sales & Trading, Research & Asset Management, Enterprise and Media. The business divisions are closely aligned with the user communities they serve and they are responsible for defining, building, marketing and managing products. Reuters editorial and data groups support the work of all four business divisions by reporting, producing, collecting, quality-checking, packaging and delivering an extensive range of news and financial information. Data teams are integrated within the business divisions.

Research and Development

Software development teams are integrated within the business divisions. Expenditure on research and development for the three years to December 31, 2007 is shown below (£ millions):

	2007	2006	2005
Research and Development Expenditure	100	83	92

Shared infrastructure design was provided by a technical architecture team tasked with providing technical coherence, scale efficiencies and compliance with standards.

For information regarding Reuters research and development expenditures for the year 2007, see Annex A-8, notes to the financial statements of Reuters for the year ended December 31, 2007, filed as part of this Annual Report on Form 20-F under note "03 Operating Costs".

Divisional Performance — Overview

Reuters operates through four business divisions: Sales & Trading, Research & Asset Management, Enterprise and Media. They are closely aligned with the user communities they serve and they are responsible for defining, building and managing products. The business divisions have profit and loss responsibility.

Sales and Service

The business divisions serve customers through a Global Sales and Service Operations group which is split into three geographic regions: the Americas, Asia, and Europe, Middle East & Africa. In addition, the Focus Group Accounts team is run as a global sales and support channel for Reuters largest customers. Locally, sales and service teams work with customers to build relationships and to identify the appropriate Reuters products to meet customer needs and to feed back customer needs to the business divisions. Through regular training visits, customer training specialists work with end-users to ensure they get full value from Reuters products. In addition, product, content and technical

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support are provided by telephone and email from three regional hubs, one based in each principal time zone. Proactive telephone support and remote learning are made available to users of Reuters premium products to help them get the most out of their service. 'Brightspot', a traveling showcase for Reuters products, is used to increase customer awareness of the latest developments in Reuters product range.

Sales & Trading

The Sales & Trading division (full year 2007 revenues of £1,619 million) serves the information, trading and post-trade connectivity requirements of buy and sell-side customers in the foreign exchange, fixed income, equities and other exchange traded instruments, and in the commodities and energy markets.

The division's major strategic focus is to become the leading provider of content and transaction services for traders and salespeople worldwide, across a broad range of asset classes. Its customers include market makers, sales traders, traders at investment firms and corporate treasurers. In addition, it continues to identify opportunities in new asset classes.

The premium desktop information product is Reuters 3000 Xtra. Its users are financial markets professionals who require a powerful combination of deep, global, cross-asset news and content combined with sophisticated pre-trade decision-making, analytics and trade connectivity tools. It includes Reuters Messaging, which enables end-users to interact with their peers in the financial community.

The Sales & Trading division's trading suite of products offers trade connectivity, electronic trading, order-routing and post-trade tools to enable customers to trade with each other and connect their systems to electronic markets. A range of trading and post-trade services for foreign exchange and money markets, fixed income and exchange traded instruments is also available. The Sales & Trading strategic product set includes Reuters Dealing 3000, Reuters Trading for Foreign Exchange, Reuters Trading for Fixed Income and Reuters Trading for Exchanges. Through Reuters Dealing 3000, customers have access to a trading community of 18,000 foreign exchange and money market traders globally.

Reuters Trader is a mid-tier product which is also available in versions targeted at regional markets. Users of mid-tier and domestic products typically require only a subset of Reuters overall content and capabilities. Reuters is working to complete the migration of customers from older products to new Reuters Trader products, many of which are browser-based.

Sales & Trading information products compete with large players, such as Bloomberg, Thomson Financial, Sungard, Telekurs and IDC, as well as a growing number of local, regional and niche competitors ranging from Markit and SuperDerivatives to Quick, Xinhau Finance and Yahoo! Finance. In the electronic trading business, Reuters competes with Fidessa and the large inter-dealer brokers, notably ICAP's EBS platform. Additionally, it competes with single-bank and multi-bank portals such as FXall and MarketAxess.

Research & Asset Management

The Research & Asset Management division (full year 2007 revenues of £363 million) focuses on supporting portfolio managers, wealth managers, investment bankers, research analysts and corporate executives who make complex financial decisions outside the trading environment.

The Research & Asset Management division is responsible for the Reuters Knowledge and Reuters Wealth Manager product families.

The Reuters Knowledge product family is targeted at the research and advisory communities, including investment bankers and analysts, portfolio managers, company executives and others focused on company and industry-specific research. Reuters Knowledge offers an integrated package of public and proprietary information about companies, securities, industries and markets plus economic data, news and other content. The Knowledge Product can be integrated with Reuters flagship real-time information desktop product, Reuters 3000 Xtra,

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for users who require significant real-time, deep cross-asset coverage or transaction capabilities.

The Reuters Wealth Manager product family is targeted at wealth managers and retail brokers who require financial information services that can be integrated closely into their workflow, helping users manage their clients' portfolios better and allowing more time to concentrate on building client relationships. The Reuters Wealth Manager product family includes content on a wide range of single asset and collective investment funds provided by Reuters Lipper subsidiary. Lipper is a global leader in the provision of independent fund research, analysis and ratings.

As well as its core services, the Research & Asset Management division also receives a share of revenue from Reuters 3000 Xtra and the Reuters 2000/3000 range of legacy products, by reference to the nature of the customer taking the product.

In the Research & Asset Management arena, Reuters competes with Bloomberg, Thomson Financial, Factset, S&P/Capital IQ, Morningstar, GL Trade/Infotec, Telekurs/Fininfo, plus a number of local domestic players.

Enterprise

The Enterprise division (full year 2007 revenues of £451 million) provides information and software that support business automation within capital markets, for example, automated trading and regulatory compliance.

The division's products include:

- Reuters DataScope real-time datafeeds, streams of machine-readable price data delivered over Reuters networks at high speed for use in customers' information and trading services;
- Reuters DataScope pricing and reference data which help banks and financial organizations achieve regulatory compliance by delivering accurate financial instrument prices and reference material for the capital markets globally. In 2006, a new distribution platform, Reuters DataScope Select, was launched to support back office and fund valuation processes;
- Reuters Market Data System, a resilient content distribution software platform that enables banks to deliver high volume and low latency data into a wide variety of financial systems;
- Trade and Risk Management systems to help banks manage their trading position and monitor their exposure to trading risk. In 2006, Reuters acquired Application Networks Inc., whose coverage of credit derivatives and structured financial products complements Reuters existing strengths in foreign exchange and treasury risk management; and
- Reuters Messaging, a secure online messaging service that connects financial professionals within and across existing communities of interest.

Vendors such as Bloomberg, IDC and Telekurs compete with Reuters real-time datafeed business, as well as its pricing reference data offering. In addition, specialty technology providers, such as Wombat, Infodyne and ACTIV Financial and also large IT vendors, such as IBM, compete with Reuters in the market data delivery arena. Competitors in the risk management market include Sungard, Algorithmics, Murex, Misys and Calypso, among others.

Media

The Media division (full year 2007 revenues of £172 million) offers products which deliver comprehensive and timely news and information as text, video, graphics and photos. Reuters Media targets media professionals and influential consumers who need fast, accurate and trusted news and information to keep them informed.

Reuters online sites reach a unique audience of 23 million individuals globally each month.

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The majority of Reuters 50% stake in Factiva, its joint venture with Dow Jones, was sold to Dow Jones for cash consideration of £79 million in December 2006.

Key competitors in the supply of news to the media are Associated Press, Agence France Presse, Bloomberg News and Dow Jones. In the direct-to-consumer market, Reuters competes with a variety of local and global providers including Dow Jones, Financial Times, Yahoo! Finance, Google Finance, TheStreet.com and many others.

For information regarding Reuters Sales & Trading, Research & Asset Management, Enterprise, and Media divisions for the year ended December 31, 2007, see also Item 5A. "Operating Results — Reuters Information — Divisional Performance".

Properties and Facilities

During 2005 Reuters principal facilities were relocated to the Canary Wharf area of London, thereby down-sizing its London based operations from 340,000 square feet to 283,000 square feet. The Canary Wharf building is leased until 2020. Reuters other significant sites include the US headquarters at 3 Times Square in New York, New York (438,633 square feet, of which 3,357 square feet are sublet).

Environmental Matters

Reuters believes that its operations are in material compliance with applicable environmental laws, as well as laws and regulations relating to worker health and safety. Compliance with these laws and regulations has not had, and is not expected to have, a material effect on its capital expenditures, earnings or competitive position.

Legal Proceedings and Regulatory Actions

Douglas Gilstrap and Myron Tataryn v. Radianz Ltd., Radianz Americas, Inc., Reuters Limited, Blaxmill (Six) Limited, Reuters C LLC, Reuters America LLC, and British Telecommunications plc

On September 12, 2005, Radianz's former CEO Douglas Gilstrap filed a class action lawsuit purportedly on behalf of Radianz option holders against Radianz, Radianz Americas, Inc., Reuters Limited, Blaxmill (Six) Limited, Reuters C LLC, Reuters America LLC and British Telecommunications plc in the United States District Court, Southern District of New York, relating to the cash cancellation of Radianz options, in conjunction with Reuters sale of Radianz to British Telecommunications plc. The complaint does not specify the amount of damages sought. Under the claims and indemnification provision of the Radianz Sale Agreement between British Telecommunications plc and Reuters, Reuters elected to take control of the defense of this litigation as to all defendants. On December 15, 2005, a First Amended Complaint was filed which, among other things, added Myron Tataryn, a former Radianz employee based in the UK, as an additional named plaintiff and purported class representative. On January 30, 2006, the defendants filed a motion to dismiss the case in its entirety on forum non conveniens grounds. On July 27, 2006, the United States District Court dismissed the complaint as England is the proper forum for this matter. On August 25, 2006, plaintiffs filed an appeal of the dismissal with the US Court of Appeals for the Second Circuit. Separately on December 7, 2006 Douglas Gilstrap, along with former Radianz executives Brian Dillon and John Madigan, filed a new lawsuit in the US District Court, Southern District of New York in their individual capacities against Radianz Limited and Radianz Americas for essentially the same claims asserted in the dismissed class action complaint. On May 25, 2007, plaintiffs' appeal of the dismissal of the class action lawsuit was denied. Then on August 10, 2007, Gilstrap, Dillon and Madigan voluntarily dismissed their lawsuit in the Southern District of New York. On August 11, 2007, Gilstrap filed a new lawsuit in an individual capacity with former Radianz employees Thomas McCabe and Myron Tataryn, against Radianz Limited and Radianz Americas, Inc. in Texas state court in Dallas, Texas for essentially the same claims asserted in the federal court. On October 22, 2007, Radianz Limited filed a special appearance in order to preserve its objections to personal jurisdiction and Radianz Americas filed a motion to dismiss the complaint on the basis of forum non conveniens on behalf of Radianz Americas. On January 14, 2008, the Texas state court granted the motion to dismiss, pending a decision on whether to make such dismissal conditional upon Radianz Americas waiving a right to recover legal fees against plaintiffs in any action brought in England upon these claims. Subsequently the parties agreed to make the waiver of the right to receive legal fees and costs reciprocal and Radianz Limited agreed to waive its objections to jurisdiction

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so it could be included within the scope of any dismissal order. Subsequently, on February 5, 2008, the Texas state court entered a judgment dismissing the action as to Radianz Americas and Radianz Limited. Gilstrap, McCabe and Tataryn served Radianz Limited and Radianz Americas with a notice of appeal on March 3, 2008. Reuters believes this appeal is without merit and intends to defend against it vigorously.

Ariel (UK) Limited v. Reuters Group PLC, Reuters C LLC, Reuters Transactions Services Limited, Instinet Group, Incorporated, the NASDAQ Stock Market Inc. and Silver Lake Partners LP

On November 16, 2005, Ariel (UK) Limited brought an action in the United States District Court, Southern District of New York against Reuters Group PLC, Reuters C LLC, Reuters Transactions Services Limited, Instinet Group, NASDAQ and Silver Lake Partners LP, seeking a declaration that a 1975 Agreement between Ariel and Instinet permits Ariel to license Reuters current patent portfolio to others. The complaint, as amended on February 28, 2006, also claims breach of contract, copyright infringement and requests for declaratory relief. Ariel seeks \$50 million compensatory damages from Reuters and Instinet. Reuters answered the complaint and filed a motion to dismiss the case, which was granted on October 31, 2006, dismissing the copyright claims with prejudice and the state law contract claims for lack of jurisdiction. Ariel has appealed the case to the US Court of Appeals for the Second Circuit. Reuters believes the claims are without merit and intends to defend them vigorously.

Material Contracts

This section of the Form 20-F describes the material contracts (other than the Transaction Documents which are described under Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents” and contracts entered into in the ordinary course of business) which have been entered into by Reuters since May 4, 2005, or were entered into before that date and are still in effect or which are proposed to be entered into.

FXMarketSpace

On May 4, 2006, Reuters and the Chicago Mercantile Exchange (“CME”) entered into an agreement to form FXMarketSpace, a 50/50 joint venture to create a centrally-cleared, global foreign exchange trading system. Following shareholder approval, the joint venture was formed on July 20, 2006. Under the joint venture agreement and related documentation, Reuters and the CME have committed to invest up to \$45 million each. Reuters and the CME each have an equal number of representatives on the board of directors, and board actions generally require approval of at least one representative of each party. The parties agreed to share all profits derived from the joint venture, including those profits derived through the provision of services by the parties to the joint venture, in proportion to their ownership interest. This is achieved by the joint venture paying a preferential dividend to the shareholder with the lesser profits (subject to accrual in years during which the joint venture does not have sufficient profits, and to the other shareholder making direct payment of its portion of any accrued amount where either party is exiting from the joint venture in certain circumstances). The joint venture agreement contains limited transfer, put/call, and termination provisions, including: termination rights if certain volume and financial thresholds are not met in the fifth year after public launch of trading, subject to a call right of the non-terminating partner; put/call rights by the non-defaulting party in the event of certain key defaults; and transfer rights, including the right to transfer an interest in or require the sale of the entire joint venture, beginning only after ten years following public launch of trading, and subject to a right of first refusal by the other partner. Subject to certain exceptions, the CME and Reuters each agreed not to operate, have any significant interest in, or provide certain key services to, a competing, cleared platform for electronic trading of FX products (other than futures and futures options). If the venture requires funding beyond the committed amounts and only one partner is willing to provide such funding, the other party will have a right to terminate these restrictions subject to a call right of the nonterminating party. Reuters has entered into agreements to provide trading access to and trade notification services for, and distribute market data from, FXMarketSpace, among various other services and arrangements. For further information, see “Related Party Transactions” below in this Item 4B.

BT Network Services Agreement

Reuters entered into a contract with British Telecommunications plc (“BT”) effective April 29, 2005 under which BT became a supplier of network services to Reuters. Under this network services agreement, which has since been amended, BT provides and manages secure data networks for Reuters products and services worldwide and Reuters is currently expected to spend in the region of \$3.5 billion from 2005 through 2015. The agreement sets out the responsibilities of the parties to achieve the migration of all existing in-scope connections to the appropriate IP network and contemplates completion of substantially all existing connections at the end of the second half of 2009 (although a limited number of countries will be completed beginning 2011). Liquidated damages will be payable on sliding scale if a party fails to achieve its migration responsibilities. The agreement contains minimum spend commitments for each year following completion of the migration, based on a declining percentage of the annualized charges at the completion of migration, then the minimum spend commitment, in the previous year, and obliges BT to meet certain quality of service levels. In addition, the agreement gives BT the opportunity to tender for any future telecommunication services needed by Reuters.

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Fujitsu Master Services and Asset Transfer Agreements

Reuters entered into to a ten-year master services agreement (and associated contracts), dated August 10, 2007, with Fujitsu Services Limited (“FS”). The agreement requires FS to provide on a global basis information technology services (that were previously performed by Reuters in-house Information Services & Technology department and its existing suppliers) to all the users within the Reuters organization world-wide. Reuters has the right to terminate from February 13, 2009 (with penalties resulting). At the end of the contract Reuters can extend the agreement for a further year, subject to agreement of price for such extension. The value of the agreement is approximately £530 million.

Savvis Network Services Agreements

Reuters entered into a three-year network services agreement, dated May 19, 2005 (and subsequently amended), with Savvis for internet protocol network services, internet access, co-location and other services. The agreement contained no minimum spend commitments and obliged Savvis to meet certain quality of service levels.

Sale of Factiva

On October 18, 2006, Reuters agreed to sell the majority of its 50% stake in Factiva to Dow Jones. The sale occurred on December 15, 2006 and Reuters received cash consideration of \$178 million. Reuters retained a minority preference share interest valued at \$7 million in a Factiva entity. In connection with the sale, Reuters entered into or continued a number of commercial arrangements with Factiva and Dow Jones, and agreed not to compete with Factiva’s core business for a two-year period and to continue exclusivity arrangements with respect to certain Reuters content provided to Factiva.

Related Party Transactions

As of December 31, 2007, Reuters owned 9.7% of its own shares as a result of share buy-back program. In addition, 2.0% of Reuters is owned by Reuters Employee Share Ownership Trusts (ESOTs).

The ESOTs were established by Reuters in August 1990, January 1994 and August 2004. The ESOTs established in August 1990 and January 1994 are funded by Reuters. The ESOT established in August 2004 is funded by Reuters SA. The trustee of the ESOTs is an offshore independent professional trustee. Shares purchased by the ESOTs, which are deducted from shareholders’ equity on the consolidated balance sheet, are used to satisfy certain options/awards under Reuters share incentive plans.

Key management personnel compensation, including the Reuters directors, is shown in the table below:

	2007	2006	2005
	£m	£m	£m
Salaries and short-term employee benefits	16	12	8
Post-employment benefits	1	1	1
Termination benefits	—	—	1
Share-based payments	9	8	6
Total	26	21	16

During the period, Reuters carried out a number of transactions with related parties, mainly being relationships where Reuters holds investments in associates and joint ventures. These transactions involved supply of services and were entered into in the normal course of business and on an arm’s length basis.

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Details of these transactions are shown below:

	December 31, 2005 £m	Amounts invoiced £m	Amounts collected £m	December 31, 2006 £m	Amounts invoiced £m	Amounts collected £m	December 31, 2007 £m
Amounts receivable:							
Joint ventures:							
Factiva*	4	30	(33)	1	—	(1)	—
FXMarketSpace	—	6	—	6	10	(15)	1
Other	—	1	(1)	—	1	(1)	—
Associates	—	—	—	—	1	(1)	—
Total amounts receivable	4	37	(34)	7	12	(18)	1
Amounts payable:							
Joint ventures:							
Factiva	1	4	(5)	—	—	—	—
3 Times Square Associates	—	19	(19)	—	16	(16)	—
Associates	—	2	(2)	—	5	(4)	—
Total amounts payable	1	25	(26)	—	21	(20)	—

Note:

* Reuters disposed of the majority of its investment in Factiva in December 2006. Consequently, the £1 million receivable from Factiva at December 31, 2006 has been presented within other receivables.

No amounts were provided for or written off in the income statement in respect of amounts receivable from related parties.

The above amounts relate to the rendering or receiving of services between both parties, including agency agreements and license agreements.

During 2007, Reuters paid £64 million to Reuters retirement arrangements, including £4 million towards funding the deficit in the Reuters Supplementary Pension Scheme.

Factiva

Prior to Reuters disposal of the majority of its investment in Factiva on December 15, 2006, Factiva and Reuters each provided a variety of services to the other through a number of commercial arrangements. Factiva hosted and maintained Reuters pictures archiving service, permitted Reuters to incorporate Factiva content in certain Reuters products, and permitted Reuters staff to access Factiva content. The total cost of the services provided by Factiva to Reuters in 2007 was nil (2006: £4 million, 2005: £4 million).

Reuters provided Factiva with technical and administrative support services, including use of Reuters premises, facilities, finance and payroll services, provided content, primarily its newswires, to Factiva for incorporation in certain Factiva services, and granted Factiva a trademark

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license permitting Factiva to use Reuters name. The total value of the services provided by Reuters to Factiva in 2007 was nil (2006: £30 million, 2005: £39 million).

Following the disposal of the majority of the investment in Factiva, Reuters has continued to supply content to Factiva under an agreement as a paid supplier and entered into or continued a number of commercial arrangements with Factiva and Dow Jones, including some of those described above.

In addition to the above amounts, Reuters held a loan payable to Factiva of £10 million at the start of 2006, on which interest was payable at LIBOR. This loan was increased to £12 million during the year and it was all repaid prior to the disposal of the majority of Reuters investment in Factiva. There were no loans outstanding at December 31, 2007.

FXMarketSpace

As discussed above under “Material Contracts” in this Item 4B. Reuters has entered into agreements to provide trading access to and trade notification services for, and distribute market data from, FXMarketSpace, among various other services and arrangements. The total cost of these services provided by Reuters to FXMarketSpace in 2007 was £10 million (2006: £6 million).

3 Times Square Associates LLC (“3XSQ Associates”)

Reuters is a party to a lease entered into in 1998 with 3XSQ Associates, an entity owned by Reuters and Rudin Times Square Associates LLC formed to acquire, develop and operate the 3 Times Square property and building. Pursuant to the lease, which has been amended from time to time, Reuters leases approximately 692,000 square feet for a remaining term of approximately 15 years, expiring 2021, with an option to terminate 10 years early as to 77,000 square feet and three successive 10-year renewal options as to the entirety of the space. Reuters made payments to 3XSQ Associates of £16 million during 2007 (2006: £19 million, 2005: £18 million) in respect of rent, operating expenses, taxes, insurance and other obligations.

Credit Rating

Reuters long-term unsecured debt securities are rated Baa1 (stable) by Moody’s, BBB+ (watch positive) by S & P and BBB+ (positive) by Fitch.

In September 2007, Moody’s downgraded its rating assigned to Reuters long-term debt to Baa1 from A3 with a stable outlook. In September 2007, S&P affirmed its BBB+ rating to Reuters long-term debt and moved its outlook from “watch developing” to “watch positive”. In May 2007, Fitch affirmed its BBB+ rating to Reuters long-term debt and moved its outlook from “stable” to “positive”.

Information above regarding Reuters in this Item 4B. should be read in conjunction with the relevant sections in Annex A-8, notes to the financial statements of Reuters for the year ended December 31, 2007, incorporated by reference in this Annual Report on Form 20-F, and Item 5A. “Operating Results — Reuters Information — Divisional Performance”.

ITEM 4C. Organizational Structure

For information with respect to the organizational structure, see Item 4A. “History and Development of the Company — The Dual Listed Company Structure” and Item 4B. “Business Overview” under the headings “Historical Information about Thomson ” and “Historical Information about Reuters ” above.

ITEM 4D. Property, Plants and Equipment

For information with respect to property, plant and equipment for Thomson, see Item 4B. “Business Overview — Historical Information about Thomson — Properties and Facilities” and for such information for Reuters, see Item 4B. “Business Overview — Historical Information about Reuters — Properties and Facilities” and Item 5A. “Operating Results — Lease Arrangements.”

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

ITEM 5A. Operating Results

Thomson Information

For information regarding Thomson’s operating results, see Exhibit 99.1, management’s discussion and analysis of Thomson for the year ended December 31, 2007, under the heading “Results of Operations”, filed as part of this Annual Report on Form 20-F.

Reuters Information

Financial Review

Non-GAAP Measures

A number of measures used in the following commentary and elsewhere in this report are “non-GAAP” figures, which are business performance measures used to manage the business, that supplement the IFRS-based headline numbers. These include “underlying change”, “constant currency”, “trading costs”, “trading profit”, “trading cash flow”, “adjusted EPS”, “free cash flow” and “net debt/net funds”. Brief descriptions of these terms are provided below. A more detailed discussion of these non-GAAP measures, including the rationale for using them and reconciliations to the most directly comparable IFRS indicator, is provided under “Definition of Key Financial Performance Measures” below in this Item 5A.

Underlying change is calculated by excluding the impact of currency fluctuations and the results of acquisitions and disposals.

Constant currency change is calculated by excluding the impact of currency fluctuations.

Trading costs are calculated by excluding the following from operating costs from continuing operations to enable better like-for-like comparison between periods: acquisition integration costs are one-off charges associated with transaction activity that do not recur; restructuring charges associated with Reuters completed business transformation plans, which include Fast Forward (a three year business transformation program completed in December 2005) and acquisitions; Transaction-related costs incurred by Reuters in connection with the Transaction; impairments and amortization of intangibles acquired via business combinations; fair value movements included in operating costs; and adding back foreign currency gains and other income (both of which are included in other operating income).

Trading profit is calculated by excluding the following from operating profit from continuing operations: restructuring charges associated with acquisitions; Transaction-related costs; impairments and amortization of intangibles acquired via business combinations; investment income; profits from disposals of subsidiaries and fair value movements. Trading margin is trading profit expressed as a percentage of revenue.

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Trading cash flow is calculated by including capital expenditure and excluding the following from cash generated from continuing operations: restructuring cash flows associated with completed business transformation plans, which include Fast Forward and acquisitions, cash effect of derivatives used for hedging purposes and cash flows which are either discretionary in nature or unrelated to ongoing recurring operating activities such as special contributions toward funding defined benefit pension deficits, Transaction-related expenditure, acquisitions and disposals and dividends paid out by Reuters.

Adjusted EPS is calculated as basic EPS from continuing operations before Transaction-related costs, impairments and amortization of intangibles acquired via business combinations, investment income, fair value movements, disposal profits/losses and related tax effects.

Free cash flow measures cash flows from continuing operations, other than those which are either discretionary in nature or unrelated to ongoing recurring operating activities such as special contributions toward funding defined benefit pension deficits, Transaction-related costs, acquisitions and disposals and dividends paid out by Reuters.

Net debt/net funds represents cash, cash equivalents and short-term deposits, net of bank overdrafts and other borrowings.

Reuters Performance

Summary Profit Results

Year to December 31	2007 £m	2006 £m	2005 £m
Revenue	2,605	2,566	2,409
Operating costs	(2,355)	(2,351)	(2,251)
Other operating income	42	41	49
Operating profit	292	256	207
Net finance costs	(34)	(15)	(12)
Profit on disposal of associates, joint ventures and available-for-sale financial assets	21	76	38
Share of post-taxation (losses)/profit from associates and joint ventures	(6)	(4)	5
Profit before taxation	273	313	238
Taxation	(60)	(20)	(9)
Profit for the year from continuing operations	213	293	229
Discontinued operations			
Profit for the year from discontinued operations	14	12	253
Profit for the year	227	305	482
Basic EPS	18.4 p	23.6 p	32.6 p
Adjusted EPS	23.0 p	17.1 p	13.8 p

Revenue, Costs and Profit

Year to December 31	2007 £m	2006 £m	Actual change	Underlying change	2005 £m
Recurring	2,394	2,363	1%	7%	2,235
Usage	139	132	6%	15%	104
Outright	72	71	1%	1%	70
Total revenue	2,605	2,566	2%	7%	2,409
Operating costs	(2,355)	(2,351)	—	—	(2,251)
Operating profit	292	256	14%	—	207
Operating margin	11%	10%	—	—	9%
Trading costs	(2,220)	(2,258)	(2%)	3%	(2,075)
Trading profit	385	308	25%	43%	334
Trading margin	15%	12%	—	—	14%

2007 Results Compared with 2006**Revenue**

Revenue for the year was £2,605 million (2006: £2,566 million), up 2% on an actual basis and 7% on an underlying basis, with the main difference between the two growth rates being the adverse impact of the weakening of the US dollar against sterling in the first half of the year. The acquisition in 2006 of Application Networks and acquisitions in 2007 of ClearForest and FERi made a small contribution to revenue growth in 2007.

Core Plus initiatives contributed an additional £63 million of revenue in 2007, equivalent to 2.6 percentage points of growth giving cumulative Core Plus revenue of £95 million. The most significant sources of growth were the addition of high value content to Reuters Knowledge; new market initiatives in Consumer Media, China and India; next generation electronic trading initiatives such as Prime Brokerage; and new enterprise solutions such as Reuters Datascope and Reuters Datafeed Direct. Reuters is now on track to exceed the three percentage points of underlying revenue growth from Core Plus in 2008 indicated when Core Plus was launched in 2005. Excluding the effects of Core Plus, the core business saw underlying revenue growth of 4.4%, driven by a two percentage point uplift from the 2007 price increase, and from volume growth. The key drivers of volume growth were Reuters 3000 Xtra, Reuters Knowledge and Enterprise Information products. Price increases are expected to contribute approximately the same level of growth in 2008 as in 2007.

Recurring revenue, which represented 92% of our revenue in 2007 (92% in 2006), was £2,394 million (2006: £2,363 million). This represents an increase of 1% on an actual basis (7% underlying) compared to 2006.

Usage revenue, 5% of our revenue in 2007 (5% in 2006), grew by 6% (15% underlying) to £139 million (2006: £132 million) compared to 2006.

Outright revenue, 3% of our revenue in 2007 (3% in 2006) grew by 1% (1% underlying) to £72 million (2006: £71 million) compared to 2006.

Revenue grew in all divisions except the Sales & Trading division (which grew 3% on an underlying basis but declined 2% on an actual basis), as discussed more fully in the “Divisional Performance” section in this Item 5A. below.

Revenue grew strongly in all geographic regions in 2007. Asia, flat on an actual basis, but with 9% underlying revenue growth, was Reuters fastest growing region on an underlying basis and delivered double digit growth in China, India and other emerging markets supported by good progress in Japan. The Americas saw a decline of 1% on an actual basis but underlying growth of 7% with demand for enterprise products and Reuters Knowledge content feeds and desktops remaining strong throughout the year. Europe, Middle East & Africa grew at 3% on an actual basis (6% on an underlying basis), with Reuters broad footprint in high growth areas such as Central and Eastern Europe, the Nordic regions and the Gulf

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supporting good growth in France, Germany and the UK, and offsetting consolidation-driven declines in Italy.

Operating Costs and Trading Costs

Total operating costs were £2,355 million, an increase of 0.2% from 2006. Operating costs include the impact of movements in the fair value of derivatives and other financial assets, including embedded derivatives within our revenue and supplier contracts. Movements in fair values added £14 million to total operating costs in 2007, compared to £25 million in 2006. Operating costs for 2007 also include an impairment charge of £18 million following the write-off of the intangible assets held in respect of the Bridge tradename and technology know-how and £45 million of costs associated with the Transaction.

Trading costs (as defined above and reconciled to operating costs in the table “Reconciliation of divisional operating costs to trading costs” below) totaled £2,220 million in 2007 (2006: £2,258 million), down by 2% on 2006 on an actual basis, but up 3% on an underlying basis. The decrease in trading costs, in absolute terms, reflected accelerated Core Plus savings of an incremental £50 million and a £99 million cost reduction from currency effects, which more than offset £24 million of new costs associated with Core Plus. Careful cost control kept core cost inflation below the rate of core revenue growth.

Currency

Currency effects reduced 2007 revenue by £135 million (5.7%) and operating profit and trading profit by £36 million. The main driver was the weakening of the US dollar against sterling, particularly in the first half, with the weakening of the Yen and other currencies also contributing.

Average Exchange Rates	Full year	Full year
	2007	2006
£/\$US	2.00	1.83
£/€	1.47	1.47
£/¥	235.29	212.92

Operating Profit and Trading Profit

Operating profit totaled £292 million in 2007 (2006: £256 million), an increase of £36 million over 2006, reflecting the improvement in trading profit, offset by £45 million of Transaction-related costs and the impairment of intangibles in respect of the Bridge tradename and technology know-how of £18 million.

Trading profit (as defined above and reconciled to operating profit in the table “Reconciliation of divisional operating profit to trading profit” below) was £385 million in 2007 (2006: £308 million). Trading profit growth was largely driven by revenue increases, net currency effects, continued tight costs control and £89 million net benefit from Core Plus initiatives.

The business delivered an operating margin of 11% (2006: 10%) and a trading margin of 15% (2006: 12%).

The Reuters directors gave 2007 profit guidance on February 29, 2008, estimating that the 2007 trading profit of Reuters would be no less than £380 million. The directors report that the actual 2007 trading profit was £385 million.

Profit for the Year from Continuing Operations

Profit for the year from continuing operations was £213 million (2006: £293 million). The year-on-year decrease of £80 million is largely due to the lower profits on disposal (2006 included the sale of Factiva that realized a gain of £76 million), the impairment of intangibles acquired

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in previous business combinations of £18 million and the costs associated with the Thomson Reuters transaction, partially offset by the improved trading profit discussed above.

Net finance costs of £34 million increased by £19 million over the previous year, reflecting higher debt levels resulting from the impact of the share buy-back plan.

Our associates and joint ventures in 2007 generated a loss of £6 million, compared to a loss in 2006 of £4 million. The losses in 2007 largely reflected losses from FXMarketSpace, Reuters joint venture with the CME.

The tax charge for the year was £60 million, compared to £20 million in 2006. 2006 benefited from the settlement of prior year tax matters. A reconciliation of the actual tax charge to the tax charge expected by applying the standard 30% UK rate of corporation tax to the reported profits is provided in note 6 to the financial statements in Annex A-8.

Profit for the Year from Discontinued Operations

We have no activities which are required to be classified as discontinued operations in 2007. Additional gains of £14 million have been recognized in 2007 relating to the 2005 disposals of Radianz and Instinet; £12 million profit was recognized in 2006 relating to Instinet.

Earnings Per Share

Profit for the year was £227 million (2006: £305 million), resulting in basic EPS of 18.4p, down 5.2p (22%) from the prior year. Adjusted EPS (as defined above and reconciled to basic EPS in the table "Reconciliation of basic EPS to adjusted EPS" below) was 23.0p in 2007, up 35% from the previous year.

Summarized Cash Flow and Free Cash Flow

Summarized Reuters cash flow

Year to December 31	2007 £m	2006 £m	2005 £m
Net cash inflow from operating activities	476	258	253
Acquisitions and disposals	6	(2)	206
Purchases of property, plant and equipment, and intangibles	(225)	(228)	(185)
Proceeds from sale of property, plant and equipment	19	5	3
Dividends received	3	3	5
Proceeds from issue of shares	47	32	10
Share buy-back	(174)	(527)	(223)
Equity dividends paid to shareholders	(147)	(134)	(140)
Equity dividends paid to minority interests	—	—	(23)
Other movements	(49)	7	21
Movement in net (debt)/funds	(44)	(586)	(73)
Opening net (debt)/funds	(333)	253	326
Closing net (debt)/funds	(377)	(333)	253

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Refer to “Reconciliation of cash flows from operating activities to free cash flow and trading cash flow” table below for reconciliation to statutory cash flow.

Reconciliation of net cash flow from continuing operating activities to free cash flow

Year to December 31	2007 £m	2006 £m	2005 £m
Cash flow from continuing operations	534	311	268
Net interest paid	(32)	(19)	(7)
Tax paid	(26)	(34)	(11)
Capital expenditure	(225)	(228)	(178)
Transaction-related costs	21	—	—
Special contributions to pension schemes	4	187	—
Proceeds from sale of property, plant and equipment	19	5	3
Dividends received	3	3	5
Interim funding repayment from Telerate	—	—	(18)
Repayment of funds to BTC	—	—	26
Free cash flow	298	225	88

Refer to “Reconciliation of cash flows from operating activities to free cash flow and trading cash flow” table below for reconciliation to Reuters cash flows.

Cash generated from continuing operations was £534 million, compared to £311 million in 2006. The year-on-year improvement reflects underlying improvement to profits flowing through to improved cash flow and special contributions to pension schemes of £187 million in 2006, with only £4 million in 2007.

Free cash flow from continuing operations was £298 million (2006: £225 million). This reflects higher trading profit, lower cash restructuring charges and continued focus on the management of working capital. Capital expenditure of £225 million (2006: £228 million) was in line with management’s commitment to maintain 2006 spending levels.

Investment in software and development projects of £109 million has remained at a similar level to 2006 (£106 million), with continued investment in Core Plus projects.

Trading cash conversion from continuing operations (i.e. trading cash flow divided by trading profit) in 2007 was 92% (2006: 111%), rising to 100% on a rolling two year basis.

Net debt was £377 million, compared to net debt of £333 million in 2006, a movement of £44 million. The significant movements in net debt include:

- Free cash inflows of £298 million, as noted above;
- The cost of the share buy-back program of £174 million;
- Dividend payments of £147 million;
- Net inflow from acquisitions and disposals of £6 million; and

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- Other movements largely consisting of foreign exchange movements on borrowings.

Dividends

Dividends paid in 2007 totaled £147 million. The second interim dividend proposed in respect of 2007 is 7p per share, to be paid on May 1, 2008, an increase of 9% on the prior year, reflecting our continued confidence in the future performance of our business. The total dividend in respect of 2007 is 12p, an increase over 2006 of 9%. In addition, a stub dividend of 3.24 p, representing accrued/pro-rated dividends from January 1, 2008 through April 16, 2008, is scheduled to be paid on May 1, 2008.

Balance Sheet

The net assets of Reuters are £138 million, a decrease of £34 million on the previous year. This primarily reflects the return of capital to shareholders through dividend payments and share buy-back programs exceeding the profit for the year.

The main movements in Reuters balance sheet between 2007 and 2006 are:

- The capital expenditure on property, plant and equipment and intangible assets of £272 million, offset by annual depreciation and amortization of £158 million.
- A reduction to the net pension obligations of £120 million resulting from movements in the valuations of defined benefit obligations that have reduced the reported deficits of several schemes.

Summarized Reuters balance sheet

Year to December 31	2007 £m	2006 £m	2005 £m
Non-current assets	1,432	1,314	1,179
Current assets	547	606	957
Non-current assets classified as held for sale	14	—	1
Total assets	1,993	1,920	2,137
Current liabilities	(1,268)	(913)	(797)
Non-current liabilities	(587)	(835)	(829)
Total liabilities	(1,855)	(1,748)	(1,626)
Net assets	138	172	511
Total shareholders' equity	138	172	511

Our largest acquisitions during the year were those of Feri Fund Market Management Limited in July for £12 million and ClearForest Limited in June for £10 million.

We also provided additional contributions to existing investments in TIMES NOW (£5 million) and FXMarketSpace (£10 million).

Disposal activity for the year included the sale of our investment in Intralinks for £23 million in proceeds in June 2007.

Reuters returned a total of £174 million to shareholders through its on-market buy-back program in 2007. The total returned to shareholders since the inception of the buy-back program in July 2005 now stands at £1.1 billion, at a volume weighted average price of £4.32. The program was suspended at the time of the announcement of the recommended transaction between Thomson and Reuters. It resumed with an irrevocable arrangement to repurchase up to 50 million ordinary shares between December 13, 2007 and the announcement to the market that all regulatory

pre-conditions for the proposed transaction had been satisfied or waived. Of this 50 million shares, 5 million had been repurchased by December 31, 2007 and an additional 28 million by the time the buy-back was suspended on February 19, 2008. The program resumed again on March 10, 2008.

2008 Outlook

Early indications for 2008 are encouraging despite the uncertain market environment, with strong sales momentum reflecting the robustness of Reuters business mix. On March 6, 2008, Reuters stated that it expected underlying revenue growth in the first quarter of 2008 to be around 9%.

2006 Results Compared With 2005

Revenue

Full year revenue for 2006 grew 6.5% to £2,566 million (2005: £2,409 million). Exchange rate movements accounted for 0.3 percentage points of this growth, and acquisitions, mainly the full year impact of the 2005 acquisition of Telerate, accounted for 1.4 percentage points of revenue growth.

On an underlying basis, adjusting for exchange rate movements and the impact of acquisitions and disposals, revenue growth was 4.8%. Core Plus initiatives contributed 1.3 percentage points (£32 million) to revenue growth. All four elements of Core Plus — electronic trading, high value content, new enterprise services and new markets — contributed to revenue growth.

Volume growth, the 2006 price increase and recoveries (exchange fees and specialist data) accounted for 3.5 percentage points of growth. The key drivers of volume growth were: new sales and migrations to Reuters 3000 Xtra; Reuters Knowledge (principally on the buy-side); Enterprise Datafeeds and Trade and Risk Management software.

Recurring revenue, which represented 92% of our revenue in 2006 (93% in 2005), was £2,363 million (2005: £2,235 million). This represented an increase of 6% on an actual basis (4% underlying) compared to 2005.

Usage revenue, 5% of our revenue in 2006 (4% in 2005), grew by 26% (24% underlying) to £132 million (2005: £104 million) compared to 2005.

Outright revenue, 3% of our revenue in 2006 (3% in 2005), totaled £71 million, compared to the £70 million of 2005.

Revenue grew in all geographical regions. The Americas saw growth of 9% (underlying 8%), driven by strong sales of Enterprise solutions and Media services and good progress with Reuters Knowledge. Asia grew 7% (underlying 6%) benefiting from improved trading conditions in Japan, market-leading positions in China and India and the inclusion of Telerate revenues for the full 2006 year. Europe, Middle East & Africa revenues grew 5% (underlying 3%) with strong trading in the Nordic region, Russia and the Gulf, counterbalanced by consolidation in the German, Swiss and Italian markets.

Operating Costs and Trading Costs

Total operating costs were £2,351 million, an increase of 4% from 2005. The drivers of this increase are largely explained in the context of the movement in trading costs. Trading costs totaled £2,258 million in 2006 (2005: £2,075 million), up 9% on 2005. New investment in Core Plus growth and transformation initiatives, net of early savings, contributed £109 million to cost growth in 2006. Inflation added approximately 3% to base costs, and additional costs of £21 million were incurred to invest in service resilience. Acquisitions added a further £30 million, principally Telerate, and data recoveries costs added a further £25 million. Offsetting these key drivers of cost increases were savings from the Fast Forward program, totaling £80 million.

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Trading cost increases were partially offset by much lower Fast Forward restructuring and acquisition integration costs. Total restructuring charges in 2006 were £13 million, compared to £112 million in 2005. 2005 charges included £94 million in respect of the Fast Forward restructuring program, which completed at the end of 2005, and £18 million in respect of Telerate acquisition integration. The £13 million charged in 2006 related only to acquisition integration, principally Telerate.

Operating costs also included the impact of movements in the fair value of derivatives and other financial assets, including embedded derivatives within our revenue and supplier contracts. Movements in fair values added £25 million to total operating costs in 2006, compared to £16 million in 2005.

Operating Profit and Trading Profit

Operating profit totaled £256 million in 2006 (2005: £207 million), an increase of £49 million over 2005, largely reflecting the lower Fast Forward restructuring costs.

Trading profit was £308 million in 2006 (2005: £334 million). Trading profit was largely driven by revenue growth, the last tranche of Fast Forward savings, continued tight cost control and £10 million of benefit from acquisitions. However, these benefits were more than offset by the £77 million net new investment to drive Core Plus, taking into account revenues and early cost savings generated by the initiatives during the year.

The business delivered an operating profit margin of 10% (2005: 9%) and a trading margin of 12% (2005: 14%).

Profit for the Year from Continuing Operations

Profit for the year from continuing operations was £293 million (2005: £229 million). The year-on-year increase of £64 million was largely due to the improved operating profit discussed above and the increase in profits from asset disposals. The sale of the majority of our stake in Factiva realized a profit of £76 million, whereas the £38 million of disposal profits in 2005 came largely from further sales of our stake in Tibco Software Inc. (TSI).

Net finance costs of £15 million increased by £3 million over 2005, reflecting the net outflow of cash for the share buy-back program and special contributions made towards funding the majority of the deficit position on two UK defined benefit pension schemes.

Income from our associates and joint ventures in 2006 generated a loss of £4 million, compared to a profit in 2005 of £5 million. The losses in 2006 largely reflected the expected initial losses in Reuters new investments in FXMarketSpace and TIMES NOW, along with set-up costs incurred to establish FXMarketSpace. Profits in 2005 largely reflected the results of Factiva, which ceased to be accounted for as a joint venture in October 2006.

The tax charge for the year was £20 million, compared to £9 million in 2005. As in 2005, 2006 benefited from the settlement of prior year tax matters.

Profit for the Year from Discontinued Operations

We had no activities which were required to be classified as discontinued operations in 2006. An additional gain of £12 million was recognized in 2006 arising from the disposal of Instinet Group in 2005, compared to the £253 million profit recognized in 2005. The 2005 result was largely made up of the post-tax profit of £191 million on the disposal of Instinet Group and £68 million profit after tax from Instinet Group's business operations prior to its sale in December 2005.

Earnings Per Share

Profit for the year was £305 million (2005: £482 million), resulting in basic EPS of 23.6p, down 9p from the prior year, mainly due to the decrease in profits from disposals for the period. Adjusted EPS was 17.1p in 2006, up 24% from the previous year, reflecting lower net restructuring charges and a reduction in the number of shares in circulation, due to the share buy-back program.

Summarized Cash Flow

Cash generated from continuing operations was £311 million, compared to £268 million in 2005. The year-on-year improvement of £43 million was driven by lower restructuring charges than 2005 and savings achieved under the Fast Forward program. It was also driven by a movement in working capital outflow of £50 million (2006: £115 million; 2005: £65 million), although excluding the contribution of £187 million towards funding pension deficits, working capital improved significantly on 2005.

Free cash flow from continuing operations was £225 million (2005: £88 million). This reflected lower cash restructuring charges and management action to improve working capital, partially offset by higher capital expenditure, cash tax and interest charges. Movements in working capital were £111 million positive, although some of this improvement was due to timing around year-end cash flows which reversed in 2007.

Investment in software and development projects has increased by £66 million, reflecting higher levels of development under Core Plus. Tangible capital spend reduced by £16 million, reflecting the completion in 2005 of the move to Reuters head office in London's Canary Wharf, partially offset by new investment in data centres. Total capital expenditure of £228 million was higher than the £220 million anticipated in the 2006 Outlook in the 2005 Annual Report and Form 20-F, reflecting additional investment to improve data centre resilience.

Trading cash conversion from continuing operations, (i.e. trading cash flow divided by trading profit) in 2006 was 111% (2005: 77%) with the increase in capital expenditure more than offset by working capital improvements.

Net debt was £333 million, compared to net funds of £253 million in 2005, a movement of £586 million. The significant movements in net debt included:

- Free cash inflows of £225 million, as noted above;
- Special contributions of £187 million towards funding the deficit in two UK defined benefit pension schemes;
- The ongoing cost of the share buy-back program, amounting to £527 million;
- Dividend payments of £134 million; and
- Net outflow from acquisitions and disposals of £2 million, including £79 million from the disposal of Factiva.

Dividends

Dividends paid in 2006 totaled £134 million. The final dividend proposed in respect of 2006 was 6.9p per share, an increase of 12% on the prior year, reflecting continued confidence in the future performance of our business. The total dividend in respect of 2006 was 11p, an increase over 2005 of 10%.

Balance Sheet

The net assets of Reuters were £172 million, a reduction of £339 million on the previous year. This reduction primarily reflected the return of funds to shareholders through the share buy-back program.

The main movements in Reuters balance sheet between 2006 and 2005 were:

- The capitalization of property, plant and equipment and intangible assets of £290 million, offset by annual depreciation and amortization charges of £141 million.

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- A change in the composition of net debt (net funds in 2005), with lower cash holdings and higher debt being offset by lower pension obligations due to the special contributions towards funding the deficits in two UK defined benefit pension schemes.

Our largest acquisition during the 2006 was that of Application Networks for £22 million, which completed in June 2006. Other acquisitions included two small Telerate distributor businesses in India and Italy. We also made a number of investments in associates and joint ventures, including a 26% holding in TIMES NOW of £11 million; and an initial contribution of £8 million to establish FXMarketSpace as a joint venture with the CME.

Disposal activity for 2006 included the sale of the majority of our 50% stake in Factiva to Dow Jones for net cash proceeds of £79 million, resulting in a gain on sale of £76 million.

Divisional Performance

Overview

During the 2005-2007 period, we operated through four business divisions: Sales & Trading, Research & Asset Management, Enterprise and Media. They are closely aligned with the user communities they serve and they are responsible for defining, building and managing products. The business divisions have profit and loss responsibility. Revenues, operating profit and trading profit for the two years to December 31, 2007 are analyzed by business division in the following sections. Further information on revenue by division and by geography is included in note 1 of the financial statements in Annex A-8.

Our development and data teams are integrated within the business divisions, aligning these teams more closely with our divisional plans. These plans are being further strengthened by our investment in the quality and timeliness of Reuters data. Operationally, we have an end-to-end framework for managing products through their entire lifecycle, simplifying the process and enabling us to make the most of our resources and maximize the return on our investments.

Shared infrastructure design is provided by a technical architecture team tasked with providing technical coherence, scale efficiencies and compliance with standards.

We face competition in the market sectors and geographical areas in which we operate. We monitor the competitive landscape actively in order to be able to respond to market developments.

The business divisions serve customers through our Global Sales and Service Operations group which is split into three geographic regions: the Americas, Asia, and Europe, Middle East & Africa. In addition, we run our Focus Group Accounts team as a global sales and support channel for our largest customers. Locally, members of our sales and service teams work with customers to build relationships and to identify the correct Reuters products to meet customer needs and to feed back customer needs to the business divisions. Through regular training visits, our customer training specialists work with end-users to ensure they get full value from our products. In addition we provide product, content and technical support by telephone and email from three regional hubs, one based in each principal time zone. We also offer proactive telephone support and remote learning to help users of our premium products get the most out of their service. "Brightspot", a traveling showcase for Reuters products, is used to increase customer awareness of the latest developments in Reuters product range.

Our Editorial and data groups support the work of all four business divisions by reporting, producing, collecting, quality-checking, packaging and delivering an extensive range of news and financial information.

Our financial data comes from an array of sources such as exchanges, over-the-counter markets, our customers, research services and other contributors such as energy and fixed income data providers, as well as from our own news, research and data operations.

Our editorial team of over 2,300 text, television and photo journalists aims to report the news to the highest standards of accuracy, insight and timeliness. Representing some 90 nationalities, they report from 200 bureaus in 19 languages. They filed more than 3.5 million news items

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in 2007 to customers in the form of text, pictures, TV, video and graphics.

Our coverage includes real-time data provided on 5.5 million financial records, data from 250 exchanges, more than 1.5 million fixed income securities, 250,000 foreign exchange and money market instruments and award-winning commodities and energy content. This is further complemented by data from around 4,000 financial services contributors. Reuters financial data is updated over 8,000 times per second, and at peak times more than 23,000 times per second. In addition, our fundamentals and estimates data is recognized as a leading source of high quality financial information, covering over 45,000 companies worldwide.

Sales & Trading Division

Overview

Sales & Trading is our largest business division serving the information, trading and post-trade connectivity requirements of buy and sell-side customers in the foreign exchange, fixed income, equities and other exchange traded instruments, and commodities and energy markets. The division's major strategic focus is to become the leading provider of content and transaction services for traders and salespeople worldwide, across a broad range of asset classes. Our customers include market makers, sales traders, traders at investment firms and corporate treasurers. In addition, we continue to identify opportunities in new asset classes.

Our premium desktop product is Reuters 3000 Xtra. Its users are financial markets professionals who require a powerful combination of deep, global, cross-asset news and content combined with sophisticated pre-trade decision-making, analytics and trade connectivity tools. It includes Reuters Messaging, which enables end-users to interact with their peers in the financial community.

Our trading suite of products offers trade connectivity, electronic trading, order-routing and post-trade tools to enable customers to trade with each other and connect their systems to electronic markets. We now have a range of trading and post-trade services for FX, money markets, fixed income and exchange traded instruments. Our strategic product set includes Reuters Dealing 3000, Reuters Trading for Foreign Exchange, Reuters Trading for Fixed Income and Reuters Trading for Exchanges. Through Reuters Dealing 3000, our customers have access to a trading community of 18,000 FX and money market traders globally.

Reuters Trader is our mid-tier product which we also offer in versions targeted at regional markets. Users of our mid-tier and domestic products typically require only a subset of Reuters overall content and capabilities. We are working to complete the migration of our customers from older products to new Reuters Trader products, many of which are browser-based.

Our Sales & Trading information products compete with large players such as Bloomberg, Thomson Financial, Sungard, Telekurs and IDC, as well as a growing number of local, regional and niche competitors ranging from Markit and SuperDerivatives to Quick, Xinhua Finance and Yahoo! Finance. In the electronic trading business, we compete with Fidessa and the large inter-dealer brokers, notably ICAP's EBS platform. Additionally, we compete with single-bank and multi-bank portals such as FXall and MarketAxess.

In addition to our own trading products, we have also invested in an innovative new FX trading system, FXMarketSpace, which we established with the CME as a 50/50 joint venture. FXMarketSpace, launched in March 2007, aims to contribute to changes in FX market structure by offering the world's first centrally-cleared, global FX marketplace. It provides broader access to the FX market by making it possible for non-bank financial institutions to participate. Since launch, FXMarketSpace has focused on adding new customers and building liquidity.

Financial Performance**Sales & Trading division summary operating and trading results**

Year to December 31	2007 £m	2006 £m	Actual change	Underlying change
Revenue	1,619	1,661	(2%)	3%
Trading costs	(1,376)	(1,439)	(4%)	—
Restructuring charges	—	(12)		
Other operating income (in trading costs)	(22)	(20)		
Impairments & amortization of business combination intangibles	(33)	(17)		
Fair value movements in expenses	(9)	(18)		
Operating Costs	(1,440)	(1,506)	(4%)	
Other operating income	27	27	—	
Operating Profit	206	182	13%	
Operating margin	13%	11%		
Trading margin	15%	13%		

In 2007, Reuters made changes to the allocation of revenue and trading costs between Business Divisions, to reflect changes in the management of Communications revenues and Reuters Messaging products, and to reflect improvements to the allocation methodology. 2006 comparatives have therefore been restated to decrease Sales & Trading revenue by £29 million and operating costs by £37 million. In 2007 Sales & Trading operating profit is stated prior to any impact of £45 million of Transaction-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Reconciliations between the GAAP and non-GAAP measures are provided in the tables below.

Sales & Trading revenue was £1,619 million in 2007, a decrease of 2% due to currency effects (increase of 3% on an underlying basis). Operating profit was £206 million in 2007, up 13%. Trading profit increased by an 9% (28% on an underlying basis), reflecting a net benefit from Core Plus and tight cost control as well as revenue growth. The division's trading margin was 15%.

The Sales & Trading division's strategic focus is to become the leading provider of content and transactions services for traders and salespeople, across the financial markets globally. At its heart is Reuters foreign exchange franchise, which provides the news, pricing and transaction systems essential to the functioning of this global market. Profitable growth in Sales & Trading is being driven by expanding transactions capabilities across asset classes, exploiting opportunities in new and emerging markets and reducing the cost and complexity of technology platforms. The division further strengthened its value proposition in 2007 by being early to market with facilities to help customers overcome the challenges presented by MiFID.

The key product drivers of the Sales & Trading division in 2007 were:

- Reuters Xtra family revenues, which grew by 4% to £1,042 million (underlying 10%). Usage revenues grew by 9% (underlying 19%), reflecting the strength of Reuters foreign exchange franchise as Reuters Prime Brokerage, Reuters Matching and Reuters Electronic Trading benefited from increased trading volumes in buoyant foreign exchange markets.

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- Revenue from Trader family products, which declined 24% to £279 million (20% on an underlying basis). This reflects customer migrations from legacy products, principally Telerate and the 2000/3000 series. Revenue attrition from Telerate has remained at around two percentage points of Sales & Trading revenue (one percentage point of Reuters revenue), as expected. The Telerate migration is now substantially complete.

Revenue from recoveries (exchange fees and specialist data) grew by 5% to £298 million (underlying 10%), driven in part by exchange fee price increases.

Core Plus initiatives in Sales & Trading saw revenue benefits from Reuters suite of new electronic trading products, such as Reuters Trading for FX, and in developing markets such as China and India. While investment continued in new transaction systems and common product technology platforms, there were significant cost savings, specifically in communications infrastructure.

Operating costs decreased to £1,440 million in 2007 (down 4% on an actual basis), reflecting a decrease in trading costs. Trading costs decreased to £1,376 million, (down 4% on an actual basis). On an underlying basis, costs were in line with prior year.

In 2007, operating profit was £206 million, up 13%. Trading profit increased by 9% on an actual basis and 28% on an underlying basis.

Research & Asset Management Division

Overview

The Research & Asset Management division focuses on supporting portfolio managers, wealth managers, investment bankers, research analysts and corporate executives who make complex financial decisions outside the trading environment.

The Research & Asset Management division is responsible for the Reuters Knowledge and Reuters Wealth Manager product families.

The Reuters Knowledge family is targeted at the research and advisory communities, including investment bankers and analysts, portfolio managers, company executives and others focused on company and industry-specific research. Reuters Knowledge offers an integrated package of public and proprietary information about companies, securities, industries and markets plus economic data, news and other content. Knowledge can be integrated with Reuters flagship real time information desktop product, Reuters 3000 Xtra, for users who require significant real-time, deep cross-asset coverage or transaction capabilities.

The Reuters Wealth Manager family is targeted at wealth managers and retail brokers who require financial information services that can be integrated closely into their workflow, helping users manage their clients' portfolios better and allowing more time to concentrate on building client relationships. The Reuters Wealth Manager family includes content on a wide range of single asset and collective investment funds provided by our Lipper subsidiary. Lipper is a global leader in the provision of independent fund research, analysis and ratings.

As well as its core services, the Research & Asset Management division also receives a share of revenue from Reuters 3000 Xtra and the Reuters 2000/3000 range of legacy products, by reference to the nature of the customer taking the product.

In the Research & Asset Management arena, Reuters competes with Bloomberg, Thomson Financial, Factset, S&P Capital IQ, Morningstar, GLTrade/Infotec and Telekurs/Fininfo, plus a number of local domestic players.

[Table of Contents](#)**Financial Performance****Research & Asset Management division summary operating and trading results**

Year to December 31	2007 £m	2006 £m	Actual change	Underlying change
Revenue	363	304	20%	25%
Trading costs	(328)	(314)	5%	10%
Other operating income (in trading costs)	(5)	(4)		
Impairments & amortization of business combination intangibles	(4)	(3)		
Fair value movements in expenses	(2)	(3)		
Operating costs	(339)	(324)	5%	
Other operating income	5	5	—	
Operating Profit/(Loss)	29	(15)	293%	
Operating margin	8%	(5%)		
Trading margin	10%	(3%)		

In 2007, Reuters made changes to the allocation of revenue and trading costs between Business Divisions, to reflect changes in the management of Communications revenues and Reuters Messaging products, and to reflect improvements to the allocation methodology. 2006 comparatives have therefore been restated to increase Research & Asset Management revenue by £6 million and operating costs by £9 million. In 2007 Research & Asset Management operating profit/(loss) is stated prior to any impact of £45 million of Transaction-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Reconciliations between the GAAP and non-GAAP measures are provided in the tables below.

Research & Asset Management revenue in 2007 grew 20% on an actual basis (25% on an underlying basis) to £363 million. The division reached profitability in 2007, delivering operating profit of £29 million with an operating margin of 8%. This reflected strong revenue growth and operational leverage in the division.

Investment Banking, Investment Management & Corporates revenues grew 30% to £229 million (34% on an underlying basis). Quarterly content and functionality enhancements sustained growth, both of feeds for integration into customer systems and of Reuters Knowledge desktops, which now number 17,000. Reuters Knowledge embedded within Reuters 3000 Xtra continued to sell well.

Revenue from the Wealth Management customer base grew 5% to £134 million (11% on an underlying basis), driven by continued customer demand for online feed and web based solutions, as well as 11% growth in Lipper funds information revenue.

The key contribution to Core Plus revenue in Research & Asset Management came from high value content and functionality enhancements in the Reuters Knowledge product family.

Operating costs were £339 million in 2007, up 5% driven primarily by net trading cost increases. Trading costs were £328 million in 2007, up 5% on an actual basis and 10% on an underlying basis. The increase was largely driven by the higher cost base required to support the increase in revenue for the division.

Research & Asset Management generated a net operating profit of £29 million in 2007, compared to a loss of £15 million in 2006. This improvement was primarily driven by the improved revenue growth.

Enterprise Division

Overview

Reuters aggregates information to give a single view of the financial markets and the events that move them. Our Enterprise division provides information and software that support business automation within the capital markets, for example, automated trading and regulatory compliance.

Our products include:

- Reuters DataScope real-time datafeeds, streams of machine-readable price data delivered over our networks at high speed for use in customers' information and trading services;
- Reuters DataScope pricing and reference data which help banks and financial organizations achieve regulatory compliance by delivering accurate financial instrument prices and reference material for the capital markets globally. In 2006 we launched a new distribution platform, Reuters DataScope Select, to support back office and fund valuation processes;
- Reuters Market Data System, a resilient content distribution software platform that enables banks to deliver high volume and low latency data into a wide variety of financial systems;
- Trade and Risk Management systems to help banks manage their trading position and monitor their exposure to trading risk. In 2006, we acquired Application Networks Inc., whose coverage of credit derivatives and structured financial products complements our existing strengths in FX and treasury risk management; and
- Reuters Messaging, a secure online messaging service that connects financial professionals within and across existing communities of interest.

Vendors such as Bloomberg, IDC and Telekurs compete with our real-time datafeed business, as well as our pricing reference data offering. In addition, specialty technology providers, such as Wombat, Infodyne and ACTIV Financial and also large IT vendors, such as IBM, compete with us in the market data delivery arena. Competitors in the risk management market include Sungard, Algorithmics, Murex, Misys and Calypso, among others.

Financial Performance**Enterprise division summary operating and trading results**

Year to December 31	2007 £m	2006 £m	Actual change	Underlying change
Revenue	451	431	5%	10%
Trading costs	(360)	(350)	3%	7%
Restructuring charges	—	(1)		
Other operating income (in trading costs)	(6)	(5)		
Impairments & amortization of business combination intangibles	(3)	(3)		
Fair value movements in expenses	(2)	(3)		
Operating Costs	(371)	(362)	2%	
Other operating income	7	6	—	
Operating Profit	87	75	16%	
Operating margin	19%	18%		
Trading margin	20%	19%		

In 2007, Reuters made changes to the allocation of revenue and trading costs between Business Divisions, to reflect changes in the management of Communications revenues and Reuters Messaging products, and to reflect improvements to the allocation methodology.

2006 comparatives have therefore been restated to increase Enterprise revenue by £23 million and operating costs by £27 million. In 2007 Enterprise operating profit is stated prior to any impact of £45 million of Transaction-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Reconciliations between the GAAP and non-GAAP measures are provided in the tables below.

Enterprise revenue grew by 5% (10% on an underlying basis) to £451 million in 2007. Operating profit grew by 16% to £87 million with an increase in operating margin to 19% compared to 2006. Trading profit increased by 11% (21% on an underlying basis) and the division's trading margin was 20%, reflecting strong operational leverage and the benefits of Core Plus.

Reuters financial services customers — from banks to hedge funds — are looking to grow revenues and cut costs through increased levels of business automation. Competitive pressure drives the need for more mature proprietary trading, prime brokerage and electronic brokerage operations and the focus on regulatory compliance and risk management remains intense.

Enterprise Information continued to perform strongly. Revenue grew 12% to £271 million (18% on an underlying basis), supported by the rollout of a new commercial model for licensing machine-readable data, which links revenue more directly to the volume of data being used by customers.

Trade and Risk Management saw revenues grow 10% to £102 million (14% on an underlying basis), with particularly strong growth in Germany, Eastern Europe, the Gulf and Asia and good progress in the Americas.

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Information Management Systems (IMS) revenue showed a 19% decline to £78 million (15% underlying decline). The continuing impact of withdrawal from the hardware business, the completion of the Reuters Market Data System migration and moving Telerate platforms to obsolescence were increasingly offset by revenue from new facilities such as Reuters Wireless Delivery System and Reuters Tick Capture Engine.

Investment in Core Plus initiatives continued in 2007 to take advantage of new opportunities, for example in the provision of counterparty data. The key sources of Core Plus revenue in the Enterprise division were Reuters Datascope Real Time, Reuters Datafeed Direct and Reuters Datascope Tick History.

Enterprise operating costs in 2007 were £371 million, up 2% driven primarily by trading cost increases. Trading costs rose by 3% to £360 million in the year, or 7% on an underlying basis. The increase in cost was predominantly driven by investment in the Enterprise Core Plus growth initiative and inflationary effects.

Enterprise operating profit was £87 million, an increase of £12 million from 2006, generating an operating margin of 19%.

Media Division

Overview

The Media division offers products which deliver comprehensive and timely news and information as text, video, graphics and photos. Reuters Media targets media professionals and affluent business professionals who need fast, accurate and trusted news and information to keep them informed.

Our online sites reach a unique audience of 23 million individuals globally each month.

We sold the majority of our 50% stake in our Factiva joint venture to Dow Jones (our joint venture partner) for £79 million in December 2006.

Key competitors in the supply of news to the media are Associated Press, Agence France Presse, Bloomberg News and Dow Jones. In the direct-to-consumer market, Reuters competes with a variety of local and global providers including Dow Jones, Financial Times, Yahoo! Finance, Google Finance, TheStreet.com and many others.

[Table of Contents](#)**Financial Performance****Media division summary operating and trading results**

Year to December 31	2007 £m	2006 £m	Actual change	Underlying change
Revenue	172	170	1%	6%
Trading costs	(156)	(155)	—	4%
Other operating income (in trading costs)	(3)	(2)		
Impairments & amortization of business combination intangibles	—	(1)		
Fair value movements in expenses	(1)	(1)		
Operating Costs	(160)	(159)	1%	
Other operating income	3	3	—	
Operating Profit	15	14	7%	
Operating margin	9%	8%		
Trading margin	9%	9%		

In 2007, Reuters made changes to the allocation of revenue and trading costs between Business Divisions, to reflect changes in the management of Communications revenues and Reuters Messaging products, and to reflect improvements to the allocation methodology.

2006 comparatives have therefore been restated to increase Media operating costs by £1 million. In 2007 Media operating profit is stated prior to any impact of £45 million of Transaction-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Reconciliations between the GAAP and non-GAAP measures are provided in the tables below.

Media revenue was £172 million in 2007, an increase of 1% (6% on an underlying basis). This reflected a demanding year-on-year comparative in the first half, followed by strong growth in the second half. Operating profit increased by 7% to £15 million, at an operating margin of 9%. Trading profit increased by 10% (35% on an underlying basis) to £16 million, at a trading margin of 9%.

Revenue from Agency Services was £142 million flat on an actual basis (increase of 5% on an underlying basis). Text and TV subscription revenues saw steady growth, while TV usage revenues recovered in the second half after a tough year-on-year comparison in the first half of the year. Pictures was the highest growth area, reflecting 2006 investment in coverage and the new Reuters Pictures Archive.

Revenue from Consumer Services, which accounted for the Media division's Core Plus revenue, rose by 6% (15% on an underlying basis) to £30 million, driven by strong growth in online syndication and advertising. Under Core Plus, the division continued to invest in the marketing capabilities, technology and people needed to build an interactive online advertising business.

Operating costs were £160 million. Trading costs of £156 million were consistent with the prior year on an actual basis and 4% higher on an underlying basis. The increase in investment in Core Plus growth initiatives and inflation contributed to the increase in the cost base.

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Operating profit increased in 2007 to £15 million, up 7% generating an operating margin of 9%. Trading margin remained stable at 9%.

Supporting Financial Information

Management of Risks

Details of the financial risk management objectives and policies of the company and the exposure of the company to financial risk are provided in Annex A-8, notes to the financial statements of Reuters for the year ended December 31, 2007, filed as part of this Annual Report on Form 20-F, under note "17 Derivatives and other financial information."

Pending Transactions and Post Balance Sheet Events

There are no material pending transactions.

During the period January 1, 2008 to April 9, 2008, Reuters purchased 45 million shares for total consideration of £271 million, as part of the share buy-back program.

Month	Total number of shares purchased as part of a publicly announced program	Average price paid per share (£)	Cost of shares purchased (£m)
January	20,975,000	5.99	127
February	6,965,000	6.03	42
March	7,700,000	5.92	46
April	9,310,000	5.97	56

Included above are 28 million shares which Reuters has irrevocable commitments to purchase at December 31, 2007. In accordance with Reuters accounting policy the cost of these shares (£169 million) has been recorded in the balance sheet at December 31, 2007 and reported as a current liability with a corresponding deduction from shareholders' equity.

On February 19, 2008, regulatory approval was granted for the Transaction, subject to certain conditions, at which date the current share buy-back program was suspended. On March 10, 2008, the resumption of the share buy-back program was announced with the intention of repurchasing up to 17 million shares, representing the balance of the 50 million share buy-back program, between March 10, 2008 and the closing of the Transaction.

Treasury Policies

Reuters treasury function is a cost rather than profit centre. All treasury activity takes place within a formal control framework under policies approved by the Board. As such, all transactions which are undertaken are designed to mitigate risk within the business or to secure funding. At no time do we undertake speculative transactions or transactions without an underlying commercial rationale.

The key objectives of the treasury function are to ensure sufficient liquidity exists to meet funding needs and to manage the interest rate and currency risks arising from Reuters operations and its sources of finance.

Financing

We finance the business from a mixture of cash flows from operations, short-term borrowings from banks, commercial paper issuance, backed up as required by committed bank facilities, and debt issuance in the capital markets. We manage our net debt position and interest costs to support our continued access to the full range of debt capital markets. We expect to be able to finance our current business plans from ongoing operations and our external facilities.

Net cash flows are applied to reduce debt, placed in short-term deposits with financial institutions holding strong credit ratings or used to repurchase the company's own shares as part of an announced buy-back program designed to enhance shareholder returns. During 2007, £174 million (2006: £527 million) was applied to market purchases of the company's own shares (for information about the company's share repurchases, see Item 16E. "Purchases of Equity Securities by the Issuer and Affiliated Purchasers — Reuters Information"). At December 31, 2007, Reuters had net debt of £377 million.

Reuters is rated by the three principal credit rating agencies. As at December 31, 2007, our long- and short-term ratings were Fitch BBB+/F2, Moody's Baa1/P-2 and Standard and Poor's BBB+/A-2.

We borrow in various currencies, at both fixed and floating rates, and use derivative contracts to create the desired currency and interest rate basis. The conversion of net investments in foreign operations into Reuters reporting currency of sterling, for accounting purposes, creates translation exposure. To mitigate this effect, to the extent that Reuters has core debt it will be held in currencies approximately proportionate to the currency profile of Reuters net assets.

Multicurrency Revolving Credit Facility

In October 2006, we entered into a committed multicurrency revolving credit facility for £680 million. At December 31, 2007, we had available £623 million under the facility, following utilization of £57 million in the form of a standby letter of credit. The commitment expires, and any final repayment is due in October 2011, unless a one-year extension option is exercised in October 2008 (at the banks' discretion). In this instance, the latest expiry date would be 2012.

The facility is on customary terms and conditions. Drawings under the facility may be made in sterling, Euro or other currencies agreed at the time and bear interest at LIBOR plus a margin, variable according to the long-term credit rating of the company. The facility cross defaults upon default by Reuters in payment or acceleration of any other borrowings in excess of £20 million. The facility contains no financial covenants.

Euro Commercial Paper Program

A £1.5 billion Euro Commercial Paper Program is available in respect of which we had obligations of £58 million at December 31, 2007. The minimum outstanding during 2007 was £58 and the maximum was £393 million.

The program is on customary terms and conditions, including a condition that the company should not be in default on any other debt or similar obligation. Issues are only made to the extent that funds can be repaid from committed financing facilities or available Reuters cash. The program has no final maturity date, contains no financial covenants and there is no requirement to update the program documentation. Debt is issued at market rates agreed between the issuer and the dealer.

Euro Medium Term Note Program

We also have available a £1 billion Medium Term Note Program. At December 31, 2007, we had outstanding obligations of £555 million under the program, repayable at various dates up to November 2010 including a €500 million (£367 million) public bond, issued in November 2003 and maturing in November 2010, and a €250 million (£184 million) floating rate note, issued in November 2006 and maturing in November 2008. There were no new issues or redemptions during the year.

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The program is on customary terms and conditions. The program has no final maturity date. Debt is issued at market rates agreed between the issuer and the dealer. The program documentation contains no financial covenants and notes in issue have no cross-default provision.

Short-Term Uncommitted Facilities

In addition, we have short-term uncommitted bank borrowing facilities denominated in various currencies, the sterling equivalent of which was approximately £118 million. At December 31, 2007, £9 million of the facilities were utilized in the form of bank overdrafts.

Contractual Financial Obligations

The following table summarizes our principal contractual financial obligations at December 31, 2007, certain of which are described in the consolidated financial statements and notes. We expect to be able to fund such obligations from ongoing operations and external facilities.

as at December 31, 2007	Payments due by period				
	Total £m	Less than 1 year £m	1-3 years £m	3-5 years £m	After 5 years £m
Finance lease payables	12	5	7	—	—
Debt obligations (including future interest payments)	809	331	477	1	—
Pension obligations*	66	66	—	—	—
Other provisions and liabilities**	74	35	31	6	2
Operating leases	650	94	158	118	280
Purchase obligations	1,708	410	489	572	237
Total contractual obligations	3,319	941	1,162	697	519

Notes:

* Net pension obligations are recorded on the balance sheet at £11 million (£43 million pension obligations less £32 million pension funds in surplus). The £66 million represents the expected payments to be made to the defined benefit schemes in 2008.

** Other provisions and liabilities (excluding net pension obligation) recorded on the balance sheet total £96 million. Of this, £74 million are financial liabilities that require settlement in cash. Additionally, the balance sheet contains a deferred tax liability of £115 million. No estimate has been provided for deferred tax in the table above as it is not a contractually obligated financial liability.

In addition to the amounts in the table, as noted in note 38 to Reuters financial statements for December 31, 2007, which are in Annex A-8, we acquired StarMine Corporation for \$97 million (£49 million) in January 2008.

Reuters has a contract with BT/Radianz over 2005 — 2015 which is expected to result in payments in the region of \$3.5 billion and an outsourcing arrangement with Fujitsu over 2007 — 2017 which is expected to result in payments in the region of £530 million. Only the contractual minimum of these arrangements are included in the table above.

Foreign Exchange

Almost 90% of our revenue is denominated in non-sterling currencies. We also have significant costs denominated in foreign currencies with a different mix from revenue. In some cases, product pricing is denominated in a foreign currency which gives rise to embedded derivatives, for which movements in value are recognized in profit or loss. Our profits are therefore exposed to currency fluctuations.

Exchange rate movements in 2007 had a £36 million net impact on operating profit.

	Revenue £m	Operating cost £m	Operating profit £m
Currency impact			
Impact of:			
Stable euro	1	(1)	—
Weaker dollar	(112)	85	(27)
Weaker yen	(15)	6	(9)
Other currencies	(13)	11	(2)
Exchange rate movements	(139)	101	(38)
Change in currency mix	4	(2)	2
Total currency movements	(135)	99	(36)

Forward foreign exchange contracts, currency options and foreign exchange swaps are used to manage, where appropriate, the effects of transaction exposure and certain intercompany transactions which impact profits. Transaction exposure occurs when, as a result of trading activities, an entity receives cash in a currency different to its functional currency.

Critical Accounting Policies

Our accounting policies comply with IFRS as adopted by the EU. These policies and associated estimation techniques and judgments have been reviewed by management and discussed with the Audit Committee, who have confirmed they are the most appropriate for the preparation of the 2007 financial statements. The financial statements of Reuters also comply with IFRS as issued by the IASB.

Accounting Policies Involving Management Judgment

In preparing the financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements. The areas discussed below are considered to be the most critical. The accounting policies underpinning the financial statements are outlined in Annex A-7, under “Group Accounting Policies”, which also include reference to the areas of judgment within the accounting policies and related notes.

The Impairment of Property, Plant and Equipment, Non-Current Assets Held for Sale and Intangible Assets (Including Goodwill)

Under IFRS, impairment is measured by comparing the carrying value of an asset or cash generating unit to its recoverable amount. Recoverable amount is defined as the higher of its fair value less costs to sell and its “value in use”. These comparisons require subjective judgments and estimates to be made by management with regard to projected future cash flows of income-generating units or the amounts that could be obtained from the sale of investments.

Note 13 of the financial statements, in Annex A-8, outlines the key assumptions. Management has determined that charges for impairment of intangible assets of £21 million are required for 2007 (2006: £nil; 2005: £1 million).

Intangible Assets

Expenditure related to the development of new products or capabilities that is incurred between establishing technical feasibility and the asset becoming ready for use is capitalized when it meets the criteria outlined in IAS 38 “Intangible Assets”. Such assets are then systematically amortized over their useful economic life (normally between three and five years). Additionally, the costs of acquiring software licenses and costs incurred in bringing software into use are capitalized, and amortized over the expected life of the license (normally five years).

There is judgment involved in determining an appropriate framework to consider which expenditure requires capitalization and which should be expensed. Note 13 of the financial statements in Annex A-8 provides details of the amounts capitalized in 2007 for development and software total £109 million (2006: £114 million; 2005: £40 million).

Defined Benefit Pension Plans

We operate a number of defined benefit plans, some of which also include post-retirement medical benefits. For material schemes, their valuation is determined by independent actuaries. Pension scheme surpluses are recognized only to the extent that the surplus is considered recoverable. We consider recoverability based primarily on the extent to which we can unilaterally reduce future contributions to the plan. These valuations and the income statement charge require assumptions to be made in respect of future income levels, expected mortality, inflation, the long-term rate of return on the scheme assets, rate of increase in social security costs and medical cost trends, along with the discount rate used to convert the future cash flows into a present value. These assumptions are reviewed annually.

The amounts recorded in the annual charge (service cost and interest cost offset by the expected return on assets) are sensitive to changes in these assumptions. Actuarial gains and losses are recognized fully in the Statement of recognized income and expense.

Note 25 of the financial statements in Annex A-8 provides further details of the annual charges (£9 million) and the net outstanding pension obligation (£11 million), quantification of the underlying assumptions and an estimate of the impact on the financial statements to changes in the most critical assumptions.

Share-Based Payments

IFRS 2 “Share-based Payment”, which we have elected to apply only to share awards granted after 7 November 2002 which had not vested by 1 January 2005, recognizes that options represent an element of remuneration for services provided by employees and should be reflected as a charge against profit. The charge, which is spread over the vesting period of the award, is the fair value of the award at grant date and is calculated using an option pricing model.

A combination of Black Scholes and Monte Carlo simulation models has been used to calculate the fair values of awards. The use of these models requires management to make a number of assumptions including expected life of the options, historic volatility of Reuters shares and expected dividends for the life of the option. Management has considered historical data and made use of best practices in making these assumptions.

The total cost of share schemes in 2007 was £36 million (2006: £30 million; 2005: £30 million). For additional information, refer to note 33 of the financial statements in Annex A-8.

Provisions

The recognition of provisions, both in terms of timing and quantum, requires the exercise of judgment based on the relevant circumstances, which can be subject to change over time.

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The largest provisions relate to restructuring programs, which cover primarily leasehold properties and severance. For severance provisions, the provision is only recognized where employees have a valid expectation, or have already been told, of their redundancy. A number of leasehold properties have been identified as surplus to requirements. Although efforts are being made to sub-let this vacant space, management recognizes that this may not be possible immediately. Estimates have been made to cover the cost of vacant possession, together with any shortfall arising from sub-leased rental income being lower than lease costs being borne by Reuters. A judgment has also been made in respect of the discount factor, based on a risk-free rate, which is applied to the rent shortfalls.

Additionally, we are subject to certain legal claims and actions (see note 35 of the financial statements in Annex A-8). Provision for specific claims or actions are only made when the outcome is considered “probable” that there will be a future outflow of funds, and/or providing for any associated legal costs. The level of any provision is inevitably an area of management judgment given that the outcome of litigation is difficult to predict.

Other provisions are held where the recoverability of amounts is uncertain, where the actual outcome may differ from the resulting estimates.

Lease Arrangements

We are party to several arrangements involving the use of assets, some of which contain a lease. Accounting for lease arrangements first involves making a determination, at inception of a lease arrangement, whether a lease is classified an operating lease or a finance lease. Each classification results in a different accounting treatment, as outlined in the “Reuters Accounting Policies” section of the financial statements in Annex A-8.

A key judgment required when making the distinction in lease classification is to determine whether substantially all of the risks and rewards of ownership of the asset have passed to Reuters. Where it is assessed that substantially all of the risks and rewards have transferred to Reuters, a finance lease exists. Refer to Annex A-8, under note 14 for the carrying amount of finance leases, and note 35 for the operating lease payables.

Segment Reporting

Our primary segmental reporting is by business division. We operate through four business divisions: Sales & Trading, Research & Asset Management, Enterprise and Media. In order to report segmental results, it is necessary to determine a methodology to allocate revenues, operating costs, other operating income, assets and liabilities to those segments.

Each division is responsible for specific products’ revenues, except for the Reuters 2000/3000 range of products and Reuters 3000 Xtra. Revenues for these shared products are attributed to either the Sales & Trading division or the Research & Asset Management division, by reference to the nature of the customer taking the product. This is determined on a client-by-client basis.

Where operating costs relate to a specific division, they are mapped directly to that division. Where operating costs are shared, activity-based costing (ABC) techniques are used to split these costs between divisions. The Reuters ABC tool (known as Profitability Insight) allocates shared costs to business activities, which in turn are attributed to products, and therefore divisions, using different drivers of cost. These cost drivers (e.g. the number of helpdesk calls received or the number of installed accesses) are derived from a variety of underlying source systems. Judgment has been applied in determining these cost drivers and the resulting allocation of costs.

Other operating income is allocated to divisions using a similar methodology to operating costs.

Assets and liabilities are attributed to business divisions using methodologies consistent with those applied to revenue and costs. Assets and liabilities are segmented to the extent that they relate to the operating activities of the divisions. Assets and liabilities related to financing activities, including cash balances, are not segmented.

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Divisional results could alter with the application of other allocation approaches and as improvements to the Profitability Insight model are made. In 2007, Reuters made changes to the allocation of revenue and costs between business divisions, to reflect changes in the management of certain products. 2006 and 2005 comparatives have therefore been restated within relevant business divisions.

Taxation

We are subject to tax in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognize liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Under IFRS, in assessing which deferred tax assets to record on the balance sheet, management has made subjective judgments over the projected future profitability of certain legal entities.

Off-Balance Sheet Arrangements

Reuters does not have any off-balance sheet arrangements, as defined by the SEC, that have, or are reasonably likely to have, a current or future effect on Reuters financial position or results of operations material to investors.

Definition of Key Financial Performance Measures

Reuters has measured its financial performance by reference to revenue and profit, operating margin, EPS, cash flow and net funds. To supplement IFRS measures, Reuters has undertaken further analysis to break these measures out into their component parts, which results in the creation of certain measures which differ from the IFRS headline indicators (“non-GAAP measures”). The rationale for this analysis is outlined below, and reconciliations of the non-GAAP measures to IFRS measures are included within the OFR. These measures have been used by management to assess the performance of the business and should be seen as complementary to, rather than replacements for, reported IFRS results.

Underlying and constant currency results

Period-on-period change in Reuters is measured in overall terms (i.e. actual reported results) and sometimes in underlying or constant currency terms as well. Constant currency change is calculated by excluding the impact of currency fluctuations. Underlying change is calculated by excluding the impact of currency fluctuations as well as the results of acquisitions and disposals. This enables comparison of Reuters operating results on a like-for-like basis between periods.

- Constant currency results are calculated excluding the impact of currency fluctuations. Variations in currency exchange rates impact the results because Reuters generates revenues and incurs costs in currencies other than its reporting currency. Year-on-year, currency exchange rate movements will influence reported numbers to a greater or lesser extent, and therefore they are discussed separately from underlying results to make clear their impact on the overall growth or decline in operations. Constant currency results are calculated by restating the prior periods’ results using the current period’s exchange rates. This also reflects the variables over which management has control, as business units do not actively manage currency exposure, and business division operating performance is managed against targets set on a constant currency basis. Currency exposure is described in “Treasury Policies” above.
- Underlying results are calculated excluding the impact of currency fluctuations as well as the results of entities acquired or disposed of during the current or prior periods from the results of each period under review. Underlying results reflect the operating results of the ongoing elements of each business division, and measure the performance of management against variables over which they have control, without the year-on-year impact of a step change in revenue and costs that can result from currency movements and acquisition or disposal activity.

Exclusion of restructuring charges

Reuters results are reviewed before and after the costs of Reuters business transformation plans (which included the former Fast Forward program) and acquisition integration charges.

Under the Fast Forward program, Reuters incurred restructuring charges relating primarily to headcount reduction and rationalization of the company's property portfolio. Fast Forward was a three year program implemented to accelerate and expand on Reuters five year business transformation plan which was launched in 2001; the program completed in 2005, as originally envisaged. The impact of Fast Forward restructuring is now only seen in the non-GAAP cash flow and margin measures.

The Fast Forward program was centrally managed, and its performance against targets was evaluated separately from the ongoing Reuters business. Fast Forward restructuring charges are therefore excluded from certain profit, cash flow and margin measures.

Acquisition integration costs are one-off charges associated with transaction activity which do not recur. As described above, the charges in respect of acquisition activity are excluded to enable better like-for-like comparison between periods.

Because of their time-limited and defined nature, Reuters believes that presenting these measures, both including and excluding restructuring charges and acquisition integration costs, gives investors a more detailed insight into the performance of management and the business. In addition, Reuters management uses both measures to assess the performance of management and the business.

Transaction-related costs

During 2007, Reuters incurred certain charges in relation to the Transaction announced on May 15, 2007. These include third party advisor and legal fees.

As Thomson's acquisition of Reuters is not accounted for as an acquisition in Reuters financial statements, deal-related costs incurred by Reuters are required to be expensed. This treatment is dissimilar to transaction-related costs previously incurred by Reuters, which are either capitalized as a cost of acquisition or charged to profits on disposal (which is recognized outside of Reuters trading profit, adjusted earnings and related cash flow and margin measures).

Given their once-off nature and dissimilarity to previous transaction-related costs, Transaction-related costs have therefore been excluded from certain profit, cash flow and margin measures to enable better like-for-like comparisons between periods.

Exclusion of amortization and impairment of intangibles acquired in a business combination, investment income, profits/(losses) from disposals, and fair value movements

For certain cost, profit, cash flow, margin and EPS measures, Reuters analyses its results both before and after the impact of restructuring charges, amortization and impairments of intangibles acquired in a business combination, investment income, profits and losses from disposals, and fair value movements. The adjusted measures are referred to as "Trading Profit", "Trading Costs", "Trading Margin" and "Trading Cash Flow". The rationale for isolating restructuring charges is explained above.

Amortization and impairment of intangibles acquired in a business combination, investment income and profits/(losses) from disposals

Reuters isolates the impact of income and charges in respect of its investments. Income and charges from investments relate to impairments of goodwill, subsidiaries, associates and joint ventures; impairments and amortization of other intangibles acquired in a business combination; income from investments; and pre-tax profits and losses on disposal of subsidiaries, joint ventures, associates and other investments.

Such charges and income may arise from corporate acquisition and disposal activity, rather than the ongoing operations of the business divisions, with a reasonable allocation being determined for segmental reporting. These are analyzed and reviewed separately from ongoing operations, as this is consistent with the manner in which Reuters sets internal targets, evaluates its business units and issues guidance to the investor community.

Amortization and impairment charges in respect of software and development intangibles are included within operating and trading costs.

Fair value movements

Reuters also isolates the impact of movements in the fair value of financial assets held at fair value through profit or loss, embedded derivatives, and derivatives used for hedging purposes (where those changes are reflected in the income statement).

Financial assets held at fair value through profit or loss in 2005 included Reuters investment in Savvis convertible shares. This investment was sold as part of the acquisition consideration for Telerate. Fair value movements for this investment were analyzed separately from the ongoing operations of the business units during 2005.

Embedded derivatives are foreign exchange contracts implicitly contained in some of Reuters revenue and purchase commitments. Changes in the fair value of embedded derivatives arise as a result of movements in foreign currency forward rates. The unpredictable nature of forward rates, the uncertainty over whether the gains or losses they anticipate will actually arise, and the volatility they bring to the income statement lead Reuters to consider that it is appropriate to analyse their effects separately from the ongoing operations of the business. This enables Reuters to undertake more meaningful period-on-period comparisons of its results, as well as to isolate and understand better the effect of future currency movements on revenue and purchase commitments. This separate analysis is also consistent with the manner in which Reuters sets its internal targets, evaluates its business divisions and issues guidance to the investor community.

The impact of fair value movements on derivatives relating to treasury hedging activity is also excluded, unless there is an equivalent offset in operating results. All derivatives undertaken are used to manage Reuters exposure, but some may not qualify for hedge accounting and in these situations the reported impact of the underlying item and the derivative may not offset. The impact of treasury derivatives is mainly due to currency or interest rate movements and, as for the other items noted above, business division operating performance is managed against targets which exclude these factors.

Tax and adjusted EPS

To ensure consistency, the non-GAAP EPS measure also eliminates the earnings impact of taxation charges and credits related to excluded items.

Adjusted EPS is defined as basic EPS from continuing operations before Transaction-related costs, impairments and amortization of intangibles acquired via business combinations, fair value movements, disposal profits/losses and related tax effects.

On March 12, 2007, the UK Government announced a reduction in the corporation tax rate from 30% to 28% effective April 1, 2008. This should lead to a slight fall in the overall Reuters effective tax rate in future years. However, in 2007, Reuters was required to write down the existing UK deferred tax assets and liabilities (pension contributions, tax losses, etc.) from 30% to 28%. The effect of this is a £6 million

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charge to the Income Statement. This charge, together with the effect of other countries' rate changes, has been excluded from the calculation of Adjusted EPS on the grounds that it is a one-off event, outside the normal course of business.

Dividend policy

Presenting earnings before the impact of restructuring charges, Transaction-related costs, amortization and impairment of intangibles acquired in a business combination, investment income, disposals and fair value movements also helps investors to measure performance in relation to Reuters dividend policy. In 2001, Reuters defined the long-term goal of its dividend policy to be a dividend cover of at least two times, based on Reuters UK GAAP earnings before amortization of goodwill and other intangibles, impairments and disposals. Reuters dividend policy remained unaltered through completion of the Transaction. With the adoption of IFRS, the equivalent earnings measure is Reuters earnings (after interest and taxation) before amortization and impairments of intangibles acquired in a business combination, fair value movements, profits/(losses) on disposals and Transaction-related costs.

Free cash flow

Reuters free cash flow is used as a performance measure to assess Reuters ability to pay its dividend from cash flow. Free cash flow is intended to measure all Reuters cash movements, other than those which are either discretionary in nature or unrelated to ongoing recurring operating activities such as special contributions to fund defined benefit pension deficits, Transaction-related costs, acquisitions and disposals and dividends paid out by Reuters. Whilst Reuters believes that free cash flow is an important performance measure in respect of its cash flows, it is not used in isolation, but rather in conjunction with other cash flow measures as presented in the financial statements.

Net debt/funds

Net debt/funds represents cash, cash equivalents and short-term deposits, net of bank overdrafts and borrowings. This measure aggregates certain components of financial assets and liabilities and is used in conjunction with total financial assets and liabilities to manage Reuters overall financing position.

Reconciliations of non-GAAP measures to IFRS

Reconciliation of operating profit to trading profit and margin measures

Year to December 31	2007 £m	2007 %	2006 £m	2006 %	2005 £m	2005 %
Operating profit from continuing activities/margin	292	11	256	10	207	9
Excluding:						
Restructuring charges	—	—	13	—	112	4
Transaction-related costs	45	2	—	—	—	—
Impairments and amortization of business combination intangibles	40	2	24	1	22	1
Investment income	(1)	—	—	—	(1)	—
Profit on disposal of subsidiaries	(3)	—	(4)	—	(4)	—
Fair value movements	12	—	19	1	(2)	—
Reuters trading profit/margin	385	15	308	12	334	14

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Reconciliation of profit before tax from continuing operations to adjusted profit before tax

Year to December 31	2007 £m	2007 %	2006 £m	2006 %	2005 £m	2005 %
Profit before tax/margin from continuing operations	273	11	313	12	238	10
Excluding:						
Impairments and amortization of business combination intangibles	40	2	24	—	22	1
Transaction-related costs	45	2	—	—	—	—
Investment income	(1)	—	—	—	(1)	—
Profit on disposal of subsidiaries, associates and joint ventures	(24)	(1)	(80)	(3)	(42)	(2)
Fair value movements	12	—	19	1	(2)	—
Profit before tax/margin before impairments and amortization of business combination intangibles, Transaction-related costs, investment income, profit on disposals and fair value movements (Adjusted profit before tax)	345	14	276	11	215	9

Reconciliation of basic EPS to adjusted EPS

Year to December 31	2007 £m	2007 EPS Pence	2006 £m	2006 EPS Pence	2005 £m	2005 EPS Pence
Profit/basic EPS from continuing activities	213	17.3	293	22.6	229	16.3
Excluding:						
Impairments and amortization of business combination intangibles	40	3.3	24	1.8	22	1.6
Transaction-related costs	45	3.6	—	—	—	—
Investment income	(1)	(0.1)	—	—	(1)	(0.1)
Profit on disposal of subsidiaries, associates and joint ventures	(24)	(2.0)	(80)	(6.3)	(42)	(2.9)
Fair value movements	12	0.9	19	1.5	(2)	(0.2)
Adjustments to tax charge for tax effect of excluded items	—	—	(34)	(2.5)	(13)	(0.9)
Profit/basic EPS from continuing operations before impairments and amortization of business combination intangibles, Transaction-related costs, investment income, profit on disposals, fair value movements and related taxation effects (Adjusted EPS)	285	23.0	222	17.1	193	13.8

Reconciliation of actual percentage change to underlying change — revenue by division by type

% change versus year ended December 31, 2006	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Recurring	2%	(5%)	—	(3%)
Usage	19%	(10%)	—	9%
Outright	(4%)	(5%)	—	(9%)
Sales & Trading	3%	(5%)	—	(2%)
Recurring	25%	(6%)	1%	20%
Usage	4%	(7%)	—	(3%)
Outright	(25%)	(5%)	—	(30%)
Research & Asset Management	25%	(6%)	1%	20%
Recurring	11%	(6%)	—	5%
Usage	2%	(2%)	2%	2%
Enterprise	10%	(6%)	1%	5%
Recurring	6%	(5%)	—	1%
Usage	6%	(7%)	—	(1%)
Media	6%	(5%)	—	1%
Recurring	7%	(6%)	—	1%
Usage	15%	(9%)	—	6%
Outright	1%	(3%)	3%	1%
Total revenue	7%	(5%)	—	2%

Reconciliation of actual percentage change to underlying change — revenue by type

% change versus year ended December 31, 2005	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Recurring	4%	—	2%	6%
Outright	24%	—	2%	26%
Usage	4%	(2%)	1%	3%
Total revenue	5%	—	2%	7%

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% change versus year ended December 31, 2006	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Reuters Xtra	10%	(6%)	—	4%
Reuters Trader	(20%)	(4%)	—	(24%)
Recoveries	10%	(5%)	—	5%
Sales & Trading	3%	(5%)	—	(2%)
Investment Banking, Investment Management & Corporate	34%	(4%)	—	30%
Reuters Wealth Manager	11%	(7%)	1%	5%
Research & Asset Management	25%	(6%)	1%	20%
Reuters Enterprise Information	18%	(6%)	—	12%
Reuters Information Management Systems	(15%)	(5%)	1%	(19%)
Reuters Trade and Risk Management	14%	(5%)	1%	10%
Enterprise	10%	(6%)	1%	5%
Agency Services	5%	(5%)	—	—
Consumer Media	15%	(9%)	—	6%
Media	6%	(5%)	—	1%
Total revenue	7%	(5%)	—	2%

Reconciliation of actual percentage change to underlying change — revenue by geography

% change versus year ended December 31, 2006	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Europe, Middle East & Africa	6%	(3%)	—	3%
Americas	7%	(8%)	—	(1%)
Asia	9%	(9%)	—	—
Total revenue	7%	(5%)	—	2%

Reconciliation of divisional operating costs to trading costs

	2007*				
Year to December 31	Sales & Trading	Research & Asset Management	Enterprise	Media	Reuters
	£m	£m	£m	£m	£m
Operating costs	1,440	339	371	160	2,355
Impairments and amortization of business combination intangibles	(33)	(4)	(3)	—	(40)
Transaction-related costs	—	—	—	—	(45)
Fair value movements (in expenses)	(9)	(2)	(2)	(1)	(14)
Other operating income	(22)	(5)	(6)	(3)	(36)
Trading costs	1,376	328	360	156	2,220

	2006** restated				
Year to December 31	Sales & Trading	Research & Asset Management	Enterprise	Media	Reuters
	£m	£m	£m	£m	£m
Operating costs	1,506	324	362	159	2,351
Restructuring charges	(12)	—	(1)	—	(13)
Impairments and amortization of business combination intangibles	(17)	(3)	(3)	(1)	(24)
Fair value movements (in expenses)	(18)	(3)	(3)	(1)	(25)
Other operating income	(20)	(4)	(5)	(2)	(31)
Trading costs	1,439	314	350	155	2,258

2005 restated**

Year to December 31	Sales & Trading	Research & Asset Management	Enterprise	Media	Total
	£m	£m	£m	£m	£m
Operating costs	1,482	298	323	148	2,251
Restructuring charges	(76)	(11)	(17)	(8)	(112)
Impairments and amortization of business combination intangibles	(14)	(3)	(4)	(1)	(22)
Fair value movements (in expenses)	(16)	—	—	—	(16)
Other operating income	(16)	(3)	(5)	(2)	(26)
Trading costs	1,360	281	297	137	2,075

Notes:

- * Divisional operating costs are stated prior to any impact of £45 million of Transaction-related costs in 2007, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.
- ** In 2007, Reuters made changes to the allocation of revenue and trading costs between Business Divisions, to reflect changes in the management of Communications revenues and Reuters Messaging products, and to reflect improvements to the allocation methodology. Prior year comparatives have therefore been restated to decrease Sales & Trading revenue by £29 million (2005: £17 million) and operating costs by £37 million (2005: £13 million). Research & Asset Management revenues increased by £6 million (2005: £5 million) and operating costs by £9 million (2005: £5 million). Enterprise revenues increased by £23 million (2005: £12 million) and operating costs by £27 million (2005: £6 million). Media operating costs increased by £1 million (2005: £2 million).

Reconciliation of divisional operating profit to trading profit

Year to December 31	2007*				
	Sales & Trading	Research & Asset Management	Enterprise	Media	Reuters
	£m	£m	£m	£m	£m
Operating profit	206	29	87	15	292
Impairments and amortization of business combination intangibles	33	4	3	—	40
Transaction-related costs	—	—	—	—	45
Investment income	(1)	—	—	—	(1)
(Profit)/loss on disposal of subsidiaries	(2)	—	(1)	—	(3)
Fair value movements	7	2	2	1	12
Trading profit	243	35	91	16	385

2006 restated **

	Sales & Trading	Research & Asset Management	Enterprise	Media	Reuters
Year to December 31	£m	£m	£m	£m	£m
Operating profit/(loss)	182	(15)	75	14	256
Restructuring charges	12	—	1	—	13
Impairments and amortization of business combination intangibles	17	3	3	1	24
(Profit)/loss on disposal of subsidiaries	(3)	—	—	(1)	(4)
Fair value movements	14	2	2	1	19
Trading profit/(loss)	222	(10)	81	15	308

2005 restated **

	Sales & Trading	Research & Asset Management	Enterprise	Media	Reuters
Year to December 31	£m	£m	£m	£m	£m
Operating profit/(loss)	151	(35)	82	9	207
Restructuring charges	76	11	17	8	112
Impairments and amortization of business combination intangibles	14	3	4	1	22
(Profit)/loss on disposal of subsidiaries	(1)	—	—	—	(1)
Fair value movements	(7)	5	(1)	(1)	(4)
Trading profit/(loss)	3	(2)	(2)	(1)	(2)
	236	(18)	100	16	334

Notes:

- * Divisional operating costs are stated prior to any impact of £45 million of Transaction-related costs in 2007, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.
- ** In 2007, Reuters made changes to the allocation of revenue and trading costs between Business Divisions, to reflect changes in the management of Communications revenues and Reuters Messaging products, and to reflect improvements to the allocation methodology. Prior year comparatives have therefore been restated to decrease Sales & Trading revenue by £29 million (2005: £17 million) and operating costs by £37 million (2005: £13 million). Research & Asset Management revenues increased by £6 million (2005: £5 million) and operating costs by £9 million (2005: £5 million). Enterprise revenues increased by £23 million (2005: £12 million) and operating costs by £27 million (2005: £6 million). Media operating costs increased by £1 million (2005: £2 million).

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Reconciliation of cash flows from operating activities to free cash flow and trading cash flow

	2007			2006			2005		
	Continuing operations	Dis-continued operations	Reuters	Continuing operations	Dis-continued operations	Reuters	Continuing operations	Dis-continued operations	Reuters
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Year to December 31									
Cash generated from operations	534	—	534	311	—	311	268	3	271
Interest received	67	—	67	42	—	42	42	13	55
Interest paid	(99)	—	(99)	(61)	—	(61)	(49)	—	(49)
Tax paid	(26)	—	(26)	(34)	—	(34)	(11)	(13)	(24)
Cash flow from operating activities	476	—	476	258	—	258	250	3	253
Purchases of property, plant and equipment	(116)	—	(116)	(122)	—	(122)	(138)	(7)	(145)
Proceeds from sale of property, plant and equipment	19	—	19	5	—	5	3	—	3
Purchases of intangible assets	(109)	—	(109)	(106)	—	(106)	(40)	—	(40)
Interim funding payment from Telerate	—	—	—	—	—	—	(18)	—	(18)
Transaction-related costs paid	21	—	21	—	—	—	—	—	—
Dividends received	3	—	3	3	—	3	5	—	5
Special contributions to pension schemes	4	—	4	187	—	187	—	—	—
Repayment of funds to/(from) BTC	—	—	—	—	—	—	26	(26)	—
Free cash flow	298	—	298	225	—	225	88	(30)	58
Interest received	(67)	—	(67)	(42)	—	(42)	(42)	(13)	(55)
Interest paid	99	—	99	61	—	61	49	—	49
Tax paid	26	—	26	34	—	34	11	13	24
Restructuring	11	—	11	52	—	52	147	—	147
Other	(14)	—	(14)	13	—	13	3	(4)	(1)
Trading cash flow	353	—	353	343	—	343	256	(34)	222
Trading cash conversion*	92%			111%			77%		

Note:

* Trading cash conversion = trading cash flow/trading profit

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Year to December 31	2007	2006	2005
	£m	£m	£m
Cash and cash equivalents	251	129	662
Bank overdrafts	(9)	(24)	(25)
	242	105	637
Short-term deposit	3	198	1
Borrowings (excluding bank overdrafts)	(622)	(636)	(385)
Net (debt)/funds	(377)	(333)	253

ITEM 5B. Liquidity and Capital Resources**Thomson Information**

For information regarding Thomson's liquidity and capital resources, see Exhibit 99.1, management's discussion and analysis of Thomson for the year ended December 31, 2007, under the heading "Liquidity and Capital Resources", filed as part of this Annual Report on Form 20-F.

Reuters Information

For information regarding Reuters liquidity and capital resources, see Item 5A. "Operating Results — Reuters Information" above, under the headings "Summarized cash flow and free cash flow", "Summarized cash flow", and "Supporting Financial Information".

ITEM 5C. Research and Development, Patents and Licenses, etc.**Thomson Information**

For information with respect to research and development, see Item 4B. "Business Overview — Historical Information about Thomson" above under the headings "Intellectual Property" and "Research and Development."

Reuters Information

The core Reuters business serves a market for financial information and related services.

We are continuing to improve our product line by delivering regular upgrades to our key products. For example, in 2007 we took steps to improve the search functionality within our products by acquiring ClearForest, a company specialising in advanced search technologies. Key content enhancements included strengthening our coverage of the credit derivatives market by providing access to data from Markit, a leading provider of credit default swaps information. This approach of continuous product evolution is justifying increased prices and helping us to attract new users, particularly in the institutional investment community and at our largest clients. We have also adapted our commercial model to align pricing more closely with customers' use of our data, which is increasing.

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Initiatives such as our “Be First” campaign to highlight the breadth and depth of our services for the foreign exchange (FX) and Treasury markets help to focus sales effort and to reinforce the strength of our product offerings. The introduction of the European Union’s Market in Financial Instruments Directive (MiFID) and Regulation NMS in the US are creating a demand for greater transparency and driving changes in market structure. Banks need to consolidate data from multiple venues, publish trade data and demonstrate best execution. We have introduced new trade publication tools, consolidated information displays and a transaction cost analysis service to help our customers address these requirements.

With Core Plus, we are aiming to become market leaders in electronic trading, new and hard-to-obtain information (which we call high-value content), advanced technology solutions for financial services companies and services for new markets. We are creating neutral, scaleable, open trading platforms to be used by both people and machines and we are seeking to be a recognized innovator in new asset classes, consumer media and high-growth economies.

Electronic Trading

Reuters has an established track record of providing electronic transaction services for the financial markets, such as our FX conversational dealing system, Reuters Dealing 3000, and our electronic bid-and-offer matching service, Reuters Dealing Matching. We believe that the electronic trading trend is accelerating and as a result we have invested in electronic trading services by building a multi-asset trading platform over which we deliver Reuters Trading for Foreign Exchange, Reuters Trading for Fixed Income and Reuters Trading for Exchanges, which provides equity order routing facilities for institutions wanting to trade. The strength of the Reuters FX user community means that our desktop products are ideally placed to provide the access point to multiple trading services provided both by Reuters and by third parties, giving our customers the facility to find and trade on the best prices. The Reuters Trade Notification Service, which helps customers streamline their trade confirmation operations, continued to see rapid growth in 2007 in the number of messages carried. We also extended our range of post trade services to include Trade Affirmation and Trade Publication facilities.

High-Value Content

High value content remains at the heart of our strategy to help our customers make better decisions. During 2007 we continued to invest in extending the quality and coverage of our information as well as enhancing the tools that give our customers real insight. This included significantly increasing our economic data coverage to 186,000 macro economic series, speeding up the update cycle for company fundamentals and collecting operating metrics of companies to help our customers gain deeper insight into the drivers of a company’s financial performance. Our depth of coverage has also been extended in Japan, India, Eastern Europe and the Middle East, and we introduced Chinese and Japanese versions of key data sets in Reuters Knowledge to meet customer demand.

In 2007, we launched Reuters Insight, an independent consultancy which draws on our expert network and proprietary data to provide customized research.

New Enterprise Services

In a highly competitive market, our customers are turning to computer-driven trading and increasingly complex financial products in order to differentiate themselves from their competitors. Our Enterprise business helps banks and other financial organizations to automate their businesses by managing the flow of information and transactions both internally and with their institutional customers. Demand for structured information and data management services is increasing, driven by growth in program and algorithmic trading.

We have a wide range of assets such as high-speed streams of machine-readable trading data, historical price data and risk management and position-keeping systems. Using these tools, we have built long-term partnerships with many of our largest clients to help them develop and adapt their information and trading infrastructures. We are making our products more compelling to our customers by offering tools such as Reuters Tick History, which is used to back-test clients’ algorithmic trading strategies, Reuters Tick Capture Engine, which stores details of price movements as they happen, and Reuters Wireless Delivery Network, which enables our customers to distribute content to their employees’ mobile devices. Reuters NewsScope is an innovative service for financial institutions that want to use algorithms to drive

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automated trading from news reports. It categorizes news events so that machines can ‘read the news’ and the information can then be used to generate inputs to trading algorithms and inform trading decisions. We added to this capability in 2007 by introducing the Reuters News Sentiment Engine which categorizes sentiment around news stories, helping to further refine trading strategies. Other product releases in 2007 included Reuters Enterprise Data Management platform, which provides tools for accessing, distributing and managing customer data, and a counterparty data service, which helps banks to improve the efficiency of their trading and settlement operations and reduce risk by verifying details of their trading counterparties.

New Markets

We are increasing our presence in high-growth geographic markets, including China, India and the Middle East, where we are extending our coverage of financial markets, focusing on news, company fundamental data, funds information and broker research. In 2007, we broadened our coverage of Sukuk bonds to enable us to serve the growing market for Shari’ah-compliant finance products.

We have identified emerging asset classes with the potential to become liquid markets, including real estate, environmental markets (including the rapidly growing emissions trading market) and freight derivatives (an asset class tied directly to growth in China and India). This coverage is now included in our premium desktop products and in our new web-based services such as ReutersRealEstate.com, and we have extended our commodities information services to include shipping data. In Russia we launched a domestic oil service to cater for the needs of the fast-growing energy market.

We are also continuing to target new types of customers such as a consumer media audience. We are building a fast-growing presence around the world with our Reuters.com family of websites and our content services for mobile devices and internet-delivered TV.

Simplify our organization in order to become stronger, more competitive and more efficient

We are working to deliver further improvements in our products and our customer service through a series of simplification initiatives and through these we are aiming to make £150 million of annualized cost savings by 2010. By the end of 2007, we had delivered cumulative savings of £55 million towards this total. This is in addition to the £885 million of cost savings delivered since 2001 through previous business transformation programs.

Changing the way our product development teams work

Our product development teams are integrated into the business divisions and we are streamlining our software development as we move to a smaller number of larger sites. Around 45% of our development resource is now located in our centers in Bangkok and Beijing.

Simplifying our product delivery infrastructure and making it more robust

We are aiming to consolidate our data centers as we move our customers and our products to a modern IP telecommunications network. In 2007, we focused on the software development required to consolidate our product delivery infrastructures into a common platform from which to deliver our products. We are planning to deliver the first products over the new platform in 2009.

Transforming the way our content is created, collected and processed

We are investing in extensive automation of our content production and in content quality improvements. In 2007, we expanded the focus of the programme from fixed income to include equities and other asset classes.

Modernizing our customer administration systems

We are modernizing our administration systems in order to make it faster and easier for us to provide customers with access to our products and to simplify our ordering and billing processes. Improvements during the last year have included a web-based product catalogue and an

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eInvoicing system to enable customers to manage their payments more efficiently. We are also streamlining our product log-in processes so that users can access all their Reuters products with one user ID.

Additional information with respect to Reuters research and development is also contained in Item 4B. “Business Overview — Historical Information about Reuters” above under the heading “Research and Development”.

ITEM 5D. Trend Information

For information regarding trends affecting Thomson’s businesses, see Exhibit 99.1, managements discussion and analysis of Thomson for the year ended December 31, 2007, under the heading “Operating Results of Business Segment”, filed as part of this Annual Report on Form 20-F.

The following relates to Reuters businesses prior to the closing of the Transaction.

Markets

More than 90% of Reuters revenue came from serving the rapidly evolving financial services marketplace, which included investment and commercial banks, broker-dealers, asset and wealth managers, and commodities and energy traders.

The innovative financial markets are experiencing rapid structural change. Reuters is adapting to meet their increasingly complex and time-sensitive demands.

The media markets are also undergoing dramatic change. Reuters is well-positioned to address these marketplace dynamics with its recent innovations in user-generated content, including blogs, and its work to reach the next-generation of media consumers through new digital platforms such as mobile phones, online video and interactive television.

Financial Markets

Reuters and its customers are affected by global economic trends and by developments in the financial markets. In this section, Reuters provides a high level macro-economic overview of 2007 as the backdrop to its performance during the year and highlight the key market trends Reuters believes will influence its ability to achieve its goals in 2008.

The Global Economy

Driven by strong growth in China, India and Russia, the global economy grew by over 5% in the first half of 2007. Both the Eurozone and the US saw healthy growth into the third quarter, despite the “credit crunch” which developed quickly from a US sub prime issue into a global liquidity and confidence crisis, causing more widespread market unrest.

The outlook for financial services in 2008 varies significantly by region and business/asset class. Worsening consumer sentiment indicates that there is likely to be a downturn in the US. Whilst this could in turn trigger a global slowdown, the impact on Europe has not been as severe to date and emerging markets such as the Middle East, Russia and Asia (with the exception of Japan) are continuing to show strong growth.

Financial Services Industry Performance in 2007

2006 was another record year for financial services and 2007 began strongly. Major stock market indices reached 6 year highs. By April, mergers & acquisitions (M&A) volume had already reached the previous record of \$2 trillion. In the second quarter of the year, the industry’s net income levels surpassed previous records set in 2000 by 30%-40%, but this growth phase was less headcount intensive than previous ones, with employment levels only just reaching 2000 levels.

The summer brought a downturn in the credit markets as disruption in the US sub prime mortgage market triggered an unexpected liquidity squeeze. The impact became visible in the third quarter: by early January, mortgage and credit-related write-offs in the industry had surpassed \$110 billion, triggering organizational changes and headcount reductions. Funding needs for some of the banks worst hit by the credit crunch were met by Asian and Middle Eastern sovereign wealth funds.

Structural Shifts & Key Market Trends

Centers of activity are shifting and emerging financial markets are deepening

- 2007 was the first year in which Reuters European corporate and investment banking revenues surpassed those in the US.
- Changing demographics, the expansion of the middle classes in emerging markets and new pools of investment money from sovereign wealth funds and petrodollars are all potential catalysts for growth in asset and wealth management, particularly in Asia.

Increasing importance of risk management and compliance

- A combination of increasingly complex financial instruments, changing investment strategies and regulation is highlighting the importance of risk management, particularly on the buy side.
- The credit crisis has reinforced the importance of consistent risk management throughout financial institutions. Demand for risk products and data for use in risk systems is expected to increase.

Growth in new media business models is outpacing traditional media

- Traditional media companies are continuing to embrace online social networks, video and user-generated content to engage their audiences.
- Online audiences and advertising revenues are growing at a faster rate than revenues from traditional media.

For additional information with respect to significant trends, see Item 5A. “Operating Results” and Item 5C. “Research and Development, Patents and Licenses, etc. — Reuters Information.”

ITEM 5E. Off-Balance Sheet Arrangements

Thomson Information

See Exhibit 99.1, management’s discussion and analysis of Thomson for the year ended December 31, 2007, under the heading “Off-Balance Sheet Arrangements, Commitments and Contracted Obligations”, filed as part of this Annual Report on Form 20-F.

Reuters Information

See Item 5A. “Operating Results — Reuters Information — Off-Balance Sheet Arrangements” above.

ITEM 5F. Tabular Disclosure of Contractual Obligations

Thomson Information

For information regarding Thomson’s contractual obligations, see Thomson’s off-balance sheet arrangements, Exhibit 99.1, management’s discussion and analysis of Thomson for the year ended December 31, 2007, under the heading “Off-Balance Sheet Arrangements, Commitments and Contracted Obligations”, filed as part of this Annual Report on Form 20-F.

Reuters Information

For information, see Item 5A. “Operating Results — Reuters Information” under the headings “Contractual Financial Obligations” and “Foreign Exchange”.

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ITEM 5G. Safe Harbor

Not applicable.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES.

ITEM 6A. Directors and Senior Management

Management and Governance of Thomson Reuters

Thomson Reuters Board

The boards of directors of Thomson Reuters Corporation and Thomson Reuters PLC comprise the same individuals. The term “**Thomson Reuters board**” refers to the board of directors of each of Thomson Reuters Corporation and Thomson Reuters PLC.

The Thomson Reuters board is comprised of 15 directors.

- Nine of the directors were directors of Thomson prior to the closing of the Transaction, including David Thomson, who is the Chairman, and W. Geoffrey Beattie, who is a Deputy Chairman.
- Five of the directors were directors of Reuters prior to the closing of the Transaction, including Niall FitzGerald, who is a Deputy Chairman.
- Tom Glocer, the Chief Executive Officer of Thomson Reuters, is also a director.

Resolutions relating to the appointment, election, re-election or removal of directors are voted upon by the shareholders of Thomson Reuters as Joint Electorate Actions.

The following provides information as of April 17, 2008 regarding the individuals who are the directors of Thomson Reuters, together with their place of residence, age, status as independent or non-independent, principal occupation, Thomson Reuters board committee memberships, and other current directorships. The following also provides the number of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares beneficially owned directly or indirectly by them, or over which they exercised control or direction, and the number of restricted share units (“**RSUs**”), deferred share units (“**DSUs**”) and options of Thomson Reuters Corporation held by, or credited to, them, in each case as of April 17, 2008. All options described below have been granted over Thomson Reuters Corporation shares, other than Mr. Glocer’s, which are options previously granted by Reuters that upon exercise will entitle him to receive Thomson Reuters PLC ordinary shares.

David Thomson¹ Age: 50 Toronto, Ontario, Canada	Thomson Reuters Board/Committee Membership Board of Directors Other Public Board Memberships None	Thomson Reuters Securities Held Common Shares: 6,070 Ordinary Shares: 800 RSUs: 0 DSUs: 0 Options: 0
Thomson Director Since 1998 Non-independent	David Thomson is Chairman of Thomson Reuters and a Chairman of Woodbridge. Previously, Mr. Thomson was a Deputy Chairman of Woodbridge. Mr. Thomson was named Chairman of Thomson in May 2002.	

1. David Thomson and Peter Thomson, who is also a director, are brothers.

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<p>W. Geoffrey Beattie Age: 48</p> <p>Toronto, Ontario, Canada</p> <p>Thomson Director Since 1998 Non-independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Corporate Governance Committee Human Resources Committee</p> <p>Other Public Board Memberships Royal Bank of Canada</p>	<p>Thomson Reuters Securities Held Common Shares: 200,500 Ordinary Shares: 0 RSUs: 116,103 DSUs: 0 Options: 200,000</p>
<p>W. Geoffrey Beattie is Deputy Chairman of Thomson Reuters and President of Woodbridge. Mr. Beattie was named Deputy Chairman of Thomson in 2000.</p>		
<p>Niall FitzGerald, KBE Age: 62</p> <p>London, United Kingdom</p> <p>Reuters Director Since 2003 Senior Independent Director</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Corporate Governance Committee Human Resources Committee</p> <p>Other Public Board Memberships None</p>	<p>Thomson Reuters Securities Held Common Shares: 27,658 Ordinary Shares: 0 RSUs: 0 DSUs: 0 Options: 0</p>
<p>Niall FitzGerald, KBE, is Deputy Chairman of Thomson Reuters.</p> <p>Mr. FitzGerald was Chairman of Reuters from 2004. Mr. FitzGerald was Chairman and Chief Executive Officer of Unilever from 1996 until his retirement in 2004.</p> <p>Mr. FitzGerald was Chair of the Reuters Nominations Committee.</p>		
<p>Tom Glocer Age: 48</p> <p>New York, New York, United States</p> <p>Reuters Director Since 2000 Non-Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors</p> <p>Other Public Board Memberships Merck & Co., Inc.</p>	<p>Thomson Reuters Securities Held Common Shares: 0 Ordinary Shares: 452,722 RSUs: 0 DSUs: 0 Ordinary Shares Underlying Reuters Options: 639,561² Long-Term Incentives: 0</p>
<p>Tom Glocer is Chief Executive Officer of Thomson Reuters.</p> <p>Mr. Glocer joined Reuters in 1993 and held a number of key leadership positions during his Reuters career, including Chief Executive Officer of Reuters Information and President and Senior Company Officer, Reuters America. In 2001, he became Chief Executive Officer of Reuters.</p>		

2. Tom Glocer currently holds 3,997,262 options related to Reuters ordinary shares. On exercise of these options, Mr. Glocer will receive, for each option held, 352.5 pence in cash and 0.16 Thomson Reuters PLC ordinary shares. If Mr. Glocer exercised all of these options, he would be entitled to receive 639,561 Thomson Reuters PLC ordinary shares. This number does not account for fractional entitlements on exercise.

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<p>Mary Cirillo Age: 60</p> <p>New York, New York, United States</p> <p>Thomson Director Since 2005 Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Corporate Governance Committee Human Resources Committee</p> <p>Other Public Board Memberships Healthcare Property Investors, Inc. DealerTrack Holdings, Inc. ACE Ltd.</p>	<p>Thomson Reuters Securities Held Common Shares: 0 Ordinary Shares: 0 RSUs: 0 DSUs: 7,159 Options: 0</p>
<p>Mary Cirillo is a corporate director. Ms. Cirillo was Chair and Chief Executive Officer of Opcenter, LLC, an Internet consulting firm, from 2000 to 2003. Prior to that, Ms. Cirillo was Chief Executive Officer of Global Institutional Services at Deutsche Bank.</p>		
<p>Steven A. Denning Age: 59</p> <p>New York, New York, United States</p> <p>Thomson Director Since 2000 Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Human Resources Committee</p> <p>Other Public Board Memberships Hewitt Associates Inc. IHS, Inc. Eclipsys Corporation Genpact Limited</p>	<p>Thomson Reuters Securities Held Common Shares: 20,000 Ordinary Shares: 0 RSUs: 0 DSUs: 17,213 Options: 0</p>
<p>Steven Denning is Chairman of General Atlantic LLC, a private equity investment firm.</p>		
<p>Lawton Fitt Age: 54</p> <p>New York, New York, United States</p> <p>Reuters Director Since 2004 Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Audit Committee</p> <p>Other Public Board Memberships CIENA Corporation Overture Acquisitions Corp.</p>	<p>Thomson Reuters Securities Held Common Shares: 0 Ordinary Shares: 4,000 RSUs: 0 DSUs: 0 Options: 0</p>
<p>Lawton Fitt is a corporate director. From October 2002 to March 2005, Ms. Fitt served as Secretary (CEO) of the Royal Academy of Arts in London. From 1979 to October 2002, Ms. Fitt was an investment banker with Goldman Sachs & Co., where she was a partner from 1994 to October 2002, and a managing director from 1996 to October 2002.</p>		

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<p>Roger L. Martin Age: 51</p> <p>New York, New York, United States</p> <p>Thomson Director Since 1999 Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Audit Committee</p> <p>Other Public Board Memberships Research in Motion Limited</p>	<p>Thomson Reuters Securities Held Common Shares: 6,000 Ordinary Shares: 0 RSUs: 0 DSUs: 18,207 Options: 0</p>
<p>Roger Martin is Dean of the Joseph L. Rotman School of Management at the University of Toronto, a post-secondary educational institution.</p>		
<p>Sir Deryck Maughan Age: 60</p> <p>New York, New York, United States</p> <p>Reuters Director Since 2005 Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Corporate Governance Committee</p> <p>Other Public Board Memberships GlaxoSmithKline plc BlackRock Inc.</p>	<p>Thomson Reuters Securities Held Common Shares: 0 Ordinary Shares: 0 RSUs: 0 DSUs: 0 Options: 0</p>
<p>Sir Deryck Maughan is a Managing Director of Kohlberg Kravis Roberts & Co. Sir Deryck was Chairman and Chief Executive Officer of Citigroup International until 2004.</p>		
<p>Ken Olisa Age: 56</p> <p>London, United Kingdom</p> <p>Reuters Director Since 2004 Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Audit Committee</p> <p>Other Public Board Memberships Open Text Corporation Eurasian Natural Resources Corporation PLC</p>	<p>Thomson Reuters Securities Held Ordinary Shares: 408 RSUs: 0 DSUs: 0 Options: 0</p>
<p>Ken Olisa is the founder and Chairman of Restoration Partners Limited, a boutique technology merchant bank. Mr. Olisa was Chairman of Interregnum plc from 2000 to 2006 and Chief Executive Officer since its inception in 1992.</p>		

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<p>Richard L. Olver³ Age: 61</p> <p>London, United Kingdom</p> <p>Reuters Director Since 1997 Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Human Resources Committee</p> <p>Other Public Board Memberships BAE Systems PLC</p>	<p>Thomson Reuters Securities Held Common Shares: 0 Ordinary Shares: 1,600 RSUs: 0 DSUs: 0 Options: 0</p>
	<p>Richard Olver is Chairman of BAE Systems PLC, a global defence and aerospace company. Mr. Olver was Deputy Group Chief Executive of BP PLC until 2004. He was also Chief Executive Officer of BP Exploration and Production Division between 1998 and 2002.</p>	

3. Mr. Olver was a director of AOA Sidanco from June 1998 to June 1999. On January 28, 1999, AOA Sidanco filed for bankruptcy protection and subsequently came out of bankruptcy to merge with TNK to form TNK-BP Ltd.

<p>Vance K. Opperman Age: 65</p> <p>Minneapolis, Minnesota, United States</p> <p>Thomson Director Since 1996 Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Audit Committee</p> <p>Other Board Memberships DeCare Dental LLC Blue Cross/Blue Shield of Minnesota Avenet LLC</p>	<p>Thomson Reuters Securities Held Common Shares: 50,000 Ordinary Shares: 0 RSUs: 0 DSUs: 23,037 Options: 0</p>
	<p>Vance Opperman is President and Chief Executive Officer of Key Investment, Inc., a holding company. Previously, Mr. Opperman was President of West Publishing Company.</p>	

<p>John M. Thompson⁴ Age: 65</p> <p>New York, New York, United States</p> <p>Thomson Director Since 2003 Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Audit Committee Corporate Governance Committee</p> <p>Other Public Board Memberships The Toronto-Dominion Bank Royal Phillips Electronics N.V.</p>	<p>Thomson Reuters Securities Held Common Shares: 2,500 Ordinary Shares: 0 RSUs: 0 DSUs: 13,436 Options: 0</p>
	<p>John Thompson is Chairman of the Board of The Toronto-Dominion Bank, a financial institution. Mr. Thompson was Vice Chairman of the Board of IBM until 2002.</p>	

4. Mrs. J.M. Thompson owned 300 common shares of Thomson as of April 17, 2008.

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<p>Peter J. Thomson Age: 42</p> <p>Toronto, Ontario, Canada</p> <p>Thomson Director Since 1995 Non-Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors</p> <p>Other Public Board Memberships None</p>	<p>Thomson Reuters Securities Held Common Shares: 0 Ordinary Shares: 0 RSUs: 0 DSUs: 1,553 Options: 0</p>
<p>Peter Thomson is Chairman of Woodbridge.</p>		
<p>John A. Tory Age: 78</p> <p>Toronto, Ontario, Canada</p> <p>Thomson Director Since 1978 Non-Independent</p>	<p>Thomson Reuters Board/Committee Membership Board of Directors Human Resources Committee</p> <p>Other Public Board Memberships Rogers Communications Inc.</p>	<p>Thomson Reuters Securities Held Common Shares: 501,670 Ordinary Shares: 0 RSUs: 0 DSUs: 2,726 Options: 0</p>
<p>John Tory is a director of Woodbridge and was President of Woodbridge from 1973 to 1998 and Deputy Chairman of Thomson from 1978 to 1997.</p>		

Executive Officers

The following individuals serve as executive officers of Thomson Reuters.

<p>Tom Glocer</p>	<p><i>Chief Executive Officer.</i> Tom Glocer, 48, was the Chief Executive Officer of Reuters prior to the closing of the Transaction. Mr. Glocer joined Reuters in 1993 and has held a number of key leadership positions during his Reuters career, including Chief Executive Officer of Reuters Information and President and Senior Company Officer, Reuters America. In 2001, Mr. Glocer became Chief Executive Officer of Reuters. Mr. Glocer is a director of Merck & Co. Inc. and a former non-executive director of Instinet Group. Mr. Glocer has been a director of Reuters since 2000.</p>
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Robert D. Daleo

Executive Vice President and Chief Financial Officer. Bob Daleo, 58, was Executive Vice President and Chief Financial Officer of Thomson prior to the closing of the Transaction. Mr. Daleo began his career with Thomson in 1994 when he joined Thomson Newspapers as Senior Vice President and Chief Financial Officer. In 1996, he was appointed Chief Operating Officer of Thomson Newspapers, assuming responsibility for a significant portion of US operations. At the beginning of 1997, he joined Thomson's corporate headquarters as Senior Vice President, Finance and Business Development. In 1998, Mr. Daleo became Chief Financial Officer of Thomson and has been a director of Thomson since 2001. Mr. Daleo is a director of Equifax Inc. and serves on the board of trustees for the New Jersey Community Development Corporation.

James C. Smith

Chief Executive Officer — Professional. Jim Smith, 48, was the Executive Vice President and Chief Operating Officer of Thomson prior to the closing of the Transaction. Previously, Mr. Smith served as President and Chief Executive Officer of Thomson Learning's Academic and Reference Group. Before that, Mr. Smith served as Executive Vice President, Human Resources and Administration of Thomson. Mr. Smith joined the Thomson Newspaper Group in 1987. Mr. Smith held several staff and operating positions of increasing responsibility within that group, culminating in his role as head of operations for Thomson Newspapers — US.

Devin Wenig

Chief Executive Officer — Markets. Devin Wenig, 41, was the Chief Operating Officer of Reuters prior to the closing of the Transaction. Mr. Wenig joined Reuters in 1993 as Corporate Counsel, Reuters America and held a number of senior management positions before being appointed President, Investment Banking & Brokerage Services in January 2001. Mr. Wenig was President, Business Divisions from 2003 until his appointment as Chief Operating Officer of Reuters in 2006. Mr. Wenig also serves on the board of directors of Natestch Pharmaceutical Company. He is a former non-executive director of Instinet Group. Mr. Wenig was a director of Reuters from 2003 until completion of the Transaction on April 17, 2008.

Michael E. Wilens

Executive Vice President of Strategy, Technology and Innovation. Mike Wilens, 54, was Executive Vice President and Chief Technology Officer of Thomson prior to the closing of the Transaction. From 2000 to 2006, Mr. Wilens was President and Chief Executive Officer of Thomson Legal & Regulatory's North American Legal organization. Prior to that, Mr. Wilens was Chief Technology Officer for Thomson and Thomson West. Before joining Thomson, Mr. Wilens held senior management positions with Groupe Lagardère, Lawyers Cooperative Publishing and HCIA.

Gustav Carlson	<i>Executive Vice President and Chief Marketing & Communications Officer.</i> Gus Carlson, 50, was Senior Vice President, Chief Marketing & Communications Officer of Thomson prior to the closing of the Transaction. Mr. Carlson has more than 25 years of experience as a senior communications professional, award-winning national business journalist and author. Before joining Thomson in 2006, Mr. Carlson held senior communications positions at Accenture, Standard & Poor's, PaineWebber, Barnes & Noble and Hill & Knowlton. Mr. Carlson is a former business news editor for <i>The New York Times</i> and <i>The Miami Herald</i> .
Stephen Dando	<i>Executive Vice President and Chief Human Resources Officer.</i> Stephen Dando, 46, was Group Human Resources Director for Reuters prior to the closing of the Transaction. Prior to joining Reuters in 2006, Mr. Dando was Director, BBC People and a member of the BBC's Executive Committee and Executive Board for five years. Mr. Dando held various appointments at Diageo over a 12-year period including Global HR Director, Guinness.
Deirdre Stanley	<i>Executive Vice President and General Counsel.</i> Deirdre Stanley, 43, was Senior Vice President and General Counsel of Thomson prior to the closing of the Transaction. Prior to joining Thomson in 2002, Ms. Stanley served in various senior executive positions, including Deputy General Counsel at USA Networks, Inc. and its successor companies. From 1995 through 1997, Ms. Stanley served as Associate General Counsel for GTE Corporation, where she headed the mergers and acquisitions practice group.

Summary of Director Compensation Arrangements

Compensation for directors of Thomson Reuters is designed to attract and retain highly talented, committed and experienced directors. Thomson Reuters believes that directors must be competitively compensated, taking into account its size and complexity.

The table below sets forth the annual retainers that are paid to non-management directors of Thomson Reuters. Directors do not receive attendance fees. In establishing the compensation arrangements for directors of Thomson Reuters, the factors considered included the increased size, scope and complexity of Thomson Reuters, the greater time commitment required of directors (including more board meetings and travel to and from board meetings and site visits), the compensation levels for directors of U.S. and UK companies and Thomson Reuters desire to adopt a flat fee structure.

Annual retainer for Directors	\$150,000
Annual retainer for Audit Committee and Human Resources Committee Chairs	\$ 20,000
Annual retainer for Corporate Governance Committee Chair	\$ 10,000
Annual retainer for Chairman	\$600,000
Annual retainer for each Deputy Chairman	\$300,000 ¹

Note:

1. Mr. FitzGerald also receives RSUs annually with a value at the time of issue equal to the difference between £600,000 and \$300,000. He does not receive a separate retainer for serving as Chair of the Corporate Governance Committee.

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Thomson Information

The following table reflects compensation earned by Thomson Reuters directors who were Thomson's non-management directors in 2007. The amounts are actual amounts earned in respect of 2007 in DSUs and cash, as further discussed below. Neither the Chairman (David Thomson) nor the Deputy Chairman (W. Geoffrey Beattie) received an attendance fee. Management directors did not receive compensation for their services as directors.

Name	Thomson Board Retainer (\$)	Committee Chair Retainer (\$)	Thomson Board Attendance fees (\$)	Committee Attendance fees (\$)	Total fees (\$)
David Thomson	500,000	—	—	—	500,000
W. Geoffrey Beattie	250,000	—	—	—	250,000
Mary Cirillo	80,000	—	13,000	2,000	95,000
Steven A. Denning	80,000	10,000	12,000	5,000	107,000
Roger L. Martin	80,000	—	13,000	16,000	109,000
Vance K. Opperman	80,000	10,000	13,000	16,000	119,000
John M. Thompson	80,000	10,000	11,000	15,000	116,000
Peter J. Thomson	80,000	—	13,000	—	93,000
John A. Tory	80,000	—	13,000	5,000	98,000
Total	1,310,000	30,000	88,000	59,000	1,487,000

In February 2008, Thomson issued 100,000 RSUs to Mr. Beattie. One-third of the RSUs will vest in each of February 2009, 2010 and 2011 if Mr. Beattie is still a director or officer of Thomson Reuters on the vesting date. Mr. Beattie's RSUs accumulate additional units based on notional equivalents of dividends paid on Thomson Reuters Corporation common shares.

Reuters Information

The following table reflects remuneration earned by Thomson Reuters directors who were Reuters directors in 2007.

	2007					Total
	Salary/Fees £000	Bonus £000	Benefits ¹ £000	Allowance ^{2&5} £000	Compensation for Loss of Office £000	£000
Niall FitzGerald, KBE ^{3&4}	525	—	3	—	—	528
Lawton Fitt ⁶	69	—	—	30	—	99
Sir Deryck Maughan ⁷	54	—	—	25	—	79
Ken Olisa ⁸	55	—	—	10	—	65
Dick Olver ⁹	67	—	—	10	—	77
Tom Glocer ^{10&12}	888	1,267	451	—	—	2,606
Total emoluments of directors ¹¹	1,658	1,267	454	75	—	3,454

Notes:

All amounts have been rounded up to the nearest thousand.

The following conversion rates were used: US\$2: £1, Swiss Franc 2.4: £1, Hong Kong \$15.59: £1. These were the average rates in effect during 2007.

1. Items included under Benefits are those provided as goods and services received during the year.
2. Items included under Allowances are contractual benefits, which are paid in cash rather than as goods and services during the year.
3. Non-cash benefits received by Niall FitzGerald consist of chauffeur benefits of £2,661.
4. Niall FitzGerald has waived his £10,000 Nominations Committee chairman fee.
5. Allowances paid to Lawton Fitt, Deryck Maughan, Ken Olisa, and Dick Olver represent travel allowances to attend overseas board meetings.
6. Fees paid to Lawton Fitt include £18,333 in respect of her position as Chairman of the Audit Committee.
7. Fees paid to Deryck Maughan include £3,333 as a member of the Remuneration Committee.
8. Fees paid to Ken Olisa include £5,000 member of the Audit Committee.
9. Fees paid to Dick Olver include £5,000 in respect of his position as member of the Audit Committee, and £11,667 in respect of his position as the Senior Independent Director. Dick Olver was over-paid in error by the company in 2007 by £8,351 and the amount was repaid after year end.
10. Non-cash benefits received by Tom Glocer included accommodation costs of £268,143, tax services of £109,681 (including those related to the Thomson transaction), company car and healthcare benefits totalling £36,210, long-term disability insurance of £2,100, and family travel of £34,473.
11. The total aggregate emoluments for the directors for the period 1 January 2007 to 31 December 2007 were £5.9m. The total emoluments for 2006 were £5.3m.
12. During the year a group company paid certain personal expenses on behalf of Tom Glocer. The amount due from Tom Glocer at 31 December 2007, which was the maximum outstanding during the year, was £1,435. No interest was charged. Tom Glocer repaid the amount as soon as he was informed that any personal expenses had been borne by the company.

Deferred Share Units

To further align the interests of directors of Thomson Reuters with those of its shareholders, non-management directors participate in a share plan under which they have the option to receive all or any portion of their annual retainer in DSUs, Thomson Reuters Corporation common shares or cash. Non-management directors are encouraged to receive at least one-third of amounts payable to them in DSUs. A DSU is a bookkeeping entry credited to an account maintained for each eligible director, and will have the same value as one common share of Thomson Reuters Corporation. If a director elects to receive any portion of his or her annual retainer or other remuneration in the form of shares, the amount (net of withholding taxes) will be used to purchase shares on the open market. If a director elects to receive DSUs, units representing the value of Thomson Reuters Corporation common shares will be credited to the director's account. DSUs are paid to a director by December 15 of the calendar year following termination of board service. Payment is made in Thomson Reuters Corporation common shares or cash (net of withholding taxes), based on the market value of Thomson Reuters Corporation common shares on the date of payment. DSUs accumulate additional units based on notional equivalents of dividends paid on Thomson Reuters Corporation common shares.

Share Ownership Guidelines

Directors are encouraged to hold common shares of Thomson Reuters Corporation, ordinary shares of Thomson Reuters PLC and/or DSUs having a value equal to five times their annual retainer within five years from the date of their initial appointment to the Thomson Reuters board.

Director Expenses

Directors are reimbursed for reasonable travel and out-of-pocket expenses incurred in connection with their duties as directors. The Corporate Governance Committee will periodically review expenses submitted for reimbursement.

Director Indemnification and Insurance Arrangements

Directors of Thomson Reuters are indemnified by Thomson Reuters Corporation and Thomson Reuters PLC to the extent permitted by applicable laws and regulations.

Under the OBCA, a corporation may indemnify a present or former director or officer or an individual who acts or acted at the corporation's request as a director or officer or in a similar capacity of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the director in respect of any civil, criminal, administrative, investigative or other proceeding in which the director is involved because of that association with the corporation or other entity, provided that the individual acted honestly and in good faith with a view to the best interests of the corporation or, as the case may be, to the best interests of the other entity for which the individual acted at the corporation's request, and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such individual had reasonable grounds for believing that his or her conduct was lawful.

Under the UK Companies Act, a company may not directly or indirectly indemnify a director of a company in connection with any negligence, default, breach of duty or breach of trust by the director in relation to the company unless the indemnity constitutes a "qualifying third party indemnity provision". An indemnity will be a "qualifying third party indemnity provision" for the purposes of the UK Companies Act, provided that it does not indemnify the director against any liability the director incurs:

- to the company or to an associated company (an associated company is, in effect, a company in the same group);
- to pay a criminal fine or a regulatory penalty;
- in defending criminal proceedings in which the director is convicted;
- in defending civil proceedings brought by the company, or an associated company, in which judgment is given against the director; or
- in an unsuccessful application for relief from liability under the UK Companies Act.

Thomson Reuters maintains, at its expense, a directors' and officers' liability insurance policy that provides protection for its directors and officers against liability incurred by them in their capacities as such. This policy provides for a limit of at least \$100 million for each claim and \$100 million in the aggregate and that there is no deductible for this coverage. The insurance applies in certain circumstances where Thomson Reuters may not indemnify its directors and officers for their acts or omissions. Premiums paid by Thomson Reuters relating to directors' and officers' liability insurance are between \$2 million and \$3.5 million per annum.

ITEM 6B. Compensation

For information regarding compensation of directors, see Item 6A. “Directors and Senior Management”, under the heading “Summary of Director Compensation Arrangements — Summary of Director Compensation”.

Executive Compensation Policies

Overview

The Human Resources Committee of the Thomson Reuters board is responsible for establishing, implementing and overseeing the compensation policies and programs for Thomson Reuters. The Human Resources Committee will ensure that the total compensation paid to the executive officers of Thomson Reuters is fair, reasonable and competitive.

Compensation Philosophy and Objectives

Thomson Reuters overall philosophy and objectives regarding executive compensation is to:

- link compensation with Thomson Reuters annual and long-term strategic and financial objectives;
- align executives’ interests with those of Thomson Reuters shareholders, with the ultimate goal of improving shareholder value;
- encourage executives to achieve exceptional performance and provide an opportunity for senior executives to be compensated in the top quartile of the compensation paid by competitors when superior results are achieved;
- attract, motivate and retain high-quality key employees needed to support financial, operational and strategic growth and success;
- provide flexibility to recognize and reward an individual executive’s performance, responsibilities, experience, skills, value and contribution; and
- structure the compensation program to be regarded positively by shareholders, employees, the financial community and the public in general.

Executive Compensation Analysis

The Human Resources Committee will engage a compensation consulting firm to serve as an independent advisor on matters relating to executive compensation. Representatives of the firm will be expected to be available to Human Resources Committee members on an ongoing basis and will generally attend Human Resources Committee meetings. The Human Resources Committee has sole discretion over the terms and conditions of the relationship with the consulting firm.

The Human Resources Committee will also utilize and rely upon independent market survey data provided by an independent consulting firm regarding executive compensation for organizations of comparable size and scope with which Thomson Reuters is most likely to compete for executive talent. Most of Thomson Reuters senior executives are based in the United States and the group of companies used for comparative purposes in the United States will represent a mix of business-to-business service companies, including other information companies with which Thomson Reuters competes. In addition, the Human Resources Committee will also look to and consider relevant comparative data for senior executives, media and general industry companies based in the United Kingdom and elsewhere. Survey data will also be used for other countries in which executives work (unless on a designated international assignment) and comparison companies include information companies with which Thomson Reuters competes. The Human Resources Committee will then use this data as part of its due diligence in determining salary, target bonus and long-term incentive amounts.

Total Compensation

A senior executive's target total compensation will typically comprise:

- a base salary;
- a performance-based annual incentive bonus, which will usually be paid in cash;
- long-term incentive bonus awards, including periodic grants (generally annual) of long-term incentives, such as stock options and/or RSUs, which may be subject to performance-based and/or time-based vesting requirements;
- retirement and health and welfare-related benefits; and
- in some instances, perquisites and other personal benefits.

In determining the mix and relative weighting of cash (base salary and bonus) versus equity-based incentives, Thomson Reuters will consider the appropriate proportion of compensation that should be at risk based on the executive's ability to affect and influence Thomson Reuters short- and long-term results and advance the interests of shareholders as well as the compensation mix for similar positions at comparable companies. In general, the proportion of total pay delivered through "at risk" performance-based compensation will increase directly with an executive's level of responsibility in Thomson Reuters. Similarly, the proportion of performance-based compensation will increase directly with an executive's level of office in Thomson Reuters. The target awards for executives at the most senior level will typically be split between 50% performance restricted share units ("**PRSUs**") and 50% stock options, while those at the next level will be split between 70% PRSUs and 30% stock options. The lowest level of eligible executives will receive 100% PRSUs. This will ensure that the senior-most executives are held most accountable for changes in shareholder value as well as the achievement of critical strategic and operating performance goals. As senior executives approach retirement age, there will generally be less emphasis placed on equity-based long-term incentives, which decreases the pressure executives feel to diversify their total net worth. This mix and weighting aligns the interests of executives with those of shareholders, will provide significant cash incentives and assists in keeping Thomson Reuters competitive in the market for high-quality executives.

The specific practices regarding each component of the Thomson Reuters executive compensation program are described below.

Base Salary

Base salary will typically be determined annually by reference to an executive's performance, an executive's experience and competitive considerations, such as salaries prevailing in the relevant market. Base salaries will also be evaluated in connection with certain promotions and other changes in job responsibilities. Generally, increases in base salaries will be determined primarily by the performance of Thomson Reuters, the segment of the business in which the executive works and the individual executive. For an executive in a business segment, the most heavily weighted factors will likely be the performance of that executive and that segment. For an executive with group-wide responsibilities, the most heavily weighted factors will likely be the performance of that executive and the performance of Thomson Reuters as a whole.

The Human Resources Committee will annually approve changes in base salary for senior executive officers. Salaries for executive officers (other than the Chief Executive Officer) will be established in part on the basis of recommendations by the Chief Executive Officer and on the basis of the Thomson Reuters board's and the Human Resources Committee's assessments of the executives' respective performances. The Chief Executive Officer's salary will be based on the Thomson Reuters board's and the Human Resources Committee's assessment of his or her performance.

Annual Cash Incentive Bonus

Thomson Reuters will use annual cash incentive bonus awards to motivate and reward senior executives for achievement of specified levels of financial and/or individual performance. Different types of bonus awards will be granted to compensate individual executives, but all focus on superior performance. Each Thomson Reuters business segment will establish awards within parameters the Human Resources Committee sets that take into account the market conditions of the particular business. The awards will be designed to reward the individual executive for the direct contribution that he or she can make to Thomson Reuters or his or her business segment.

Target annual cash incentive bonus awards will initially be expressed as a percentage of a senior executive officer's base salary. The Human Resources Committee will set minimum (threshold), target and maximum levels for each component of the financial objective portion of the award. The maximum level for senior executive officers' annual cash incentive bonuses is expected to be 200% of the target award. After the end of the year, Thomson Reuters will measure its actual performance against the predetermined performance goals to determine the appropriate bonus amount earned, and the Human Resources Committee will determine the actual cash incentive bonus awards for senior executive officers in February following the close of the fiscal year.

In making determinations of the minimum, target and maximum levels, the Human Resources Committee will consider Thomson Reuters specific circumstances for the year. Targets will typically be aligned with Thomson Reuters strategic operating plan and financial expectations. In general, the Human Resources Committee will set targets so that the relative difficulty of achieving them is consistent from year to year.

For the first year after the Transaction closes, the Human Resources Committee is expected to assign the following weightings to the financial performance objectives for corporate-level and senior executive officers:

- 45% based on revenue growth;
- 45% based on growth of operating profit before amortization; and
- 10% based on free cash flow growth.

For a definition of free cash flow, see Item 5A. "Operating Results — Thomson Information."

The Human Resources Committee will approve awards for senior executive officers. The Chief Executive Officer of Thomson Reuters or the chief executive officer of the relevant business segment will approve awards for other executives, subject to the guidelines imposed by the Human Resources Committee.

Long-Term Incentive Bonus

Thomson Reuters will grant long-term incentive bonus awards to key senior executives. The performance periods for the awards will be three years, coinciding with Thomson Reuters operating planning cycles. Payments of long-term incentive awards will not be made unless predetermined targets are met.

To best align these awards with key drivers of total shareholder return, the Human Resources Committee will normally issue stock options and PRSUs under the Thomson Reuters Stock Incentive Plan to certain senior executives who receive long-term incentives. A description of the stock options and PRSUs is presented below.

Equity-Based Compensation Plans

Thomson equity-based compensation plans for its officers and employees consist of a stock incentive plan, a phantom stock plan, a deferred compensation plan, two employee stock purchase plans and its U.S. employees' 401(k) retirement savings plan. Thomson Reuters also maintains a share plan for its non-employee directors but any shares needed to satisfy its obligations under that plan (as well as the U.S. employees' 401(k) savings plan) are purchased in the open market so there is no dilutive effect.

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In connection with the Transaction, all of these plans other than the U.S. employees' 401(k) retirement savings plan were amended and restated and adopted by each of Thomson Reuters Corporation and Thomson Reuters PLC. Although the amendments, among other things, provide flexibility for awards under these plans to be valued by reference to, or otherwise be based on, either Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares, it is intended that awards under these plans will usually be valued by reference to, or otherwise be based on, Thomson Reuters Corporation common shares.

The following table sets forth information regarding the number of Thomson common shares reserved for issuance under Thomson's stock incentive plan, employee stock purchase plans and deferred compensation plan as at April 17, 2008, and the aggregate number of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares as at April 17, 2008. This table has been updated to reflect that shares will no longer be issued from treasury as of April 17, 2008 for our US employees' 401(K) retirement savings plan.

Plan	Thomson common shares reserved for issuance as at April 17, 2008		Aggregate of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares reserved for issuance as at April 17, 2008	
	Number	% of Total ¹	Number	% of Total ²
Stock incentive plan	40,000,000	6.3	50,000,000	6.0
Employee stock purchase plans				
US	6,000,000	0.9	8,000,000	1.0
Global	2,000,000	0.3	6,000,000	0.7
Deferred compensation plan	6,000,000	0.9	7,000,000	0.8
Total	54,000,000	8.4	71,000,000	8.5

Notes:

1. Based on 640,617,002 Thomson common shares outstanding as at April 15, 2008.
2. Based on the aggregate number of (i) 640,617,002 Thomson common shares outstanding as at April 15, 2008; and (ii) 194,107,278 Thomson Reuters PLC ordinary shares issued to Reuters shareholders on completion of the Transaction.

Below is a summary of the principal features of each equity-based compensation plan, which include the amendments made upon the completion of the Reuters acquisition. Copies of the amended plans are available to any shareholder upon request by writing to: Thomson Reuters, Attention: Corporate Legal Department, 3 Times Square, New York, New York 10036, United States.

Stock Incentive Plan

The Thomson Reuters stock incentive plan provides for the grant of non-qualified stock options, incentive stock options ("ISOs"), stock appreciation rights ("SARs") and awards of RSUs, Thomson Reuters Corporation common shares, Thomson Reuters PLC ordinary shares and other awards that are valued in whole or in part by reference to, or are otherwise based on, the fair market value of Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares at the date of the grant. Any employee or officer of Thomson Reuters (as may be determined by the Human Resources Committee) is an eligible participant in the plan. Non-employee directors are not eligible to participate in the plan.

Stock options, which have value only if the stock price increases, are typically used to align executive interests with those of long-term shareholders. PRSUs are typically used to link a portion of compensation to the achievement of longer-term financial goals. Additionally, time-based RSUs are

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granted on a highly selective basis to high-performing, critical-to-retain executives. Equity-based awards utilize multi-year vesting schedules to encourage executive retention and provide strong incentives for superior long-term future performance.

Thomson Reuters intends to divide senior executive officers' long-term equity awards as described under "Total Compensation" above. The blend of stock options and PRSUs is intended to create balance in the overall long-term incentive program by ensuring that the program is financially efficient to Thomson Reuters and strongly supportive of important strategic and human resource objectives over the long-term. Stock options reward executives for increases in shareholder value and thereby foster strong alignment between management and investors. Options also support important management retention objectives as a result of the vesting requirements. However, the retention power and cost efficiency may be diminished during periods in which the stock price is flat or temporarily depressed. Costs associated with the PRSUs are variable and incurred only to the extent that the underlying performance goals are achieved. PRSUs thereby ensure a financially efficient outcome to Thomson Reuters by tying expense recognition to the achievement of specific financial goals. Because the payout is tied to operational results, the PRSUs also create strong "line of sight" between controllable performance and realized compensation, reinforce the importance of achieving specific multi-year financial results and mitigate the impact of stock price volatility on the retention power of the overall program. Thomson Reuters reserves the right to alter the mix of long-term equity awards in its discretion.

All options are expected to vest 25% per year over four years. The exercise prices for options granted are based on the fair market value of Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares on the grant date, which is the closing price of the shares on the day before the grant. Fair market value will be determined by reference to the closing price of Thomson Reuters Corporation common shares on the NYSE or the closing price of Thomson Reuters PLC ordinary shares on the LSE, as applicable. The expiry date for options is expected to be no later than 10 years from the grant date. Options expire at the later of the expiry date or, if that date occurs during a blackout period or other period during which an insider is prohibited from trading in Thomson Reuters securities by the Thomson Reuters insider trading policy, 10 business days after the period ends, subject to certain exceptions.

PRSUs vest upon completion of a three-year performance cycle and entitle the holder to receive Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares if threshold performance goals are met. At the time that the PRSUs vest, the number of units to be redeemed for shares may increase, decrease or remain the same depending on Thomson Reuters performance over the three-year period. The final number of PRSUs that will vest is expected to vary from 0% to 200% of the initial number awarded, based 50% on Thomson Reuters adjusted earnings per share growth and 50% on Thomson Reuters return on invested capital performance over the three-year performance period (January 1, 2008 — December 31, 2010). PRSUs also accumulate additional units based on notional equivalents of dividends paid on Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares, as applicable. For the initial three-year long-term incentive cycle for January 1, 2008 through December 31, 2010, the approval of awards has been deferred until after the completion of the Transaction. The Human Resources Committee will determine whether these initial awards will include performance conditions and on what form to issue them.

RSUs accumulate additional units based on notional equivalents of dividends paid on Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares, as applicable. RSUs entitle executives to receive common shares of Thomson Reuters Corporation or ordinary shares of Thomson Reuters PLC at a future date or dates upon satisfaction of certain terms and conditions, including, for example, continued full-time employment with Thomson Reuters or one of its subsidiaries on the vesting dates.

Thomson Reuters maintains an equity grant policy similar to that previously used by Thomson, which sets forth approval requirements for off-cycle awards. Under the policy, the Chief Executive Officer of Thomson Reuters is authorized to approve certain off-cycle awards, depending on the size of the grant and the identity of the particular grantee. Awards that exceed the Chief Executive Officer's approval authority will be submitted to the Human Resources Committee. In addition, under the policy, unless Thomson Reuters is in a designated blackout period or is in possession of material non-public information, off-cycle awards will be granted on the last business day of each month. New hire awards will be made on the last business day of the month during which the grantee commenced employment with Thomson Reuters. Promotion-related awards will be made on the last business day of the month during which the grantee's promotion was made effective by Thomson Reuters. If Thomson Reuters is in a designated blackout period or otherwise is in possession of material non-public information on the date that a grant

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would typically be made, then the grant will not be made until the last business day of the month after the blackout period has ended, or when Thomson Reuters is no longer in possession of material non-public information.

Generally, in determining whether and how many grants to make under the stock incentive plan and allocations under the phantom stock plan, Thomson Reuters will not take into account the amount of previous allocations under the plans. Rather, Thomson Reuters will make grants with a view to providing competitive total target compensation packages, in which long-term equity should be balanced against short-term compensation opportunities. Thomson Reuters also does not consider it relevant whether an executive has exercised options or units previously granted.

The Thomson Reuters stock incentive plan will contain the following limitations:

- The maximum number of shares that may be issued under the stock incentive plan is 50,000,000 (provided that not more than 5,000,000 shares may be issued under grants other than stock options, SARs or RSUs). Shares may consist, in whole or in part, of Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares issued from treasury or Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares purchased on the open market or any combination thereof.
- The maximum number of shares that may be issued under plan awards held by any one person under the stock incentive plan must not exceed 5% of the aggregate number of outstanding Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares determined on a non-diluted basis. The maximum number of shares for which plan awards may be granted and which may be otherwise awarded under the stock incentive plan to any individual during any one year period is 2,500,000.
- The maximum number of shares which may be issued under plan awards held by a participant granted under the stock incentive plan and under any other share compensation arrangement of Thomson Reuters (i) to all “insiders” may not exceed 10% of the aggregate number of outstanding Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares at such time determined on a non-diluted basis, and (ii) to all “insiders” and such insiders’ “associates” during any one year period may not exceed 5% of the aggregate number of outstanding Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares, at such time determined on a non-diluted basis.
- The maximum number of shares that may be issued through ISOs under the stock incentive plan will be 5,000,000. Shares subject to awards which are cancelled, expired, forfeited or terminated without having been exercised shall be available for new awards under the stock incentive plan.

The Thomson Reuters board and/or the Human Resources Committee may make any amendments to the stock incentive plans or any outstanding award without seeking shareholder approval, except for an amendment which:

- increases the maximum number of shares that can be issued under the stock incentive plan, including an increase to a fixed number of such shares or a change from a fixed number of such shares to a fixed maximum percentage;
- increases the maximum number of shares which may be issued under the awards held by a participant;
- reduces the exercise price of an award (including a cancellation and re-grant of an award, constituting a reduction of the exercise price of such award), except in connection with maintaining the value of an award in connection with a change in the number of outstanding Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares, by reason of a stock dividend or split, recapitalization, reorganization, merger, amalgamation, consolidation, combination or exchange of shares or other corporate change affecting such shares;
- extends the term of an award beyond its original expiry date, except where the expiry date would have occurred in a blackout period;

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- changes the provisions relating to the transferability of an award, other than for a transfer by will or the laws of descent and distribution, a transfer by a grantee to an entity which is controlled by the grantee or a transfer to a former spouse or domestic partner in connection with a legal obligation or settlement;
- changes the provisions relating to adjustments in the number or kind of shares or securities reserved for issuance or subject to outstanding awards or the exercise price, in the event of any change in the number of outstanding Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares, by reason of a stock dividend or split, recapitalization, reorganization, merger, amalgamation, consolidation, combination or exchange of shares or other corporate change affecting such shares;
- extends eligibility to participate in the stock incentive plan to a non-employee director;
- changes the rights attaching to the Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares; or
- is required to be approved by shareholders under applicable laws, regulations or stock exchange rules.

Subject to certain exceptions, no such amendment may materially and adversely affect the rights of any participant in relation to any outstanding award granted under the plan without the consent of the affected participant.

Phantom Stock Plan

If tax or securities regulations make it impracticable or inefficient to make grants under the stock incentive plan, Thomson Reuters may allocate units under a phantom stock plan to executive officers and senior employees of Thomson Reuters. After a prescribed length of time, a holder of units will be entitled to a cash payment based on the number of units and the increase, if any, in the market price of Thomson Reuters Corporation common shares or, as applicable, Thomson Reuters PLC ordinary shares from the date of grant.

Deferred Compensation Plan

A group of key executives in the United States are eligible to participate in a deferred compensation plan, which allows participants to voluntarily defer a percentage of annual base salary and annual and long-term cash incentive bonuses. Irrevocable elections to participate in this plan need to be made before the beginning of the fiscal year. Certain participants in the plan are eligible to convert deferred cash into DSUs. Deferred cash can be converted into DSUs on the basis of the closing price of Thomson Reuters Corporation common shares on the day before the deferral or conversion. If a participant elects to hold DSUs, Thomson Reuters credits his or her plan account with a 10% DSU match, which matching units generally vest over a period of four years. DSUs also accumulate additional units based on notional equivalents of dividends paid on Thomson Reuters Corporation common shares. Thomson Reuters plans to issue new shares to satisfy its DSU obligations to participants.

The maximum number of common shares which may be issued under the Thomson Reuters deferred compensation plan is 7,000,000.

The amendment provisions of the deferred compensation plan are substantially similar to those of the stock incentive plan.

Employee Stock Purchase Plans

Thomson Reuters has employee stock purchase plans in the United States, the United Kingdom, Canada and other countries in which there are a significant number of employees, under which eligible employees, including Thomson Reuters executive officers, may purchase Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares at a discount or other favorable manner. Employees who participate are able to contribute a percentage of their eligible compensation through after-tax payroll deductions, up to a defined maximum for a particular period. At a time specified in the plans, Thomson Reuters will use employees' accumulated payroll deductions to purchase

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Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares. For employees based in the United Kingdom or other countries, the global employee stock purchase plan may operate as a “Save-As-You-Earn” (“**SAYE**”) plan or share incentive plan (“**SIP**”).

The maximum number of common shares which may be issued under the Thomson Reuters employee stock purchase plans in 14,000,000.

The amendment provisions of the employee stock purchase plans are substantially similar to those of the stock incentive plan.

Plans for Employees in the UK and Other Countries

For employees based in the United Kingdom or other countries, the global employee stock purchase plan permits the operation of a SAYE plan or SIP. Any SAYE plan or SIP conforms, to the fullest extent possible, to the global employee stock purchase plan, except for aspects of the plan that are not permitted under or are not consistent with the enabling legislation.

Under a SAYE plan, employees would agree to save through after-tax payroll deductions for a period of three or five years with a third party bank, up to a yearly maximum of £3,000. They would concurrently be granted purchase options at a 15% discount to the market value of common shares at the time of grant. At maturity, the employee’s savings account would be credited by the third party bank with a “bonus” in lieu of interest, at a fixed rate. At the end of the maturity period, the employee could either exercise the purchase options and acquire the shares within a six month window, or take the accumulated savings fund and bonus in cash. The total number of shares that would be purchased would be equal to the total of the payroll contributions plus any applicable bonus amount, divided by the option price. An employee who entered into a five year savings contract could, at the end of the five year savings period, leave the funds with the third party bank for an additional two years. The employee could not make more savings contributions, but would earn a larger “bonus”.

Under a SIP, employees would acquire common shares at the then-market value through pre-tax payroll deductions, up to a yearly maximum of £1,500. While a SIP would not permit a purchase of shares at a discount to fair market value, participating employees would be provided with up to three free “matching” shares for every 17 shares that they purchase, which would effectively replicate the 15% discount provided in the employee stock purchase plan. The purchased shares would then be held in a trust for a minimum holding period of between three and five years (five years for full tax efficiency), after which employees could sell the shares. While the shares are held in the trust, dividends could be reinvested in further shares, which would be held in the trust. The employees would be able to withdraw their purchased shares at any time, but if they did so before the end of the agreed-upon holding period, they would lose their free matching shares and would not benefit from the full tax efficiencies afforded by the SIP.

US employees’ 401(k) retirement savings plan

Thomson Reuters maintains 401(k) retirement savings plans that cover substantially all of its U.S. employees, including most of its senior executives. These plans will be tax-qualified company sponsored retirement savings plans, under which participating employees may contribute up to 25% of their compensation on a combined before-tax or after-tax basis (16% for employees who are considered to be highly compensated). Depending on the terms of the particular plan, Thomson Reuters may also make a matching contribution to amounts contributed by participating employees. During 2007, the maximum before tax contribution that could be made by a participating employee was \$15,500 per year (or \$20,500 per year for certain participants age 50 and over). The plans have different investment options, one of which is the Thomson Reuters Stock Fund which is comprised of Thomson Reuters Corporation common shares purchased on the open market. Employees only contribute to the Thomson Reuters Stock Fund if they elect to do so. As of April 17, 2008, shares are no longer issued from treasury for this plan.

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The amendment provisions of the U.S. employees' 401(k) retirement savings plan are substantially similar to those of the stock incentive plan.

Retirement Benefits

The retirement benefits for Thomson Reuters are designed to provide a competitive level of post-retirement income and strong incentive for executives to remain with Thomson Reuters throughout their careers.

Perquisites and Other Personal Benefits

Thomson Reuters provides its executive officers with perquisites and other personal benefits that Thomson Reuters and the Human Resources Committee believe are reasonable and consistent with its overall compensation program to better enable Thomson Reuters to attract and retain superior employees for key positions. For certain executive officers, these perquisites and benefits include executive medical coverage, use of company automobiles, use of corporate aircraft for business travel, tax preparation and financial planning assistance and payment of club dues. The Human Resources Committee will periodically review the level of perquisites and other personal benefits provided to the executive officers.

Share Ownership

The use of long-term equity-based incentive compensation programs further aligns the interests of senior executives of Thomson Reuters with those of its shareholders and enables them to share in the long-term growth and success of Thomson Reuters. Senior executives are required to maintain an equity interest in Thomson Reuters, consisting of Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares, with a value equal to a multiple of their salary. The highest multiple is five times salary and the lowest is one times salary. The value of DSUs and shares acquired pursuant to the U.S. employees' 401(k) retirement savings plan, employee stock purchase plans and other comparable plans count toward meeting the share ownership requirement. Unvested RSUs and PRSUs and all stock options do not count toward the guidelines. Thomson Reuters share ownership guidelines provide that senior executives are required to retain a specified percentage of the shares that they acquire (after applicable tax withholdings) through option exercises and the vesting of RSUs and PRSUs until they have attained the share ownership requirements.

Reuters Information

Basic Salary and Annual Bonus

Consistent with prior years, the main reference point in setting executive directors' salaries is companies in the FTSE100 other than the five largest companies and the five smallest in this group. These companies have been selected to provide a stable comparator group which is relevant to the company's position in the market. This group is reviewed annually to confirm its appropriateness.

The Remuneration Committee sets performance targets annually. Tom Glocer is entitled to a maximum bonus of 150% of base salary and David Grigson and Devin Wenig are each entitled to a maximum bonus of 125% of base salary. Under the Reuters plan, the executive directors' annual bonus potential would have remained the same in 2008.

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For 2007, the performance targets were 100% focused on financial performance (trading profit¹, revenue and free cash flow²). In February 2008, the Remuneration Committee reviewed 2007 performance against the specified targets and determined that the executive directors had earned bonuses of 95.1% of bonus potential.

Salaries and bonus awards earned in 2007 are shown in the table below:

	2007 Salary £000's	2007 Bonus £000's
Tom Glocer	888	1,267
David Grigson	482	579
Devin Wenig	448	532

No salary increases have been made in respect of 2008. It is intended that salaries will be reviewed following completion of the Transaction.

For 2008, the performance targets will continue to be focused solely on the financial performance (trading profit, revenue) of Reuters up to the end of first quarter of 2008. There is a profit threshold, based on trading profit, below which no bonuses will be paid. The Remuneration Committee reviews the business plan and establishes this threshold each year.

It is anticipated that separate targets will be set for Thomson Reuters after completion and that bonuses earned against the respective Reuters and Thomson Reuters targets will be time pro-rated to calculate full-year bonuses.

Reuters has entered into an agreement with certain executive directors and members of senior management to retain them subsequent to the Transaction. The terms of these arrangements require the participants to remain for up to 18 months after the date of acquisition to ensure a successful transition, at which point they will receive compensation in the form of a bonus.

Equity incentive plans

Overview: Executive directors and other senior managers are entitled to participate in the share-related incentive schemes operated by the company as detailed below. Each year, the Remuneration Committee reviews the schemes in relation to prevailing best practice and Reuters business plan. The scheme rules of each of these plans contain change of control clauses which under certain circumstances may allow early vesting of plans in the event that Reuters is acquired by a third party.

No LTIP or DSOP (see below) awards will be made in 2008. It is anticipated that awards will be made under new Thomson Reuters share-based incentive plans after completion of the Transaction.

LTIP: Reuters has operated the current long-term incentive plan since 1998. Contingent share awards are made annually to executive directors and to those senior managers most accountable for corporate performance. Before 2006, the vesting of awards was based wholly upon Reuters Total Shareholder Return (TSR) relative to other FTSE100 companies.

¹ Trading profit is calculated by excluding the following from operating profit from continuing operations: restructuring charges associated with acquisitions, Transaction-related costs, impairments and amortization of intangibles acquired via business combinations, investment income, profits from disposals of subsidiaries and fair value movements. Trading margin is trading profit expressed as a percentage of revenue.

² Free cash flow measures cash flows from continuing operations, other than those which are either discretionary in nature or unrelated to ongoing recurring operating activities such as special contributions toward funding defined pension deficits, Transaction-related costs, acquisitions and dispositions and dividends paid out by Reuters.

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In 2006 and again in 2007 half of the award is based on Reuters TSR relative to other companies in the FTSE100 and half is based on the aggregate level of adjusted profit before tax³ (PBT) achieved over the three year performance period. These measures were selected because growth in profit is in itself a key element of the company's long term strategy and relative TSR provides a market measure of the company's success in delivering against its strategy.

TSR performance is independently measured prior to review by the Remuneration Committee; and the Remuneration Committee annually reviews the comparator group. The Remuneration Committee still continues to believe that the FTSE100, rather than one individual sector or a bespoke peer group remains the most appropriate peer group for comparison.

In respect of the TSR performance test, at median, one third of the shares vest and for upper quartile performance all shares vest. There is proportionate vesting of awards if Reuters TSR falls between the median and the upper quartile. No shares vest if Reuters TSR is below the median of the comparator group.

Vesting of 50% of the LTIP awards is subject to the PBT test and depends upon the level of PBT achieved by Reuters over the whole of the performance period. The Remuneration Committee sets a range of PBT performance at the beginning of each performance period, taking into account the plans and prospects for the business and shareholder expectations.

The maximum PBT level at which all shares will vest, represents a challenging but potentially achievable target for the business. The minimum level, at which one third of the awards will vest, will be at least equal to the level which would be achieved with an 8% compound annual growth rate over the performance period. Shares vest on a proportionate basis if actual PBT falls between the minimum and maximum of the pre-set range.

The 2007 awards, which are subject to the performance conditions detailed above, for Tom Glocer, David Grigson and Devin Wenig were 500,000 shares, 200,000 shares and 300,000 shares, respectively.

DSOP: A global discretionary stock option plan was adopted by the Remuneration Committee in October 2000 and approved by shareholders in April 2001. It aims to reward growth in earnings and in the share price. Since 2004 participation has been confined to executive directors and members of the senior management team.

The Remuneration Committee divides participants' annual entitlements into two awards, normally made following the announcement of preliminary annual and half-yearly results.

As a result of changes made in 2006, options only vest to the extent that the following conditions are met over the three years following grant:

- minimum 6% a year growth in adjusted EPS⁴ will be required for 50% of options to vest;
- 9% a year growth will be required for 100% of options to vest;
- between 6% and 9% growth options will vest on a proportionate basis.

Prior to the Transaction, executive directors were only allowed to exercise 50% of the vested options after the initial three year period. The remaining options were only exercisable, in two equal tranches, one and two years later.

³ Adjusted profit before tax is calculated as profit before tax from continuing operations before restructuring charges associated with acquisition Transaction-related costs, restructuring charges associated with acquisitions, impairments and amortization of business combination intangibles, investment income, profit on disposals and fair value movements.

⁴ Adjusted EPS is calculated as basic EPS from continuing operations before impairments and amortization of intangibles acquired via business combinations, Transaction-related costs, investment income, fair value movements, disposal profit/losses and related tax effects.

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The 2007 share option awards for Tom Glocer, David Grigson and Devin Wenig were 1,250,000 options, 500,000 options and 750,000 options respectively.

All employee savings plans

Executive directors, in common with other employees, may participate in the company's savings-related share option arrangements. This takes the form of a Save As You Earn plan. For the 2007 offer, the fixed monthly saving amount was set at a maximum of £100 per month with a three year savings period. The Save As You Earn plans was not operated in 2008 before completion of the Transaction.

Personal shareholding policy

Reuters personal shareholding policy requires each executive director to build and maintain a personal equity stake, worth twice his basic salary, within five years. Tom Glocer is well above this level of personal shareholding.

Pensions

All executive directors participate in defined contribution pension arrangements.

Tom Glocer participates in Reuters US pension arrangements and is entitled to a pension allowance of 25% of his basic salary. He is entitled to a lump sum death-in-service benefit whilst in service of four times basic salary.

David Grigson is a member of the Reuters Retirement Plan in the UK and is entitled to a contribution in respect of pension benefits equal to 24% of salary up to a cap of £112,800. He is entitled to a lump sum death-in-service benefit whilst in service of four times basic salary.

Devin Wenig participates in Reuters US pension arrangements and is entitled to a pension allowance of 6% of his basic salary. He is entitled to a lump sum death-in-service benefit of \$1 million.

Other benefits

All executive directors receive a company car or a car allowance and private healthcare benefits. Disability benefits are also provided to each executive director. Niall FitzGerald does not receive any death, disability or other benefits. Under the terms of Tom Glocer's relocation agreement, Reuters provides accommodation in the UK, pays for his personal tax planning, preparation and filing expenses and home leave expenses for him and his family.

ITEM 6C. Board Practices

Summary of Corporate Governance Policies and Practices

Corporate Governance

The Thomson Reuters board is committed to maintaining a corporate governance structure that is generally consistent with the best practice recommendations of the Canadian securities regulatory authorities, the provisions of the UK Combined Code on Corporate Governance and the rules of the SEC giving effect to the provisions of the Sarbanes-Oxley Act of 2002. In addition, the corporate governance structure of Thomson Reuters complies with most of the corporate governance listing standards of the NYSE and Nasdaq, notwithstanding that, as "foreign private issuers", Thomson Reuters Corporation and Thomson Reuters PLC are exempt from most of those standards. Thomson Reuters discloses in the "Investor Relations" section of its website any deviations from the corporate governance listing standards of the NYSE and Nasdaq.

Thomson Reuters governance structure is designed to permit the Thomson Reuters board to supervise the management of the business and affairs of Thomson Reuters. The Thomson Reuters board's principal responsibilities are strategic planning, risk identification and financial, human resources, legal and regulatory oversight.

Thomson Reuters believes that sustainable value creation for all shareholders is fostered through a board that is informed and engaged and that functions independently of management. Responsibility for Thomson Reuters governance structure lies, in the first instance, with the Corporate Governance Committee, and more generally with the Thomson Reuters board. The Thomson Reuters board practices are set out in corporate governance guidelines, which the Corporate Governance Committee will review annually, together with the committee charters. The corporate governance guidelines deals with issues such as the Thomson Reuters board's duties and responsibilities, share ownership requirements and

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conflicts of interest, and are analogous to a Thomson Reuters board mandate. The guidelines and committee charters are publicly available in the “Investor Relations” section of Thomson Reuters website.

Thomson Reuters Board and Committee Composition

The boards of Thomson Reuters Corporation and Thomson Reuters PLC will comprise the same individuals. Thomson Reuters board composition and procedures and those of its committees will ensure that the Thomson Reuters board functions independently of management. Position descriptions for the Chairman, for the Chair of each committee (including the senior independent director of Thomson Reuters PLC) have been approved by the Thomson Reuters board and will help ensure the independent operations of the Thomson Reuters board and its committees.

In January of each year, the Thomson Reuters board will have meetings focused principally on the operating plan for the current year. In addition to addressing key initiatives, the operating plan addresses opportunities, risks, competitive position, financial projections and other key performance indicators for Thomson Reuters. Separate meetings later in the year will be devoted solely to broader strategic considerations for the business of Thomson Reuters. These strategy sessions will allow the directors of Thomson Reuters to discuss and shape Thomson Reuters priorities and objectives. Throughout the year, the directors will be updated on the strategic progress as part of regular Thomson Reuters board and committee meetings.

At the conclusion of all Thomson Reuters board meetings, the non-management directors will meet as a group. One of the Deputy Chairmen will chair these meetings and inform management of their substance to the extent that action is appropriate or required.

Independent directors of Thomson Reuters will meet at least once each year without management directors or directors affiliated with Woodbridge. These meetings, which follow a regularly scheduled Thomson Reuters board meeting, will be chaired by the Chair of the Corporate Governance Committee. The Chair of the Corporate Governance Committee will develop the agenda for these meetings, although discussion need not be limited to it. The agenda will generally address any issues that might be specific to a public corporation with a controlling shareholder. The Chair of the Corporate Governance Committee will report to the Chairman on the substance of these meetings to the extent that action is appropriate or required and will be available for consultation with the independent directors as required.

To assist the Thomson Reuters board in operating independently of management, Thomson Reuters has a Secretary to the Thomson Reuters board who will report directly to the Chairman and the Deputy Chairmen and who will also act as secretary to each of the committees of the Thomson Reuters board.

The Thomson Reuters board will periodically consider the principal financial, accounting, legal, operational and other risks facing Thomson Reuters and the steps that management is taking to monitor and mitigate these risks. The Thomson Reuters board will also periodically receive reports on Thomson Reuters operating activities, as well as reports on certain non-operational matters, including corporate governance, taxation, pension and treasury matters. Thomson Reuters has a secure intranet site for the Thomson Reuters board that will be used to distribute information and to foster communication among directors and between directors and senior management.

The Thomson Reuters board has complete access to members of Thomson Reuters management and directors and is encouraged to raise any questions or concerns directly with management. The Thomson Reuters board and its committees may invite any member of senior management, employee, outside advisor or other person to attend or report at any of their meetings.

The Thomson Reuters board and any of its committees are able to retain an outside advisor at any time at the expense of Thomson Reuters and have the authority to determine the advisor’s fees and other retention terms. Individual directors are able to retain an outside advisor at the expense of Thomson Reuters subject to notifying the Corporate Governance Committee in advance. It is expected that the Human Resources Committee will retain an independent consulting firm to advise it on compensation matters relating to senior management. The independent

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consulting firm will also review executive compensation programs and provide guidance and analysis on plan design and market trends and practices. The Human Resources Committee is also expected to utilize and rely upon independent market survey data provided by an independent consulting firm regarding executive compensation for organizations of comparable size and scope with which Thomson Reuters is most likely to compete for executive talent.

There are no director service contracts providing for benefits upon termination of employment.

Independent Directors

10 of the 15 directors of Thomson Reuters are independent. In determining independence, the Thomson Reuters board examines and relies on the applicable definitions of “independent” in the NYSE listing standards, Nasdaq listing standards, Canadian Securities Administrators’ National Instrument 58-101 and the UK Combined Code on Corporate Governance. Thomson Reuters also reviews the results of questionnaires completed by each individual who is an initial director.

- One of the directors (Tom Glocer) is not independent because he is the Chief Executive Officer of Thomson Reuters.
- Four of the directors (David Thomson, W. Geoffrey Beattie, Peter J. Thomson and John A. Tory) are not independent because they are directors and current or former executive officers of Woodbridge, the controlling shareholder of Thomson Reuters. None of these individuals are members of Thomson Reuters executive management team.
- The remaining 10 directors are independent.

Under the corporate governance guidelines adopted by the Thomson Reuters board, a director is not considered independent unless the Thomson Reuters board affirmatively determines that the director has no “material relationship” with Thomson Reuters. In determining the independence of the directors, the Thomson Reuters board will consider all relevant facts and circumstances, including that in the normal course of business, Thomson Reuters provides services to, and receive services from, companies that some of the independent directors are affiliated with. For example, various in-house legal departments of a number of these companies subscribe to Thomson Legal’s Westlaw service. Thomson Reuters believes these types of relationships are immaterial. In particular, Thomson Reuters acknowledges that Steven A. Denning and John M. Thompson are also directors of companies that Thomson Reuters has a relationship with, but has determined that these relationships are not material and do not preclude a finding of independence.

- Mr. Denning is a director of Hewitt Associates Inc. In February 2005, Thomson entered into an agreement with Hewitt Associates Inc. to outsource certain human resources administrative functions in order to improve operating and cost efficiencies. When Thomson initially entered into the agreement, it expected to pay Hewitt an aggregate of \$115 million over a five-year period. This agreement was subsequently renegotiated and extended in September 2006. Under the new terms, Thomson expects to pay Hewitt an aggregate of \$165 million over a 10-year period. In 2007, Thomson paid Hewitt \$11 million for its services. Mr. Denning did not participate in negotiations related to the agreement and has refrained from deliberating and voting on any matters relating to Hewitt Associates Inc. by Thomson’s Human Resources Committee and board of directors.
- Mr. Thompson is the non-executive independent Chairman of the board of The Toronto-Dominion Bank. In the normal course of business, Thomson has a banking relationship with The Toronto-Dominion Bank and one of the bank’s affiliates has served as a dealer for Thomson’s recent offerings of debt securities in the United States.

Pursuant to applicable rules, the Chairman is not considered independent because he is an executive officer of Woodbridge. As Chairman, David Thomson will seek to ensure that the Thomson Reuters board operates independently of senior management of Thomson Reuters. The Chairman is responsible for establishing the agenda for Thomson Reuters board meetings, ensuring that the Thomson Reuters board and its

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committees have the necessary resources to support their work (in particular, accurate, timely and relevant information), and maintaining an effective relationship between the Thomson Reuters board and senior management.

Controlled Company

The NYSE and Nasdaq corporate governance listing standards require a listed company to have, among other things, a majority of independent directors on its board of directors and solely independent directors on its compensation committee and nominating/corporate governance committee. These rules permit a “controlled company” to be exempt from these requirements. A “controlled company” is a company of which more than 50% of the voting power is held by an individual, group or another company. Controlled companies are not, however, exempt from the requirement that the audit committee must be comprised solely of independent directors and the requirement to hold executive sessions of non-management directors.

Thomson Reuters believes it is appropriate for directors affiliated with Woodbridge to serve on committees of the Thomson Reuters board apart from the Audit Committee and the Thomson Reuters board has approved Thomson Reuters reliance on the controlled company exemption to do so.

Committees

The Thomson Reuters board operates with three committees, each of which has a written charter. The charters will be reviewed annually by the relevant committee and the Corporate Governance Committee, which may make recommendations to the Thomson Reuters board for changes. These charters are publicly available in the “Investor Relations” section of Thomson Reuters website. The Thomson Reuters board composition and committee membership is as set forth in the table below.

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Director	Audit Committee	Corporate Governance Committee	Human Resources Committee
David Thomson			
W. Geoffrey Beattie		•	•
Niall FitzGerald, KBE		Chair	•
Tom Glocer			
Mary Cirillo		•	•
Steven A. Denning			Chair
Lawton Fitt	•		
Roger L. Martin	•		
Sir Deryck Maughan		•	
Ken Olisa	•		
Richard L. Olver			•
Vance K. Opperman	Chair		
John M. Thompson	•	•	
Peter J. Thomson			
John A. Tory			•

Audit Committee

The Audit Committee is responsible for assisting the Thomson Reuters board in fulfilling its oversight responsibilities in relation to: (i) the integrity of financial statements and other financial information relating to Thomson Reuters; (ii) compliance with risk management, and legal and regulatory requirements; (iii) the qualifications, independence and performance of the independent auditor; (iv) the adequacy and effectiveness of Thomson Reuters internal control over financial reporting and disclosure controls and procedures; (v) the effectiveness of the internal audit function; and (vi) any additional matters delegated to the Audit Committee by the Thomson Reuters board.

The Audit Committee is responsible for the hiring of the independent auditors, and will communicate directly with the independent auditor and the officer in charge of internal audit. The Audit Committee is also responsible for overseeing management reporting and internal control systems. The Audit Committee has adopted a policy regarding pre-approval of all audit and permissible non-audit services to be performed by the independent auditors.

The Audit Committee has adopted procedures for the receipt, retention and treatment of complaints received by Thomson Reuters regarding accounting, internal accounting controls, auditing matters and disclosure controls and procedures, as well as procedures for the confidential, anonymous submission of concerns by employees of Thomson Reuters regarding questionable accounting, internal accounting controls, auditing matters or disclosure controls and procedures. These procedures are set forth in the Thomson Reuters Code of Business Conduct and Ethics, described below under “Code of Business Conduct and Ethics” under this Item 6C.

All members of the Audit Committee are financially literate in accordance with applicable Canadian, US and UK securities rules. Thomson Reuters has determined that no member of the Audit Committee qualifies as an “audit committee financial expert” (within the meaning of applicable SEC rules) or meets applicable tests for accounting or related financial management expertise within the meaning of NYSE, Nasdaq and UK Combined Code provisions. However, Thomson Reuters considers that, collectively, the members of the Audit Committee have the requisite skills and experience to properly discharge their responsibilities and anticipates that the Thomson Reuters board will consider these qualifications in future nominations to the Thomson Reuters board and appointments to the Audit Committee.

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The Audit Committee is comprised of Vance K. Opperman (Chair), Lawton Fitt, Roger L. Martin, Ken Olisa and John M. Thompson, all of whom are independent.

Corporate Governance Committee

The Corporate Governance Committee is responsible for assisting the Thomson Reuters board in fulfilling its oversight responsibilities in relation to: (i) Thomson Reuters overall approach to corporate governance; (ii) the size, composition and structure of the Thomson Reuters board and its committees, including the nomination of directors; (iii) induction and continuing education for directors; (iv) related party transactions and other matters involving actual or potential conflicts of interest; and (v) any additional matters delegated to the Corporate Governance Committee by the Thomson Reuters board. The Corporate Governance Committee is also responsible for reviewing directors' compensation to ensure that it is competitive and appropriately compensates directors for the responsibilities and risks involved in being an effective director. To this end, the Corporate Governance Committee will periodically review director compensation in the marketplace. The Corporate Governance Committee will review the position descriptions for the Chairman, the senior independent director of Thomson Reuters PLC and the Chair of each committee and recommend any amendments to the Thomson Reuters board. The Chair of the Corporate Governance Committee performs the function of a "senior independent director" of Thomson Reuters PLC for the purpose of the UK Combined Code.

The Corporate Governance Committee is comprised of Niall FitzGerald (Chair), W. Geoffrey Beattie, Mary Cirillo, Sir Deryck Maughan and John M. Thompson, all of whom are independent except for Mr. Beattie.

Human Resources Committee

The Human Resources Committee is responsible for assisting the Thomson Reuters board in fulfilling its oversight responsibilities in relation to: (i) the compensation of the Chief Executive Officer and senior management; (ii) the selection and retention of senior management; (iii) planning for the succession of senior management; (iv) professional development for senior management; (v) the management of pension and significant benefit plans for employees; and (vi) any additional matters delegated to the Human Resources Committee by the Thomson Reuters board.

The Human Resources Committee assists the Thomson Reuters board in setting objectives each year for the Chief Executive Officer. The Human Resources Committee evaluates the performance of the Chief Executive Officer against these objectives at year end. The Human Resources Committee reports to the full board on the objectives for the forthcoming year and the performance against objectives in the preceding year. The Human Resources Committee will maintain a written position description for the Chief Executive Officer.

The Human Resources Committee is comprised of: Steven A. Denning (Chair), W. Geoffrey Beattie, Niall FitzGerald, Mary Cirillo, Richard L. Olver and John A. Tory, all of whom are independent except for Mr. Beattie and Mr. Tory.

Board, Committee and Director Assessment Process

The Corporate Governance Committee will undertake an annual review of the effectiveness of the Thomson Reuters board and its committees modeled on Thomson's annual structured review. Questionnaires addressing issues such as supervision of senior management, strategic planning, risk management, financial reporting, disclosure, governance and conduct of board and committee meetings will be developed annually and given to directors. The individual responses, which are confidential, will be consolidated by the Secretary to the Thomson Reuters board and reported to the Corporate Governance Committee and the Thomson Reuters board. A process for the assessment of individual directors will also be overseen by the Corporate Governance Committee.

Director Qualifications and Board Size

The Corporate Governance Committee is responsible for assessing the skills and competencies of current directors and those areas that could complement the operations of the Thomson Reuters board, the need for new directors and their preferred experience and qualifications.

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The Corporate Governance Committee is also responsible for maintaining an understanding of the anticipated tenure of current directors, and the experience, needs and areas of expertise of the Thomson Reuters board as a whole. The Corporate Governance Committee will recommend candidates for initial board membership and board members for re-nomination. Recommendations will be based on character, integrity, judgment, business experience, record of achievement and any other skills and talents that would enhance the Thomson Reuters board and overall management of the business and affairs of Thomson Reuters. As necessary, the Corporate Governance Committee will retain an executive search firm to identify and evaluate potential director candidates in light of the Corporate Governance Committee's assessment of the Thomson Reuters board's composition.

Thomson Reuters is of the view that the optimal size for the Thomson Reuters board for effective decision-making and committee work is 14 to 16 members and that it may need to increase beyond that from time to time in anticipation of retirements of board members.

Director Recruitment, Induction and Education

The Corporate Governance Committee will maintain an ongoing assessment of the Thomson Reuters board composition with respect to experience, qualifications and other factors.

New directors will be provided with induction materials describing the Thomson Reuters business, its corporate governance structure and related policies and information. New directors will also have meetings with the Chairman, Deputy Chairmen, Chief Executive Officer, Chief Financial Officer and other executive officers, including the heads of Thomson Reuters major businesses. Early in their tenure, opportunities will be provided to new directors to visit some of the major facilities and meet with operations management. The Thomson Reuters board's secure website, monthly management reports and other means of communication will provide directors with information to ensure their knowledge and understanding of the business of Thomson Reuters remain current.

To facilitate ongoing education, the directors will be entitled to attend external continuing education opportunities at the expense of Thomson Reuters. The Corporate Governance Committee will be responsible for confirming that procedures are in place and resources are made available to provide directors with appropriate continuing education opportunities.

Majority Voting Policy

The Thomson Reuters board has adopted a policy, modeled on Thomson's former policy, which provides that if a director does not receive the support of a majority of the votes cast at the annual meetings of shareholders of Thomson Reuters, the director will tender his or her resignation to the Chairman of the Thomson Reuters board, to be effective when accepted by the Thomson Reuters board. The Corporate Governance Committee will consider the director's offer to resign and make a recommendation to the Thomson Reuters board as to whether to accept it. The Thomson Reuters board will have 90 days from the annual meeting to make and publicly disclose its decision.

Director Attendance

Directors are expected to attend all meetings of the Thomson Reuters board, including committee meetings, if applicable, and annual meetings of shareholders.

Transactions Involving Directors or Officers

In the case of any potential or actual conflict of interest, each director or executive officer will be required to inform the Thomson Reuters board. Unless otherwise expressly determined by the Thomson Reuters board or relevant committee of the Thomson Reuters board, a director or officer who has a conflict of interest in a matter before the Thomson Reuters board or such committee must not attend any part of a meeting during which the matter is discussed or participate in any vote on the matter and may be required to take other steps to avoid the conflict of interest. Related party transactions will be considered by the Corporate Governance Committee or, where appropriate, a special committee of independent directors.

Code of Business Conduct and Ethics

Thomson Reuters has adopted a Code of Business Conduct and Ethics, modeled on Thomson's former code of conduct, that applies to all employees, directors and officers, including the Chief Executive Officer, Chief Financial Officer and principal accounting officer/controller, of Thomson Reuters. All employees, directors and officers will be required to submit an acknowledgement that they have received and read a copy of the Code and understand their obligations to comply with the principles and policies outlined in it. In an effort to promote further a culture of ethical business conduct throughout Thomson Reuters, Thomson Reuters contemplates that many employees will be required to take a mandatory online training course related to the Code. The Corporate Governance Committee will receive an annual report regarding the Code from the General Counsel of Thomson Reuters after the end of 2008.

A copy of the Code of Business Conduct and Ethics will be publicly available on the Thomson Reuters website (www.thomsonreuters.com).

As part of the governance structure of Thomson Reuters, the Thomson Reuters board ensures that appropriate policies and procedures are in place so that inquiries or other communications from shareholders, analysts and the media to management are answered by the investor relations and media relations professionals or referred to an appropriate person in Thomson Reuters. Senior executives will meet regularly with financial analysts and institutional investors, and Thomson Reuters earnings conference calls are broadcast live via webcast and are accessible to interested shareholders, the media and members of the public. Presentations given by senior executives at investor conferences will promptly be made public on Thomson Reuters website. The Thomson Reuters board will review and approve the contents of major disclosure documents, including the quarterly and annual financial statements and related management's discussion and analysis, and the annual report.

ITEM 6D. Employees

Thomson Information

For information regarding Thomson' employees, see Item 4B. "Business Overview — Historical Information about Thomson — Employees".

Reuters Information

For information regarding Reuters employees, see Item 4B. "Business Overview — Historical Information about Reuters — Employees".

ITEM 6E. Share Ownership

For information regarding the share ownership of Thomson Reuters directors, see Item 6A. "Directors and Senior Management — Management and Governance of Thomson Reuters — Thomson Reuters Board".

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

ITEM 7A. Major Shareholders

Thomson Reuters

On April 11, 2008, Woodbridge beneficially owned 450,608,870 Thomson common shares, or approximately 70% of the outstanding Thomson common shares. Under the DLC structure, holders of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares ordinarily vote together as a single decision-making body, including in the election of directors, and in that sense have voting interests in Thomson Reuters. Based on the issued share capital of Thomson Reuters Corporation and of Thomson Reuters PLC as of April 17, 2008, Woodbridge has a voting interest in Thomson Reuters of approximately 53% and is the principal and controlling shareholder of Thomson Reuters. There has been no significant change in the percentage ownership of Thomson common shares held by Woodbridge during the past three years.

Woodbridge

Woodbridge, a private company, is the primary investment vehicle for members of the family of the late Roy H. Thomson, the first Lord Thomson of Fleet. Woodbridge is a professionally managed company that, in addition to its controlling interest in Thomson Reuters, has other substantial investments.

Prior to his passing in June 2006, Kenneth R. Thomson controlled Thomson through Woodbridge. He did so by holding shares of a holding company of Woodbridge, Thomson Investments Limited. Under his estate arrangements, the 2003 TIL Settlement, a trust of which the trust company subsidiary of a Canadian chartered bank is trustee and members of the family of the late first Lord Thomson of Fleet are beneficiaries, holds those holding company shares. Kenneth R. Thomson established these arrangements to provide for long-term stability of the business of Woodbridge. The equity of Woodbridge continues to be owned by members of successive generations of the family of the first Lord Thomson of Fleet.

Under the estate arrangements of Kenneth R. Thomson, the directors and officers of Woodbridge are responsible for its business and operations. In certain limited circumstances, including very substantial dispositions of Thomson Reuters Corporation common shares by Woodbridge, the estate arrangements provide for approval of the trustee to be obtained.

Relationship with Thomson Reuters

Woodbridge's primary investment is its holding of Thomson Reuters Corporation common shares. It actively monitored Thomson as a controlling shareholder and will monitor Thomson Reuters on the same basis. In its involvement with Thomson Reuters, Woodbridge will focus on these matters:

- corporate governance, including the effectiveness of the Thomson Reuters board;
- appointment of the Chief Executive Officer and other members of senior management and related succession planning;
- development of the long-term business strategy of Thomson Reuters and assessment of its implementation; and
- capital strategy.

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With its substantial equity investment in Thomson Reuters, Woodbridge considers that its interests as a shareholder are aligned with those of all other shareholders.

Support of Reuters Trust Principles

Pursuant to the Reuters Trust Principles Support Agreement, Woodbridge has agreed to support the Reuters Trust Principles and to use its voting rights to give effect to this support. For more information, see Item 10C. “Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Amended Deed of Mutual Covenant — Reuters Trust Principles”.

Other Investments

Woodbridge invests in a small number of significant, privately held businesses, using its management and financial expertise to contribute to the making of key strategic decisions.

Control

For so long as Woodbridge maintains its controlling interest in Thomson Reuters, it will generally be able to approve matters submitted to a majority vote of Thomson Reuters shareholders without the consent of other shareholders including, among other things, the election of the Thomson Reuters board. In addition, Woodbridge may be able to exercise a controlling influence over the business and affairs of Thomson Reuters, the selection of its senior management, the acquisition or disposition of its assets, its access to capital markets, the payment of dividends and any change of control of Thomson Reuters, such as a merger or take-over. Current and former directors and officers of Woodbridge are among the directors and officers of Thomson Reuters, including the Chairman and a Deputy Chairman. For details of the membership of the Thomson Reuters board and management, see Item 6A. “Directors and Senior Management” above.

Related Party Transactions

The Corporate Governance Committee of the Thomson Reuters board will consider any transactions that may take place between Thomson Reuters and Woodbridge with any committee members related to Woodbridge abstaining from voting. In addition, transactions between Woodbridge and Thomson Reuters will be subject to public disclosure and other requirements under applicable Canadian and UK securities laws.

See Item 7B. “Related Party Transactions — Thomson Information” below for information on certain transactions that Thomson had entered into with Woodbridge and certain of its affiliates since January 1, 2004.

Thomson Information

For information, see Item 7A. “Major Shareholders — Thomson Reuters” above.

Reuters Information

Prior to the Effective Date, Reuters had received notice under section 198 of the UK Companies Act 1985 or under the Transparency Obligations Directive (Disclosure and Transparency Rules) Instrument 2006 (DTRs) DTR 5 that the following parties¹ held notifiable interests in its shares or voting rights as at March 7, 2008 :

¹ None of these parties is the beneficial owner of 5% or more of Thomson Reuters.

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	Number of shares held on March 17, 2008	Percentage of issued share capital	Number of shares held on March 9, 2007	Number of shares held on March 7, 2006	Number of shares held on March 2, 2005
Schroders Plc	62,544,396	5.05	99,602,990	—	—
ValueAct Capital Master Fund L.P.	48,243,934	3.90	83,551,212	—	—
Fidelity International Limited	—	—	82,177,979	150,753,687	130,364,252
AMVESCAP plc	62,194,192	5.02	62,194,192	—	—
BlackRock Inc.	48,978,642	3.95	48,978,642	48,978,642	48,978,642
Legal & General Investment Management	51,519,332	4.16	44,901,479	55,230,590	58,006,887
Barclays PLC	40,069,073	3.24	40,069,073	—	53,902,608
Capital Group of Companies, Inc.	—	—	39,399,900	42,135,514	—
Credit Suisse	136,431,306	11.01	—	—	—
Deutsche Bank AG	64,268,832	5.19	—	—	—

Reuters major shareholders do not have any different voting rights from the other ordinary shareholders. There have been some changes in the holdings of Reuters major shareholders during the last three years. Most notably Fidelity no longer holds in excess of 3% of Reuters voting capital as was the case during 2005 to early 2007. Barclays PLC, Legal & General Investments and BlackRock Inc. have held notifiable holdings for the last three years and continue to do so. Following the implementation of the new DTRs on 20 January 2007, Schroders Plc, ValueAct Capital Master Fund, L.P., Deutsche Bank AG, Credit Suisse and AMVESCAP plc notified Reuters of their voting rights in Reuters shares during 2007.

Except as described above, to the best of Reuters knowledge, as of March 17, 2008, Reuters is not directly or indirectly owned or controlled by another corporation, by any foreign government or by any other natural or legal person, severally or jointly, and currently there are no arrangements that may, at a subsequent date, result in a change in control of the company.

Analysis of shareholders

As of April 11, 2008, there were 1,228,905,982 Reuters ordinary shares in issue, including the shares referred to below but excluding ordinary shares held by employee share ownership trusts and shares held in treasury. There were 26,506 shareholders on the ordinary share register analysed in the chart below.

As of the same date, 1,004,081 ordinary shares and 16,199,871 ADSs (representing 97,199,226 ordinary shares) were held on the record in the US. These ordinary shares and ADSs were held by 946 record holders and 2,612 record holders respectively, and represented or evidenced ADSs respectively, representing 7.7% respectively of the total number of ordinary shares outstanding. Since certain of these ordinary shares and ADSs were held by brokers or other nominees, the number of record holders in the US may not be representative of the number of beneficial holders or of where the beneficial holders are resident.

ITEM 7B. Related Party Transactions

Thomson Information

See Item 4B. "Business Overview — Historical Information about Thomson — Related Party Transactions" above.

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Reuters Information

See Annex A-8, notes to the financial statements of Reuters for the year ended December 31, 2007, under note “34 Related party transactions”.

ITEM 7C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

ITEM 8A. Consolidated Statements and Other Financial Information

See Item 18. “Financial Statements”.

ITEM 8B. Significant Changes

Thomson Reuters

On May 15, 2007, Thomson and Reuters entered into the Implementation Agreement under which Thomson agreed to acquire Reuters by implementing the DLC structure. The Transaction closed on April 17, 2008. For more information, see Item 4A. “History and Development of the Company — Description of the Transaction”.

Thomson Information

For information regarding significant changes, see Exhibit 99.1, management’s discussion and analysis of Thomson for the year ended December 31, 2007, under the heading “Subsequent Events”, filed as part of this Annual Report on Form 20-F.

Reuters Information

See Annex A-8, notes to the financial statements of Reuters for the year ended December 31, 2007, under note “38 Post balance sheet events”.

ITEM 9. THE OFFER AND LISTING

ITEM 9A. Offer and Listing Details

Thomson Reuters

Thomson Reuters PLC ordinary shares commenced trading on the LSE under the symbol “TRIL” and Thomson Reuters PLC ADSs commenced trading on the Nasdaq Global Select Market under the symbol “TRIN” on April 17, 2008. Therefore, price history is not yet available. For information regarding the price history of The Thomson Corporation common shares under the symbol “TOC” prior to the Effective Date, see “Thomson Information” below.

Thomson Information

Market for Securities

Prior to the Effective Date, Thomson common shares were listed and traded on the TSX and the NYSE under the symbol “TOC”. Of the two marketplaces, the greatest volume of trading in 2007 occurred on the TSX. Prior to the Effective Date, Thomson’s Series II preference shares were also listed on the TSX under the symbol “TOC.PR.B”. Thomson Reuters Corporation common shares trade under the symbol “TRI” on the TSX and NYSE as of April 17, 2008. The preference shares trade on the TSX under the symbol “TRI.PR.B” as of April 17, 2008.

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The table below sets out, for the periods indicated, the reported high and low sales prices for Thomson common shares on the TSX and the NYSE.

	TSX		NYSE	
	Canadian dollars per share		US dollars per share	
	High	Low	High	Low
Annual market prices				
2003	47.31	36.85	36.50	25.00
2004	47.99	39.86	37.29	29.84
2005	45.50	38.80	38.55	31.09
2006	49.54	39.50	43.41	34.01
2007	51.95	36.44	47.26	36.93
Quarterly market prices				
2006				
First quarter	44.48	39.50	38.96	34.01
Second quarter	46.50	42.64	42.24	35.88
Third quarter	45.80	42.40	41.02	37.66
Fourth quarter	49.54	43.65	43.41	38.42
Quarterly market prices				
2007				
First quarter	51.95	46.30	44.19	39.46
Second quarter	50.00	43.17	44.93	39.75
Third quarter	46.19	41.00	44.36	38.27
Fourth quarter	44.69	36.44	47.26	36.93
Monthly market prices				
2007				
October	44.69	41.63	47.26	42.11
November	44.16	36.44	47.00	36.93
December	40.83	37.49	41.25	37.01
Monthly market prices				
2008				
January	40.70	32.30	41.16	32.37
February	36.79	32.60	36.82	33.21
March	38.80	31.67	39.05	31.96
April 1 to April 16	38.18	34.55	38.12	33.69

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The closing sale prices of Thomson common shares as reported on the TSX and the NYSE on May 10, 2007, the last day on which the Thomson common shares traded prior to the announcement by Thomson and Reuters that they had entered into the Implementation Agreement were C\$45.00 (\$40.63, converted at the noon buying rate of the Bank of Canada which was \$0.9031 per C\$1.00) and \$40.56, respectively.

Reuters Information

Trading markets

Prior to the Effective Date, Reuters ordinary shares were listed and traded on the LSE under the symbol "RTR" and Reuters ADSs were listed and traded on the Nasdaq Global Select Market under the symbol "RTRSY".

The table below sets out, for the periods indicated (i) the reported high and low sales prices for the ordinary shares based on the Daily Official List of the London Stock Exchange and (ii) the reported high and low sales prices of the ADSs on Nasdaq.

	The London Stock exchange		Nasdaq	
	pounds per share		US dollars per ADS	
	High	Low	High	Low
Annual market prices				
2003	2.68	0.96	27.09	9.59
2004	4.29	2.41	49.15	25.72
2005	4.31	3.52	49.35	37.33
2006	4.75	3.49	54.25	38.51
2007	6.69	4.12	83.70	48.18
Quarterly market prices				
2006				
First quarter	4.61	3.80	48.44	39.67
Second quarter	4.10	3.54	45.71	38.67
Third quarter	4.43	3.49	50.06	38.51
Fourth quarter	4.75	4.31	54.25	48.20
Quarterly market prices				
2007				
First quarter	4.71	4.12	55.32	48.18
Second quarter	6.59	4.66	81.03	55.81
Third quarter	6.60	5.71	79.90	71.33
Fourth quarter	6.69	5.74	83.70	70.87

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	The London Stock exchange		Nasdaq	
	pounds per share		US dollars per ADS	
	High	Low	High	Low
Monthly market prices				
2007				
October	6.69	6.31	83.40	78.25
November	6.65	5.74	83.70	71.25
December	6.52	5.80	76.87	70.87
Monthly market prices				
2008				
January	6.49	5.35	75.80	66.64
February	6.22	5.84	73.49	69.52
March	6.14	5.68	75.00	68.76
April 1 to April 16	6.31	5.80	74.74	69.68

The closing sale price of Reuters ordinary shares as reported on the LSE on May 10, 2007, the last day on which the Reuters ordinary shares traded prior to the announcement by Thomson and Reuters that they had entered into the Implementation Agreement was £6.105 (\$12.108, converted at the noon buying rate of the Federal Reserve Bank of New York which was \$1.9833 per £1.00), and the closing sale price of Reuters ADSs as reported on the Nasdaq Global Select Market on that date was \$71.04.

ITEM 9B. Plan of Distribution

Not applicable.

ITEM 9C. Markets**Thomson Reuters**

For information on markets, see Item 4A. "History and Development of the Company — Stock Exchange Listings and Index participation".

Thomson Information

For information, see Item 9A. "Listing Details — Thomson Information" above.

Reuters Information

For information, see Item 9A. "Listing Details — Reuters Information" above.

ITEM 9D. Selling Shareholders

Not applicable.

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ITEM 9E. Dilution

Not applicable.

ITEM 9F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

ITEM 10A. Share Capital

Capital Structure

Thomson Reuters Corporation

Description of Capital Structure

Thomson's authorized share capital consists of an unlimited number of common shares, an unlimited number of preference shares, issuable in series, of which 6,000,000 shares consist of Series II Preference Shares, a Thomson Reuters Corporation Special Voting Share, a Reuters Founders Share and an Equalization Share.

At April 15, 2008, there were 640,617,002 common shares and 6,000,000 Series II Preference Shares outstanding. The Reuters Founders Share and the Equalization Share have been, and the Thomson Reuters Corporation Special Voting Share will be, issued pursuant to the Thomson Arrangement.

Common Shares

Each common share entitles its holder to receive notice of and to attend all meetings of Thomson Reuters Corporation shareholders (except for meetings of holders of a particular class or series of shares other than the common shares required by applicable laws to be held as a separate class or series meeting) and to vote, together with the holder of the Thomson Reuters Corporation Special Voting Share, except at meetings of holders of common shares required by applicable laws to be held as a separate class. Each common share also entitles its holder to receive dividends when declared by the Thomson board of directors. All dividends declared by the Thomson board of directors are paid equally on all common shares, subject to the rights of holders of the preference shares. Holders of common shares will participate equally in any distribution of Thomson's assets upon liquidation, dissolution or winding-up, subject to the rights of the holders of the preference shares. There are no preemptive, redemption, purchase or conversion rights attaching to Thomson common shares.

Preference Shares

Thomson's preference shares may be issued in one or more series as determined by the Thomson board of directors. The Thomson board of directors is authorized to fix the number, the consideration per share and the rights and restrictions of the preference shares of each series. The preference shares of each series are to rank on a parity with the preference shares of each other series with respect to the payments of dividends and the return of capital on Thomson's liquidation, dissolution or winding-up. The preference shares are entitled to preference over the common shares and any other shares ranking junior to the preference shares with respect to the payment of dividends and the return of capital. The special rights and restrictions attaching to the preference shares as a class may not be amended without approval of at least two-thirds of the votes cast at a meeting of the holders of preference shares. The holders of preference shares are not entitled to any voting rights except as provided by the Thomson board of directors when authorizing a series or as provided by law.

The Series II Preference Shares are non-voting and are redeemable at the option of Thomson for C\$25.00 per share, together with accrued dividends. Dividends are payable quarterly at an annual rate of 70% of the Canadian bank prime rate applied to the stated capital of such shares.

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Special Voting Share

The Thomson Reuters Corporation Special Voting Share entitles its holder to exercise the voting rights at Thomson Reuters Corporation shareholders' meetings so as to give effect to the voting results recorded at the parallel Thomson Reuters PLC shareholders' meeting.

For further information regarding the Thomson Reuters Corporation Special Voting Share, please see Item 10C. "Material Contracts — Thomson Reuters — Thomson Reuters Corporation Articles — Special Voting Share".

Reuters Founders Share

The Reuters Founders Share entitles Reuters Founders Share Company to exercise extraordinary voting power to safeguard the Reuters Trust Principles and to thwart those whose holdings of voting shares of Thomson Reuters Corporation threaten the Reuters Trust Principles. The Reuters Founders Share entitles Reuters Founders Share Company to vote in circumstances where a third party (other than one approved by the Reuters Founders Share Company) has become or becomes the beneficial owner of 15% or more of the outstanding voting shares of Thomson Reuters Corporation or has become or is attempting to become, directly or indirectly, the beneficial owner of 30% or more of such outstanding voting shares. In general, votes cast by the Reuters Founders Share Company, alone or in combination with votes cast by persons approved by the Reuters Founders Share Company, will be sufficient either to negate the voting power of that third party or to constitute the requisite majority voting power.

For further information regarding the Reuters Founders Share, please see Item 10C. "Material Contracts — Thomson Reuters — Thomson Reuters Corporation Articles — Reuters Founders Share".

Equalization Share

The holder of the Equalization Share is not entitled to receive notice of or to attend or vote at any meetings of Thomson Reuters Corporation shareholders. The holder of the Equalization Share is entitled to receive dividends if, as and when declared by the Thomson Reuters Corporation board of directors. If Thomson Reuters Corporation is required to make an equalization payment or a payment upon the insolvency of Thomson Reuters PLC pursuant to the terms of the Equalization and Governance Agreement, the holder of the Equalization Share will be entitled to receive, and Thomson Reuters Corporation will pay thereon, a dividend in the amount of such payment, unless the board of directors of Thomson Reuters Corporation determines to make such payment by another means. Except as provided in the preceding sentence, the holder of the Equalization Share is not entitled to participate in any distribution of assets upon liquidation, dissolution or winding-up. The Equalization Share may not be transferred without the prior approval of the Thomson Reuters Corporation board of directors.

Thomson Reuters PLC

Description of Capital Structure

Reuters authorized share capital comprises ordinary shares of 25 pence each and a Founders Share of £1. All of the outstanding ordinary shares are fully paid. Accordingly, no further contribution of capital may be required from the holders of such shares by Reuters.

Ordinary Shares

At April 11, 2008, there were 1,228,905,982 ordinary shares outstanding excluding ordinary shares held in employee share ownership trusts and 135,860,000 ordinary shares held in treasury.

Holders of ordinary shares are entitled to participate in the payment of dividends pro rata to their holdings. The Reuters board of directors may propose and pay interim dividends and recommend a final dividend, in respect of any accounting period, out of the profits available for distribution under English law. A final dividend may be declared by the Reuters shareholders in general meeting by ordinary resolution, but no dividend may be declared in excess of the amount recommended by the Reuters board of directors.

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Reuters may allot ordinary shares in lieu of cash dividends, subject to shareholder approval at the time the relevant dividend is declared. In addition, Reuters may declare and pay equivalent dividends to shareholders outside the United Kingdom in local currencies and pay such dividends to the depository for value on the payment date.

Founders Share

Reuters share capital includes the Founders Share, which is held by Reuters Founders Share Company, a company limited by guarantee consisting of individuals who constitute both its members and directors.

The Founders Share is not entitled to participate in the payment of dividends nor will any dividend be paid on any shares held by Reuters in treasury.

Reuters can increase its share capital by ordinary resolution in conformity with the provisions of the UK Companies Act. However, new shares cannot have voting rights which are not identical to those of ordinary shares, without the prior written consent of Reuters Founders Share Company. Furthermore, Reuters may issue shares with preferred and other special rights or restrictions, provided that the prior written consent of Reuters Founders Share Company has been sought for issuing any shares with rights not identical to those of ordinary shares. Reuters can consolidate, divide and cancel any of its shares (other than the Founders Share) by extraordinary resolution and can reduce its share capital (other than the Founders Share). The resolutions to be proposed at the Reuters EGM contain a provision for amending the Reuters Articles so that the Founders Share can be cancelled. This is a requirement for the implementation of the Reuters Scheme, which will include the cancellation of the Founders Share.

For a summary description of the Thomson Reuters PLC American Depositary Shares, evidenced by American Depositary Receipts, see Exhibit 99.11, filed as part of this Annual Report on Form 20-F.

ITEM 10B. Memorandum and Articles of Association

For information regarding Thomson Reuters PLC's Memorandum and Articles of Association, see Item 10C. "Material Contracts — Thomson Reuters — Summaries of Transaction Documents — Thomson Reuters PLC Memorandum and Articles of Association".

ITEM 10C. Material Contracts

Thomson Reuters

Summaries of Transaction Documents

The following describes the material provisions of the Transaction Documents. Copies of these documents are available through the Canadian Securities Administrators' website at www.sedar.com and in the EDGAR section of the SEC's website at www.sec.gov. Copies of these documents are also available to any shareholder of Thomson Reuters upon request by writing to: Thomson Reuters Corporation, Attention: Legal Department, 3 Times Square, New York, New York 10036, United States.

Thomson Reuters PLC Memorandum and Articles of Association

Thomson Reuters PLC's principal objects are:

- to enter into, operate and carry into effect various agreements relating to the Transaction with Thomson Reuters Corporation; and
- to carry on business as a general commercial company and to carry on any trade or business whatsoever.

The objects of Thomson Reuters PLC are set out in full in paragraph 4 of the Thomson Reuters PLC Memorandum.

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Articles of Association

The Thomson Reuters PLC Articles of Association which were adopted on February 22, 2008 with effect from the Effective Date contain, inter alia, provisions to the following effect:

Share Capital

The authorized share capital of Thomson Reuters PLC as at the date of adoption of the Thomson Reuters PLC Articles will be £4,000,000,001 divided into:

- 399,950,000 ordinary shares of £10 each;
- one Thomson Reuters PLC Special Voting Share of £500,000; and
- one Thomson Reuters PLC Reuters Founders Share of £1.

Share rights — generally

Except as otherwise provided by the Thomson Reuters PLC Articles and without prejudice to the rights attached to any shares or class of shares from time to time issued, any share in Thomson Reuters PLC may be allotted or issued with or have attached thereto such preferred, deferred or other special rights, or be issued subject to or have attached such restrictions, whether as regards dividend, return of capital or otherwise, as Thomson Reuters PLC may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Thomson Reuters PLC board of directors may determine) and, subject to the provisions of applicable laws, Thomson Reuters PLC may issue any shares which are, or at the option of Thomson Reuters PLC or the holders are liable, to be redeemed. Provided always that, without the prior written consent of the holder of the Thomson Reuters PLC Reuters Founders Share, no share shall be capable of being issued having attached thereto any rights which are not identical in all respects with those attached to the Thomson Reuters PLC ordinary shares.

The rights attaching to each of the classes of shares comprising the Thomson Reuters PLC share capital are summarized in more detail below.

Thomson Reuters PLC Ordinary Shares

The rights, privileges, restrictions and conditions attaching to the Thomson Reuters PLC ordinary shares are prescribed as follows.

Notice of meetings and voting rights

Except for meetings of holders of a particular class or series of shares other than the Thomson Reuters PLC ordinary shares required by applicable laws to be held as a separate class or series meeting, the holders of the Thomson Reuters PLC ordinary shares shall be entitled to receive notice of and to attend all meetings of the shareholders of Thomson Reuters PLC and at any such meeting to vote, together with (except at meetings of holders of Thomson Reuters PLC ordinary shares required by applicable laws to be held as a separate class meeting) the holder of the Thomson Reuters PLC Special Voting Share, on all matters submitted to a vote on the basis of one vote for each Thomson Reuters PLC Share held.

Dividends

Subject to applicable laws, the holders of the Thomson Reuters PLC ordinary shares shall be entitled to receive and Thomson Reuters PLC shall pay thereon, if, as and when declared by the Thomson Reuters PLC board of directors out of the assets of Thomson Reuters PLC properly applicable to the payment of dividends, dividends in such amounts and payable in such manner as the Thomson Reuters PLC board of directors may from time to time determine ratably according to the number of such shares held by the holders respectively.

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Liquidation, dissolution and winding up

Subject to any provision made under section 719 of the UK Companies Act and any special rights which may be attached to any other class of shares, upon the liquidation, dissolution or winding up of Thomson Reuters PLC, whether voluntary or involuntary, or in the event of any other distribution of the assets of Thomson Reuters PLC among its shareholders for the purpose of winding up its affairs, the holders of the Thomson Reuters PLC ordinary shares shall be entitled to share equally, according to the number of Thomson Reuters PLC ordinary shares held by them, in all remaining property and assets of Thomson Reuters PLC.

Thomson Reuters PLC Special Voting Share

The rights, privileges, restrictions and conditions attaching to the Thomson Reuters PLC Special Voting Share are prescribed as follows.

Notice of meetings and voting rights

Except for meetings of the holders of a particular class or series of shares other than the Thomson Reuters PLC Special Voting Share required by applicable laws to be held as a separate class meeting, the holder of the Thomson Reuters PLC Special Voting Share shall be entitled to receive notice of and to attend all meetings of the shareholders of Thomson Reuters PLC and at any such meeting to vote, together with (except at meetings of the holder of the Thomson Reuters PLC Special Voting Share required by applicable laws to be held as a separate class meeting) the holders of the Thomson Reuters PLC ordinary shares, on all matters submitted to a vote. On each such matter, the holder of the Thomson Reuters PLC Special Voting Share shall be entitled to exercise the following voting rights:

- in relation to a resolution of Thomson Reuters PLC to approve a Joint Electorate Action, the rights:
 - to cast such number of votes in favor of such resolution as were cast in favor of the Equivalent Resolution by holders of Thomson Reuters Corporation common shares at the parallel shareholder meeting;
 - to cast such number of votes against such resolution as were cast against the Equivalent Resolution by holders of Thomson Reuters Corporation common shares at the parallel shareholder meeting;
 - to withhold such number of votes from such resolution as were withheld from the Equivalent Resolution by holders of Thomson Reuters Corporation common shares at the parallel shareholder meeting; and
 - to abstain from voting such number of votes in respect of such resolution as were recorded as abstentions in respect of the Equivalent Resolution by holders of Thomson Reuters Corporation common shares at the parallel shareholder meeting;

in each case divided by the Equalization Ratio in effect at the time such rights are exercised and rounded up to the nearest whole number, and provided that, for greater certainty, if the holder of the Thomson Reuters PLC Special Voting Share exercises its voting rights in relation to any such resolution, it shall be required to exercise all, but not less than all, of such voting rights;

- in relation to a resolution of Thomson Reuters PLC to approve a Class Rights Action:
 - if the Equivalent Resolution was approved by the requisite number (as determined in accordance with the Thomson Reuters Corporation Articles, the Thomson Reuters Corporation By-laws and applicable laws) of the holders of Thomson Reuters Corporation common shares at the parallel shareholder meeting, no right to cast any vote; and

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- if the Equivalent Resolution was not approved by the requisite number (as determined in accordance with the Thomson Reuters Corporation Articles, the Thomson Reuters Corporation By-laws and applicable laws) of the holders of Thomson Reuters Corporation common shares at the parallel shareholder meeting, the right to cast such number of votes against such resolution as would be sufficient to defeat it;
- in relation to any Procedural Resolution, no right to cast any vote; and
- in relation to any resolution pertaining to any matter on which the holder of the Thomson Reuters PLC Special Voting Share is required by applicable laws to vote separately as a class, the right to cast one vote.

For the purposes of determining the number of votes the holder of the Thomson Reuters PLC Special Voting Share is entitled to cast on a Joint Electorate Action, in the event that the holder of the Thomson Reuters Corporation Founders Share has exercised its voting rights pursuant to Section 1.6.6(b) of the Thomson Reuters Corporation Articles in relation to an Equivalent Resolution, each vote cast in favor of or against that Equivalent Resolution, withheld therefrom or recorded as an abstention in respect thereof at the parallel shareholder meeting by a Thomson Reuters Corporation Acquiring Person (as defined in the Thomson Reuters PLC Articles) shall be divided by one hundred.

At all times when the holder of the Thomson Reuters Corporation Founders Share is entitled to exercise voting rights pursuant to Section 1.6.7(d) of the Thomson Reuters Corporation Articles, the holder of the Thomson Reuters PLC Special Voting Share shall be entitled, in relation to a resolution of Thomson Reuters PLC to approve a Joint Electorate Action, to exercise the right to cast such number of votes in favor of and against such resolution, to withhold such number of votes therefrom and to abstain from voting such number of votes in respect thereof as were cast in favor and against the Equivalent Resolution, withheld therefrom or recorded as abstentions in respect thereof, respectively, by the holder of the Thomson Reuters Corporation Founders Share at the parallel shareholder meeting. For avoidance of doubt, the rights of the holder of the Thomson Reuters PLC Special Voting Share pursuant to this paragraph are in addition to, and shall be deemed to be exercised by the holder of the Thomson Reuters PLC Special Voting Share upon the exercise of, its other rights pursuant to the Thomson Reuters PLC Articles.

The prescribed manner in which the above voting rights are to be exercised are set out in the Special Voting Share Agreement, as described in Item 10C. Material Contracts “Summaries of Transaction Documents — Special Voting Share Agreements” below.

Dividends

Subject to applicable laws, the holder of the Thomson Reuters PLC Special Voting Share shall be entitled to receive a fixed cumulative dividend at the annual rate of 6% on the amount for the time being paid up on the Thomson Reuters PLC Special Voting Share. The Thomson Reuters PLC Special Voting Share dividend is payable yearly on December 31, in each year in respect of the year ending on that date, except that the first Thomson Reuters PLC Special Voting Share dividend is payable on the dividend payment date next following the date of allotment of the Thomson Reuters PLC Special Voting Share and is payable on a pro rata basis in respect of the period from the date of its allotment to that dividend payment date (both dates inclusive). If any Thomson Reuters PLC Special Voting Share dividend is not paid in full on the relevant dividend payment date then, to the extent unpaid, the amount of such dividend shall be increased at the annual rate of 6% calculated on a daily basis (and compounded annually) from the date on which the relevant dividend was to have been paid to the date of payment.

The Thomson Reuters PLC Special Voting Share shall not entitle the holder to any further rights of participation in the profits of Thomson Reuters PLC.

Liquidation, dissolution and winding up

Subject to any provision made under section 719 of the UK Companies Act and any special rights which may be attached to any other class of shares, the holder of the Thomson Reuters PLC Special Voting Share shall have rights

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on a return of assets on a winding-up to be repaid in priority to any payment to the holders of the Thomson Reuters PLC ordinary shares and the holder of the Thomson Reuters PLC Reuters Founders Share a sum equal to the amount for the time being paid up on the Thomson Reuters PLC Special Voting Share together with all unpaid dividends on the Thomson Reuters PLC Special Voting Share, whether or not such dividends have been earned or declared, calculated down to the redemption date. Except as provided below in relation to redemption, the Thomson Reuters PLC Special Voting Share does not entitle the holder to any further rights of participation in the capital of Thomson Reuters PLC.

Redemption

Thomson Reuters PLC shall (subject to applicable laws and unless earlier redeemed) redeem the Thomson Reuters PLC Special Voting Share:

- on presentation to the Thomson Reuters PLC board of directors of a notice or instrument of transfer purporting to require or demand registration or acknowledgement of the transfer of the Thomson Reuters PLC Special Voting Share by the Thomson Reuters PLC Special Voting Share Trustee out of the Thomson Reuters PLC Special Voting Share Trust to (or at the direction of) the Beneficiaries (as defined in the Thomson Reuters PLC Special Voting Share Trust Deed) of the Thomson Reuters PLC Special Voting Share Trust; or
- on the Thomson Reuters PLC Special Voting Share Trust being terminated in respect of the Thomson Reuters PLC Special Voting Share or the Thomson Reuters PLC Special Voting Share becoming held by the Thomson Reuters PLC Special Voting Share Trustee on terms other than as set out in the Thomson Reuters PLC Special Voting Share Trust Deed (as it may be amended from time to time in accordance with its terms).

On the redemption date Thomson Reuters PLC shall redeem the Thomson Reuters PLC Special Voting Share and pay to the holder a sum equal to the amount for the time being paid up on the Thomson Reuters PLC Special Voting Share together with all unpaid dividends on the Thomson Reuters PLC Special Voting Share, whether or not such dividends have been earned or declared, calculated down to the redemption date.

No transfer of Thomson Reuters PLC Special Voting Share

The Thomson Reuters PLC Special Voting Share may not be transferred without the prior approval of the Thomson Reuters PLC board of directors.

Amendment of rights and obligations

The rights and obligations attaching to the Thomson Reuters PLC Special Voting Share may be amended or modified only by a resolution of Thomson Reuters PLC approved as a Class Rights Action and with the prior written consent of the holder of the Thomson Reuters PLC Special Voting Share Trust.

The Thomson Reuters PLC Reuters Founders Share

The rights, privileges, restrictions and conditions attaching to the Thomson Reuters PLC Reuters Founders Share are prescribed as follows:

Thomson Reuters PLC Reuters Founders Share may defeat resolution to vary or abrogate its rights

Without prejudice to article 4.1 of the Thomson Reuters PLC Articles, on any poll on any resolution of Thomson Reuters PLC in a general meeting, being a resolution the passing of which by the requisite majority of votes would be, or be deemed to be, a variation or abrogation of the rights attached to the Thomson Reuters PLC Reuters Founders Share, the holder of the Thomson Reuters PLC Reuters Founders Share, if it opposes such resolution, shall have the right to cast such number of votes as shall be necessary to ensure the defeat of such resolution, and such right may be exercisable either by a representative appointed by the holder of the Thomson Reuters PLC Reuters

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Founders Share in accordance with section 323(1) of the Companies Act 2006, or by a proxy for the holder of the Thomson Reuters PLC Reuters Founders Share.

Deemed variations or abrogations of Thomson Reuters PLC Reuters Founders Share rights

For all of the purposes of the Thomson Reuters PLC Articles the passing by the requisite majority of any of the following kinds of resolution by Thomson Reuters PLC in a general meeting shall be deemed to be a variation or abrogation of the rights attached to the Thomson Reuters PLC Reuters Founders Share:

- any special resolution the effect of which, if duly passed, would be to amend, remove or alter the effect of (which shall include the ratification of any breach of) any of the Reuters Founders Share Provisions (as defined in the Thomson Reuters PLC Articles);
- any resolution to wind up Thomson Reuters PLC voluntarily or pursuant to paragraph (a) of section 122 of the Insolvency Act 1986;
- any resolution for, or approving or sanctioning, any reconstruction of Thomson Reuters PLC (other than internal reorganizations involving Thomson Reuters PLC and its subsidiaries);
- any resolution the effect of which, if duly passed, would be to attach or to authorize the attachment to any share (whether issued or unissued) of any voting rights which are not identical in all respects with those attached to the Thomson Reuters PLC ordinary shares; and
- any resolution to amend any such resolution as is described in any of the preceding sub-paragraphs of this paragraph.

Action without consent of the holder of the Thomson Reuters PLC Reuters Founders Share a deemed variation or abrogation

For all of the purposes of the Thomson Reuters PLC Articles, the doing of any act or thing which, in accordance with any provision of the Thomson Reuters PLC Articles, requires the prior written consent of the holder of the Thomson Reuters PLC Reuters Founders Share shall be deemed to be a variation or abrogation of the rights attached to the Thomson Reuters PLC Reuters Founders Share.

Rights in relation to an Acquiring Person

In the event that any person has become or becomes an Acquiring Person (as defined in the Thomson Reuters PLC Articles), the Thomson Reuters PLC board of directors shall as soon as practicable thereafter cause Thomson Reuters PLC to give notice in writing of such fact to such person and to the holder of the Thomson Reuters PLC Reuters Founders Share. From and after the time any person has become or becomes an Acquiring Person until such person ceases to be an Acquiring Person, the holder of the Thomson Reuters PLC Reuters Founders Share shall be entitled to vote, together with (except at meetings of the holder of the Thomson Reuters PLC Reuters Founders Share required by applicable laws to be held as a separate class meeting) the holders of Thomson Reuters PLC ordinary shares, on all matters submitted to a vote of the shareholders of Thomson Reuters PLC at any general meeting of Thomson Reuters PLC. On each such matter, the holder of the Thomson Reuters PLC Reuters Founders Share shall be entitled, in its sole and absolute discretion, to exercise the following voting rights:

- in relation to a resolution of Thomson Reuters PLC to approve a Joint Electorate Action, the rights:
 - to cast such number of votes in favor of and against such resolution, to withhold such number of votes from such resolution and to abstain from voting such number of votes in respect of such resolution as were cast in favor of and against such resolution, withheld therefrom or recorded as abstentions in respect thereof, respectively, by the holder of the Thomson Reuters PLC Special Voting Share;

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- to cast such number of votes in favor of such resolution as were cast in favor of such resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested;
- to cast such number of votes against such resolution as were cast against such resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested;
- to withhold such number of votes from such resolution as were withheld from such resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested; and
- to abstain from voting such number of votes in respect of such resolution as were recorded as abstentions in respect of such resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested;

in each case multiplied by one hundred, and provided that, for greater certainty, if the holder of the Thomson Reuters PLC Reuters Founders Share exercises its voting rights in relation to any such resolution, it shall be required to exercise all, but not less than all, of such voting rights;

- in relation to a resolution of Thomson Reuters PLC to approve a Class Rights Action,
 - if the Equivalent Resolution is approved by the requisite number (as determined in accordance with the Thomson Reuters Corporation Articles, the Thomson Reuters Corporation By-Laws and applicable laws) of the holders of Thomson Reuters Corporation common shares at the parallel shareholder meeting, the rights:
 - o to cast such number of votes in favor of such resolution as were cast in favor of such resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested;
 - o to cast such number of votes against such resolution as were cast against such resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested;
 - o to withhold such number of votes from such resolution as were withheld from such resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested; and
 - o to abstain from voting such number of votes in respect of such resolution as were recorded as abstentions in respect of such resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested;

in each case multiplied by one hundred, and provided that, for greater certainty, if the holder of the Thomson Reuters PLC Reuters Founders Share exercises its voting rights in relation to any such resolution, it shall be required to exercise all, but not less than all, of such voting rights; and

- if the Equivalent Resolution is not approved by the requisite number (as determined in accordance with the Thomson Reuters Corporation Articles, the Thomson Reuters Corporation By-laws and applicable laws) of the holders of Thomson Reuters Corporation common shares at the parallel shareholder meeting, no right to cast any vote;

- in relation to a Procedural Resolution, the rights:
 - to cast such number of votes in favor of such Procedural Resolution as were cast in favor of such Procedural Resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested;
 - to cast such number of votes against such Procedural Resolution as were cast against such Procedural Resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested;
 - to withhold such number of votes from such Procedural Resolution as were withheld from such Procedural Resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested; and
 - to abstain from voting such number of votes in respect of such Procedural Resolution as were recorded as abstentions in respect of such Procedural Resolution by holders of voting shares of Thomson Reuters PLC other than any voting shares in which an Acquiring Person is interested;
- in each case multiplied by one hundred, and provided that, for greater certainty, if the holder of the Thomson Reuters PLC Reuters Founders Share exercises its voting rights in relation to any such Procedural Resolution, it shall be required to exercise all, but not less than all, of such voting rights; and
- in respect of any resolution pertaining to any matter on which the holder of the Thomson Reuters PLC Reuters Founders Share is required by applicable laws or otherwise entitled to vote separately as a class, the right to cast one vote.

The right of the holder of the Thomson Reuters PLC Reuters Founders Share to the above voting rights shall be suspended from and after the delivery to Thomson Reuters PLC of a Reuters Founders Share Control Notice (as defined in the Thomson Reuters PLC Articles) until the delivery to Thomson Reuters PLC of a Rescission Notice (as defined in the Thomson Reuters PLC Articles) in respect of the Reuters Founders Share Control Notice.

If the Thomson Reuters PLC board of directors resolves that it has reasonable cause to believe that a person is or may be an Acquiring Person and that they have made reasonable enquiries to establish whether such person is or is not an Acquiring Person but that such enquiries have not been answered or fail to establish whether such person is or is not an Acquiring Person, such person shall for all the purposes of the Thomson Reuters PLC Articles be deemed to be an Acquiring Person from the date of such resolution until any such time as the Thomson Reuters PLC board of directors resolves that it is satisfied that such person is not an Acquiring Person.

Rights in Relation to a Reuters Founders Share Control Event

If any Thomson Reuters PLC director becomes aware of any facts which might lead to the Thomson Reuters PLC board of directors and/or the holder of the Thomson Reuters PLC Reuters Founders Share taking the view that any person, other than an Approved Person or a member of the Thomson Reuters group, and his associates (if any) has or have obtained or is or are attempting to obtain, directly or indirectly, control of the exercise of 30% or more of the voting rights ordinarily exercisable at meetings of shareholders of Thomson Reuters PLC (disregarding the rights of the holder of the Thomson Reuters PLC Reuters Founders Share and the holder of the Thomson Reuters PLC Special Voting Share and disregarding any suspension of the voting rights of any shares pursuant to applicable laws or the Thomson Reuters PLC Articles), such director shall without delay inform the other directors of such facts and the directors shall forthwith give written notice of such facts to the holder of the Thomson Reuters PLC Reuters Founders Share.

If, in the opinion of the holder of the Thomson Reuters PLC Reuters Founders Share, there are reasonable grounds for believing that any person, other than an Approved Person or a member of the Thomson Reuters group, and his associates (if any) has or have obtained or is

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or are attempting to obtain, directly or indirectly, control of the exercise of 30% or more of the voting rights ordinarily exercisable at meetings of shareholders of Thomson Reuters PLC (disregarding the rights of the holder of the Thomson Reuters PLC Reuters Founders Share and the holder of the Thomson Reuters PLC Special Voting Share and disregarding any suspension of the voting rights of any shares pursuant to applicable laws or the Thomson Reuters PLC Articles) and the holder of the Thomson Reuters PLC Reuters Founders Share has concluded, in its sole and absolute discretion, that the exercise of the voting rights described above under "Rights in Relation to an Acquiring Person" are insufficient in the circumstances to enable the holder of the Thomson Reuters PLC Reuters Founders Share to uphold the Reuters Trust Principles, the holder of the Thomson Reuters PLC Reuters Founders Share shall be entitled to deliver a Reuters Founders Share Control Notice. If at any time after the delivery of a Reuters Founders Share Control Notice, the holder of the Thomson Reuters PLC Reuters Founders Share becomes of the opinion that no person, other than an Approved Person or a member of the Thomson Reuters group, and his associates (if any) has or have obtained or is or are attempting to obtain, directly or indirectly, control of the exercise of 30% or more of the voting rights ordinarily exercisable at meetings of shareholders of Thomson Reuters PLC (disregarding the rights of the holder of the Thomson Reuters PLC Reuters Founders Share and the holder of the Thomson Reuters PLC Special Voting Share and disregarding any suspension of the voting rights of any shares pursuant to applicable laws or the Thomson Reuters PLC Articles), then the holder of the Thomson Reuters PLC Reuters Founders Share shall as soon as practicable thereafter send a Rescission Notice to Thomson Reuters PLC but the delivery of the Rescission Notice shall be without prejudice to the entitlement of the holder of the Thomson Reuters PLC Reuters Founders Share subsequently to deliver to Thomson Reuters PLC another Reuters Founders Share Control Notice.

At all times after the delivery of a Reuters Founders Share Control Notice and prior to the delivery of a Rescission Notice in respect of such Reuters Founders Share Control Notice, the holder of the Thomson Reuters PLC Reuters Founders Share shall be entitled to vote, together with (except at meetings of the holder of the Thomson Reuters PLC Reuters Founders Share required by applicable laws to be held as a separate class meeting) the holders of Thomson Reuters PLC ordinary shares, on all matters submitted to a vote of the shareholders of Thomson Reuters PLC at any general meeting of Thomson Reuters PLC. On each such matter, the holder of the Thomson Reuters PLC Reuters Founders Share shall be entitled, in its sole and absolute discretion, to exercise the following voting rights:

- in relation to a resolution of Thomson Reuters PLC to approve a Joint Electorate Action, the right:
 - if, at the time such votes are cast, there are no Approved Persons or Approved Persons are interested in such number of outstanding Thomson Reuters PLC ordinary shares and/or Thomson Reuters Corporation common shares to which are attached, in the aggregate (after giving effect to the Equalization Ratio), the right to cast not more than 35% of all votes entitled to be cast on that Joint Electorate Action by all shareholders of Thomson Reuters PLC and Thomson Reuters Corporation (excluding the holder of the Thomson Reuters PLC Special Voting Share and the holder of the Thomson Reuters Corporation Special Voting Share), to cast such number of votes as would be sufficient to approve or defeat such resolution;
 - if, at the time such votes are cast, Approved Persons are interested in such number of outstanding Thomson Reuters PLC ordinary shares and/or Thomson Reuters Corporation common shares to which are attached, in the aggregate (after giving effect to the Equalization Ratio), the right to cast more than 35% but less than the requisite majority of all votes entitled to be cast on that Joint Electorate Action by all shareholders of Thomson Reuters PLC and Thomson Reuters Corporation (excluding the holder of the Thomson Reuters PLC Special Voting Share and the holder of the Thomson Reuters Corporation Special Voting Share), to cast the greater of:
 - o such number of votes as is equal to the sum of (x) the number of votes attached to all voting shares in which Acquiring Persons are interested and (y) one vote; and

- o such number of votes as will cause the votes attached to all voting shares in which Approved Persons are interested, and which are cast in accordance with the Relevant Terms of Approval, when combined with the votes entitled to be cast by the holder of the Thomson Reuters PLC Reuters Founders Share, to constitute the requisite majority of all votes entitled to be cast on such resolution by all shareholders of Thomson Reuters PLC (excluding the holder of the Thomson Reuters PLC Special Voting Share); and
- if, at the time such votes are cast, Approved Persons are interested in, and cast in accordance with the Relevant Terms of Approval the votes attached to, such number of outstanding Thomson Reuters PLC ordinary shares and/or Thomson Reuters Corporation common shares to which are attached, in the aggregate (after giving effect to the Equalization Ratio), the right to cast at least the requisite majority of all votes entitled to be cast on that Joint Electorate Action by all shareholders of Thomson Reuters PLC and Thomson Reuters Corporation (excluding the holder of the Thomson Reuters PLC Special Voting Share and the holder of the Thomson Reuters Corporation Special Voting Share), no right to cast any vote;
- in relation to a resolution to approve a Class Rights Action:
 - if the Equivalent Resolution is approved by the requisite number (as determined in accordance with the Thomson Reuters Corporation Articles, the Thomson Reuters Corporation By-laws and applicable laws) of the holders of Thomson Reuters Corporation common shares at the parallel shareholder meeting, the rights:
 - o if, at the time such votes are cast, there are no Approved Persons or Approved Persons are interested in such number of outstanding Thomson Reuters PLC ordinary shares to which are attached, in the aggregate, the right to cast not more than 35% of all votes entitled to be cast on such resolution by all shareholders of Thomson Reuters PLC (excluding the holder of the Thomson Reuters PLC Special Voting Share), to cast such number of votes as would be sufficient to approve or defeat such resolution;
 - o if, at the time such votes are cast, Approved Persons are interested in such number of outstanding Thomson Reuters PLC ordinary shares to which are attached, in the aggregate, the right to cast more than 35% but less than the requisite majority of all votes entitled to be cast on such resolution by all shareholders of Thomson Reuters PLC (excluding the holder of the Thomson Reuters PLC Special Voting Share), to cast the greater of:
 - o such number of votes as is equal to the sum of (x) the number of votes attached to all voting shares in which Acquiring Persons are interested and (y) one vote; and
 - o such number of votes as will cause the votes attached to all voting shares in which Approved Persons are interested, and which are cast in accordance with the Relevant Terms of Approval, when combined with the votes entitled to be cast by the holder of the Thomson Reuters PLC Reuters Founders Share, to constitute the requisite majority of all votes entitled to be cast on such resolution by all shareholders of Thomson Reuters PLC (excluding the holder of the Thomson Reuters PLC Special Voting Share);
 - o if, at the time such votes are cast, Approved Persons are interested in, and cast in accordance with the Relevant Terms of Approval the votes attached to, such number of outstanding Thomson Reuters PLC ordinary shares to which are attached, in the aggregate, the right to cast at least the requisite majority of all votes entitled to be

cast on such resolution by all shareholders of Thomson Reuters PLC (excluding the holder of the Thomson Reuters PLC Special Voting Share), no right to cast any vote;

- if the Equivalent Resolution is not approved by the requisite number (as determined in accordance with the Thomson Reuters Corporation Articles, the Thomson Reuters By-Laws and applicable laws) of the holders of Thomson Reuters Corporation common shares at the parallel shareholder meeting, no right to cast any vote;
- in relation to a Procedural Resolution, the rights:
 - if, at the time such votes are cast, there are no Approved Persons or Approved Persons are interested in such number of outstanding Thomson Reuters PLC ordinary shares to which are attached, in the aggregate, the right to cast not more than 35% of all votes entitled to be cast on that Procedural Resolution by all shareholders of Thomson Reuters PLC (excluding the holder of the Thomson Reuters PLC Special Voting Share), to cast such number of votes as would be sufficient to approve or defeat such Procedural Resolution;
 - if, at the time such votes are cast, Approved Persons are interested in such number of outstanding Thomson Reuters PLC ordinary shares to which are attached, in the aggregate, the right to cast more than 35% but less than the requisite majority of all votes entitled to be cast on that Procedural Resolution by all shareholders of Thomson Reuters PLC (excluding the holder of the Thomson Reuters PLC Special Voting Share), to cast the greater of:
 - o such number of votes as is equal to the sum of (x) the number of votes attached to all voting shares in which Acquiring Persons are interested and (y) one vote; and
 - o such number of votes as will cause the votes attached to all voting shares in which Approved Persons are interested, and which are cast in accordance with the Relevant Terms of Approval, when combined with the votes entitled to be cast by the holder of the Thomson Reuters PLC Reuters Founders Share, to constitute the requisite majority of all votes entitled to be cast on that Procedural Resolution by all shareholders of Thomson Reuters PLC (excluding the holder of the Thomson Reuters PLC Special Voting Share); and
 - if, at the time such votes are cast, Approved Persons are interested in, and cast in accordance with the Relevant Terms of Approval the votes attached to, such number of outstanding Thomson Reuters PLC ordinary shares to which are attached, in the aggregate, the right to cast at least the requisite majority of all votes entitled to be cast on that Procedural Resolution by all shareholders of Thomson Reuters PLC (excluding the holder of the Thomson Reuters PLC Special Voting Share), no right to cast any vote; and
- at any meeting of the holder of the Thomson Reuters PLC Reuters Founders Share at which the holder of the Thomson Reuters PLC Reuters Founders Share is entitled to vote separately as a class, the right to cast one vote.

Requisition of Shareholders' Meeting

The holder of the Thomson Reuters PLC Reuters Founders Share shall be entitled at any time to requisition the Thomson Reuters PLC board of directors to convene a general meeting of Thomson Reuters PLC shareholders. If the Thomson Reuters PLC board of directors does not convene a general meeting within seven days after receiving the requisition, the holder of the Thomson Reuters PLC Reuters Founders Share may convene a general meeting of Thomson Reuters PLC shareholders. However, if a Founders Share Control Notice has been delivered, the holder of the Thomson Reuters PLC Reuters Founders Share will have the right to call a meeting of Thomson Reuters PLC shareholders without first requesting that the Thomson Reuters PLC board of directors do so.

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Notice of meetings

The holder of the Thomson Reuters PLC Reuters Founders Share shall be entitled to receive notice of, attend and speak at every general meeting of Thomson Reuters PLC, and every separate general meeting of the holders of the shares of any class in Thomson Reuters PLC's issued share capital, but the holder of the Thomson Reuters PLC Reuters Founders Share shall not, save as described above under "Rights in Relation to an Acquiring Person" and "Rights in Relation to a Reuters Founders Share Control Event", be entitled to vote at any general meeting of Thomson Reuters PLC, and shall in no circumstances be entitled to vote at any such separate general meeting other than a separate general meeting of the holder of the Thomson Reuters PLC Reuters Founders Share.

Consultation Rights

For so long as Reuters Founders Share Company is the holder of the Thomson Reuters PLC Reuters Founders Share, the Thomson Reuters PLC directors may from time to time, in their sole and absolute discretion, invite the Reuters Trustees to attend meetings of the Thomson Reuters PLC directors and to confer with the Thomson Reuters PLC directors. The holder of the Thomson Reuters PLC Reuters Founders Share shall be entitled to receive from or be sent by Thomson Reuters PLC periodical reports of the activities of Thomson Reuters and make such representations to the Thomson Reuters PLC directors, on matters of general interest affecting Thomson Reuters, as it may from time to time think fit and Reuters Founders Share Company, for so long as it is the holder of the Thomson Reuters PLC Reuters Founders Share, shall cause the Reuters Trustees to be generally available for consultation with the Thomson Reuters PLC directors.

Dividends

The holder of the Thomson Reuters PLC Reuters Founders Share shall not have the right to receive any dividends declared by Thomson Reuters PLC.

Liquidation, dissolution and winding-up

Subject to any provision made under Section 719 of the UK Companies Act and any special rights which may be attached to any other class of shares, the holder of the Thomson Reuters PLC Reuters Founders Share shall have rights on a return of assets on a winding-up to be repaid ratably according to the number of shares held by it the amount paid up on such share.

No transfer of Thomson Reuters PLC Reuters Founders Share

The Thomson Reuters PLC Reuters Founders Share may not be transferred without the prior approval of the Thomson Reuters PLC board of directors.

No shareholders to vote if sums unpaid on shares

No shareholder shall, unless the Thomson Reuters PLC board of directors otherwise determines, be entitled in respect of shares held by him to vote at a general meeting or meeting of the holders of any class of shares of Thomson Reuters PLC either personally or by proxy or to exercise any other right conferred by shareholdership in relation to meetings of Thomson Reuters PLC or of the holders of any class of shares of Thomson Reuters PLC if any call or other sum presently payable by him to Thomson Reuters PLC in respect of such shares remains unpaid.

Dividends and other distributions

If and so far as the Thomson Reuters PLC board of directors determine that the profits of Thomson Reuters PLC justify such payments, the Thomson Reuters PLC board of directors may declare and pay fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates half-yearly or on the dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

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The Thomson Reuters PLC board of directors may deduct from any dividend or other monies payable on or in respect of a share all sums of money (if any) presently due and payable by the holder thereof to Thomson Reuters PLC on account of calls or otherwise.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.

The Thomson Reuters PLC board of directors may at its discretion make provision to enable such ADR Custodian (as defined in the Thomson Reuters PLC Articles) and/or shareholder of Thomson Reuters PLC as it shall from time to time determine to receive dividends duly declared in a currency or currencies other than sterling.

No dividend or other monies payable on or in respect of a share shall bear interest as against Thomson Reuters PLC.

Thomson Reuters PLC may with the prior written consent of the holder of the Thomson Reuters PLC Reuters Founders Share and upon the recommendation of the Thomson Reuters PLC board of directors by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Thomson Reuters PLC board of directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Thomson Reuters PLC board of directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any shareholders upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Thomson Reuters PLC board of directors.

The Thomson Reuters PLC board of directors may, with the prior sanction of an ordinary resolution of Thomson Reuters PLC, offer the holders of Thomson Reuters PLC ordinary shares the right to elect to receive in respect of all or part of their holding of Thomson Reuters PLC ordinary shares, additional Thomson Reuters PLC ordinary shares credited as fully paid instead of cash in respect of all or part of such dividend or dividends and (subject to the provisions of the Thomson Reuters PLC Articles) upon such terms and conditions and in such manner as may be specified in such ordinary resolution.

Any dividend unclaimed after a period of six years from the date when it was declared to be payable shall be forfeited and revert to Thomson Reuters PLC.

Variation of rights

Whenever the share capital of Thomson Reuters PLC is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the applicable laws, be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either while Thomson Reuters PLC is a going concern or during or in contemplation of a winding-up but so that the rights attached to the Thomson Reuters PLC Reuters Founders Share shall not be capable of being varied or abrogated in any respect whatsoever without the prior written consent of the holder of the Thomson Reuters PLC Reuters Founders Share. To every such separate general meeting all the provisions of the Thomson Reuters PLC Articles relating to general meetings of Thomson Reuters PLC and to the proceedings thereat shall apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) (but that at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall, subject as otherwise provided by the Thomson Reuters PLC Articles, on a poll have one vote for every share of the class held by him. These provisions shall also apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

Transfer of shares

Requirements as to form of transfers of Certificated Shares

All transfers of Certificated Shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Thomson Reuters PLC board of directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee.

Requirements as to transfers of Uncertificated Shares

A shareholder may transfer all or any of his Uncertificated Shares in the manner provided for in the rules and procedures of the Operator (as defined in the Thomson Reuters PLC Articles) of the Relevant System and in accordance with and subject to the Regulations.

Transferor to remain holder until transfer actually registered

The transferor of a share shall remain the holder of the share concerned until the name of the transferee is entered in the Register in respect thereof.

Thomson Reuters PLC board of directors may suspend registration of transfers

Subject to the applicable laws, the registration of transfers may be suspended at such times and for such periods as the Thomson Reuters PLC board of directors may from time to time determine and either generally or in respect of any class of shares, provided that Thomson Reuters PLC shall not close any Register relating to a Participating Security (as defined in the Thomson Reuters PLC Articles) without the consent of the Operator of the Relevant System. The Register shall not be closed for more than 30 days in any year.

Thomson Reuters PLC board of directors may refuse to register certain renunciations and transfers of Certificated Shares

The Thomson Reuters PLC board of directors may refuse to register an allotment or a transfer of Certificated Shares (whether fully paid or not) in favor of more than four persons jointly. If the Thomson Reuters PLC Board refuses to register a renounceable letter of allotment or a transfer of a Certificated Share, they shall within two months after the date on which the letter of allotment or transfer was lodged with Thomson Reuters PLC send to the allottee or transferee notice of the refusal.

Thomson Reuters PLC board of directors may refuse to register transfers of Certificated Shares of more than one class of share, unstamped transfers or transfers unaccompanied by proof of transferor's title

The Thomson Reuters PLC board of directors may also decline to recognize any instrument of transfer in respect of Certificated Shares (which for the purposes of the Thomson Reuters PLC Articles shall include a renunciation of a renounceable letter of allotment) unless the instrument of transfer is in respect of only one class of share, is duly stamped (if required) and is lodged at the Transfer Office (as defined in the Thomson Reuters PLC Articles) accompanied by the relevant share certificate(s) (except in the case of a renunciation or a transfer of the type described in the following sentence) and such other evidence as the Thomson Reuters PLC board of directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do). In the case of a transfer by a recognized clearing house or a nominee of a recognized clearing house or of a recognized investment exchange the lodgment of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares in question.

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Registration of transfers of Uncertificated Shares

Thomson Reuters PLC shall register a transfer of title to any Uncertificated Share or any renounceable right of allotment of a share which is a Participating Security held in uncertificated form, but so that the Thomson Reuters PLC board of directors may refuse to register such a transfer in favor of more than four persons jointly or in any other circumstance permitted by the Regulations.

Thomson Reuters PLC board of directors to notify refusals to register transfers of Uncertificated Shares

If the Thomson Reuters PLC board of directors refuses to register the transfer of an Uncertificated Share or of any renounceable right of allotment of a share which is a Participating Security held in uncertificated form Thomson Reuters PLC shall, within two months after the date on which the transfer instruction relating to such transfer was received by Thomson Reuters PLC, send notice of the refusal to the transferee.

Alteration of share capital

Increase in capital; consent of the holder of the Thomson Reuters PLC Reuters Founders Share required for creation of shares with voting rights not identical to those of Thomson Reuters PLC ordinary shares

Thomson Reuters PLC may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares created on any such increase of capital shall be subject to the provisions of the applicable laws and of the Thomson Reuters PLC Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise. No such new share shall, without the prior written consent of the holder of the Thomson Reuters PLC Reuters Founders Share, have attached thereto (either at the time of the creation thereof or at any subsequent time) any rights in respect of voting which are not identical in all respects with those attached to the Thomson Reuters PLC ordinary shares.

Consolidation, cancellation and subdivision of shares (other than the Thomson Reuters PLC Reuters Founders Share)

Thomson Reuters PLC may by ordinary resolution:

- consolidate and divide all or any of its capital (other than the Thomson Reuters PLC Reuters Founders Share) into shares of larger amounts than its existing shares;
- cancel any shares (other than the Thomson Reuters PLC Reuters Founders Share) which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled; and
- sub-divide its shares, or any of them (other than the Thomson Reuters PLC Reuters Founders Share), into shares of smaller amounts than is fixed by the Thomson Reuters PLC Memorandum (subject nevertheless to the provisions of the applicable laws), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as Thomson Reuters PLC has power to attach to unissued or new shares.

Purchase of shares (other than the Thomson Reuters PLC Reuters Founders Share)

Subject to the provisions of the applicable laws, Thomson Reuters PLC may purchase, or enter into a contract under which it may become entitled or obliged to purchase, any of its own shares (including any redeemable shares) other than the Thomson Reuters PLC Reuters Founders Share. Every contract for the purchase by Thomson Reuters PLC of, or under which it may become entitled or obliged to purchase, its own shares shall, in addition to such authorization as may be required by the applicable laws, be sanctioned by a special resolution passed at a separate general meeting of the holders of each class of shares in issue convertible into equity share capital of Thomson Reuters PLC.

Reduction of capital — exception regarding the Thomson Reuters PLC Reuters Founders Share

Thomson Reuters PLC may reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner and with and subject to any incident authorized and consent required by law but the provisions of the Thomson Reuters PLC Articles in this respect shall not apply in any way whatsoever to the Thomson Reuters PLC Reuters Founders Share.

Authority to allot securities and disapplication of pre-emption rights

The Thomson Reuters PLC board of directors has general and unconditional authority, pursuant to section 80 of the UK Companies Act, to exercise all powers of Thomson Reuters PLC to allot relevant securities up to an aggregate nominal amount equal to the section 80 amount, for each prescribed period.

The Thomson Reuters PLC board of directors has general power for each prescribed period to allot equity securities pursuant to the authority conferred by the paragraph above and to sell treasury shares wholly for cash:

- in connection with a rights issue; and
- otherwise than in connection with a rights issue, up to an aggregate nominal amount equal to the section 89 amount;

as if section 89(1) of the UK Companies Act does not apply to any such allotment or sale.

By the authority and power conferred by the above, the Thomson Reuters PLC board of directors may during a prescribed period make an offer or agreement which would or might require equity securities or other relevant securities to be allotted after the prescribed period and may allot securities in pursuance of that offer or agreement.

For the purposes of the above:

“**equity securities**” has the meaning given in section 94(2) of the UK Companies Act;

“**prescribed period**” means any period for which the authority conferred is given by ordinary or special resolution stating the section 80 amount and/or the power conferred is given by special resolution stating the section 89 amount;

“**rights issue**” means an offer of equity securities open for acceptance for a period fixed by the Thomson Reuters PLC board of directors to holders (other than Thomson Reuters PLC) of equity securities on the Register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Thomson Reuters PLC board of directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory);

“**section 80 amount**” means, for any prescribed period, the amount stated in the relevant ordinary or special resolution or, in either case, another amount fixed by resolution of Thomson Reuters PLC;

“**section 89 amount**” means, for any prescribed period, the amount stated in the relevant special resolution; and

“**the nominal amount**” of securities is, in the case of rights to subscribe for or convert any securities into shares of Thomson Reuters PLC, the nominal amount of shares which may be allotted pursuant to those rights.

Disclosure of interests in shares

The Thomson Reuters PLC Articles of Association provide as follows:

If any shareholder, or any other person appearing to be interested in shares held by such shareholder, has been duly served with a notice under section 793 of the UK Companies Act 2006 and is in default for the prescribed period in supplying to Thomson Reuters PLC the information thereby required, then the Thomson Reuters PLC board of directors may in its absolute discretion at any time thereafter by notice to such shareholder direct that:

- in respect of the shares in relation to which the default occurred the shareholder shall not be entitled to attend or vote (either in person or by proxy) at a general meeting or at a separate general meeting of the holders of a class of shares or on a poll; and
- where the default shares represent at least 0.25% of the class of shares concerned (excluding any shares of that class held as treasury shares), then the direction notice may additionally direct that any of the following shall be effected:
 - in respect of the default shares any dividend or other money which would otherwise be payable on such shares shall be retained by Thomson Reuters PLC without any liability to pay interest thereon when such money is finally paid to the shareholder and any shares issued in lieu of dividend be withheld by Thomson Reuters PLC;
 - no transfer of any default shares which are held in certificated form shall be registered unless the transfer is an approved transfer or
 - o the shareholder is not himself in default as regards supplying the information requested; and
 - o the transfer is of part only of the shareholder's holding and when presented for registration is accompanied by a certificate from the shareholder in a form satisfactory to the Thomson Reuters PLC board of directors to the effect that after due and careful enquiry the shareholder is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer; and
 - if the Thomson Reuters PLC board of directors so determines, Thomson Reuters PLC shall be entitled to require the holder of any such default shares which are held in uncertificated form, by notice in writing to the holder concerned, to change his holding of uncertificated default shares to certificated form within such period as may be specified in the notice and require such holder to continue to hold such default shares in certificated form for so long as the default subsists. The Thomson Reuters PLC board of directors may also appoint any person to take such other steps, by instruction by means of a Relevant System or otherwise, in the name of the holder of such default shares, to effect conversion of such shares to certificated form and such steps shall be as effective as if they had been taken by the registered holder of the uncertificated default shares.

Thomson Reuters PLC shall send to each other person appearing to be interested in the shares which are the subject of any direction notices a copy of the notice, but the failure or omission by Thomson Reuters PLC to do so shall not invalidate such notice.

Uncertificated Shares — general powers

Where any class of shares in the capital of Thomson Reuters PLC is a Participating Security and Thomson Reuters PLC is entitled under any provisions of the applicable laws or the rules of any Relevant System or under the Thomson Reuters PLC Articles to dispose of, forfeit, enforce a lien over or sell or procure the sale of any shares of such class which are held in uncertificated form, the Thomson Reuters PLC board of

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directors shall have the power (to the extent permitted by and subject to the provisions of the Regulations and the rules and procedures of the Relevant System) to take such steps as may be required, by instruction given by means of a Relevant System or otherwise, to effect such disposal, forfeiture, enforcement or sale. Any provision in the Thomson Reuters PLC Articles in relation to Uncertificated Shares which is inconsistent with any applicable statutory provision shall not apply. Thomson Reuters PLC may, by notice in writing to the holder of an Uncertificated Share, require the holder to change the form of that share to certificated form within such period as may be specified in the notice.

General meetings

An annual general meeting shall be called by 21 days' notice in writing at the least, and all other general meetings shall be called by 14 days' notice in writing at the least. In the Thomson Reuters PLC Articles references to written notice include the use of electronic form and electronic means and publication on a website in accordance with the UK Companies Act 2006 and the applicable laws. The period of notice shall in each case be exclusive of the day on which it is served or in the case of an electronic form, the day it is received or deemed to be served or received and of the day on which the meeting is to be held and shall be given in the manner provided in the Thomson Reuters PLC Articles to all shareholders other than such as are not under the provisions of the Thomson Reuters PLC Articles entitled to receive such notices from Thomson Reuters PLC provided that a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

- in the case of an annual general meeting by all the shareholders entitled to attend and vote thereat which for this purpose shall include the holder of the Thomson Reuters PLC Reuters Founders Share; and
- in the case of any other general meeting by a majority in number of the shareholders having a right to attend and vote thereat, being a majority together holding not less than 95% in nominal value of the shares giving that right, and by the holder of the Thomson Reuters PLC Reuters Founders Share.
- A Thomson Reuters PLC director is entitled to attend and speak at a general meeting and at a separate general meeting of the holders of a class of shares or debentures whether or not he is a shareholder.
- A quorum for the transaction of business at a meeting of Thomson Reuters PLC shareholders shall be either two qualifying persons entitled to vote (unless (i) each is a qualifying person only because he is authorized to act as the representative of a corporation in relation to the meeting, and they are representatives of the same corporation; or (ii) each is a qualifying person only because he is appointed as proxy of a shareholder in relation to the meeting, and they are proxies of the same shareholder) or the holder of the Thomson Reuters PLC Reuters Founders Share provided that:
- at any meeting the business of which includes the consideration of any resolution on which the holder of the Thomson Reuters PLC Special Voting Share is entitled to vote, a quorum shall not be present for any purpose unless the holder of the Thomson Reuters PLC Special Voting Share is present in person or by proxy or is represented by a duly authorized representative; and
- at any meeting the business of which includes the consideration of any resolution on which the holder of the Thomson Reuters PLC Reuters Founders Share is entitled to vote, a quorum shall not be present for any purpose unless the holder of the Thomson Reuters PLC Reuters Founders Share is present in person or by proxy or is represented by a duly authorized representative.

Pursuant to the UK Companies Act 2006, all other shareholder meetings which are not annual general meetings will be considered general meetings (rather than extraordinary general meetings, which was previously the case).

For the purposes of the above, a “**qualifying person**” means (i) an individual who is a shareholder of Thomson Reuters PLC; (ii) a person authorized to act as the representative of a corporation in relation to the meeting; or (iii) a person appointed as proxy of a shareholder in relation to the meeting.

Thomson Reuters PLC board of directors

Constitution of the Thomson Reuters PLC board of directors

The Thomson Reuters PLC board of directors shall consist of no less than five and no more than twenty members. Within these minimum and maximum limits, the number of Thomson Reuters PLC directors shall be set forth by resolution of the Thomson Reuters PLC board of directors.

Each Thomson Reuters PLC director shall also consent to serve, and be properly elected or appointed, as a director of Thomson Reuters Corporation in order to qualify to serve as a Thomson Reuters PLC director. A director of Thomson Reuters PLC shall cease to hold office when he ceases to be a director of Thomson Reuters Corporation.

Management generally

The Thomson Reuters PLC board of directors shall manage or supervise the management of the business and affairs of Thomson Reuters PLC.

Except to the extent prohibited or restricted by applicable laws, but without prejudice to any indemnity to which a Thomson Reuters PLC director, former Thomson Reuters PLC director, officer or other person may otherwise be entitled, the Thomson Reuters PLC board of directors may grant indemnities to Thomson Reuters PLC directors, former Thomson Reuters PLC directors, officers and other persons (including directors, former directors, officers and employees of Thomson Reuters Corporation and its subsidiaries) and make loans to such persons to fund their defence of claims and proceedings initiated or threatened against them.

Thomson Reuters PLC may purchase and maintain insurance for the benefit of any individual referred to in the paragraph above to the extent permitted by applicable laws.

Management in Relation to the Equalization and Governance Agreement

Subject to applicable laws, directors of Thomson Reuters PLC are authorized and directed to carry into effect the provisions of the Equalization and Governance Agreement, the Special Voting Share Agreement and the Cross-Guarantees and any further or other agreements or arrangements contemplated by the Equalization and Governance Agreement, the Special Voting Share Agreement and the Cross-Guarantees. Subject to applicable laws, Thomson Reuters PLC directors may, in addition to their duties to Thomson Reuters PLC, have regard to, and take into account in the exercise of their powers, the interests of Thomson Reuters Corporation and of both the holders of Thomson Reuters PLC ordinary shares and the holders of Thomson Reuters Corporation common shares, and nothing done by any director in good faith pursuant to such authority and obligations shall constitute a breach of the fiduciary duties of such director to Thomson Reuters PLC or to its shareholders (including any duty to avoid conflicts of interest). In particular, and without limitation to the generality of the foregoing (i) the directors are authorized to provide Thomson Reuters Corporation and any officer, employee or agent of Thomson Reuters Corporation with any information relating to Thomson Reuters PLC; and (ii) subject to the terms of the Equalization and Governance Agreement, the directors are authorized to do all or any of the matters referred to in subparagraphs A(ii) and (iii) of clause 4 of the Thomson Reuters PLC Memorandum.

No share qualification — Thomson Reuters PLC directors may attend and speak at general meetings

A Thomson Reuters PLC director shall not be required to hold any shares of Thomson Reuters PLC by way of qualification. A Thomson Reuters PLC director who is not a shareholder of Thomson Reuters PLC shall nevertheless be entitled to attend and speak at general meetings.

Vacation of office as Thomson Reuters PLC director

The office of a Thomson Reuters PLC director shall be vacated in any of the following events, namely:

- if he shall become prohibited by law from acting as a Thomson Reuters PLC director;

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- if he shall resign by writing under his hand left at the Office (as defined in the Thomson Reuters PLC Articles) or if he shall in writing offer to resign and the Thomson Reuters PLC board of directors shall resolve to accept such offer;
- if he shall have a receiving order made against him or shall compound with his creditors generally or shall apply to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act; and/or
- if in England and Wales or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs.

Appointment of Thomson Reuters PLC directors

Thomson Reuters PLC at the meeting at which a Thomson Reuters PLC director retires under any provision of the Thomson Reuters PLC Articles may by ordinary resolution fill the office being vacated by electing thereto the retiring Thomson Reuters PLC director or some other person eligible for appointment. In default the retiring Thomson Reuters PLC director shall be deemed to have been re-elected except in any of the following cases:

- where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Thomson Reuters PLC director is put to the meeting and lost;
- where such Thomson Reuters PLC director has given notice in writing to Thomson Reuters PLC that he is unwilling to be re-elected; or
- where the default is due to the moving of a resolution in contravention of the next following paragraph,

the retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Thomson Reuters PLC director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Thomson Reuters PLC director who is re-elected or deemed to have been re-elected will continue in office without a break.

Resolutions to appoint two or more Thomson Reuters PLC directors to be subject to consent of general meeting

A resolution for the appointment of two or more persons as Thomson Reuters PLC directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it, and any resolution moved in contravention of this paragraph shall be void.

Filling in casual vacancies and appointing additional Thomson Reuters PLC directors

Subject to the maximum numbers of Thomson Reuters PLC directors and of Thomson Reuters PLC directors who may hold an executive office fixed by or in accordance with the Thomson Reuters PLC Articles:

- Thomson Reuters PLC may by ordinary resolution appoint any person to be a Thomson Reuters PLC director either to fill a casual vacancy or as an additional Thomson Reuters PLC director; and
- without prejudice to the above paragraph the Thomson Reuters PLC board of directors may at any time appoint any person to be a Thomson Reuters PLC director either to fill a casual vacancy or as an additional Thomson Reuters PLC director.

Any person so appointed by the Thomson Reuters PLC board of directors shall hold office only until the next annual general meeting and shall then be eligible for re-election.

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Meetings of the Thomson Reuters PLC Board

Quorum

Two Thomson Reuters PLC directors, or such greater number of Thomson Reuters PLC directors as the Thomson Reuters PLC board of directors may from time to time determine, shall constitute a quorum for the transaction of business at any meeting of the Thomson Reuters PLC board of directors.

Calling of meetings

Meetings of the Thomson Reuters PLC board of directors shall be held at such time as the chairman, a deputy chairman, any two Thomson Reuters PLC directors or the president may determine and the secretary shall on the requisition of the chairman, a deputy chairman, any two directors or the president call a meeting of the Thomson Reuters PLC board of directors. No meeting of the Thomson Reuters PLC board of directors need be held within the United Kingdom in any financial year.

Notice of meetings

Notice of the time and place of each meeting of the Thomson Reuters PLC board of directors shall be given to each Thomson Reuters PLC director not less than 12 hours before the time of the meeting, provided that the first meeting immediately following a meeting of shareholders at which Thomson Reuters PLC directors are elected may be held without notice if a quorum is present. Notices shall be deemed to have been duly given for this purpose if mailed, telephoned, or sent by electronic or other communications facilities. Any Thomson Reuters PLC director may waive notice of any meeting and any such waiver may be retroactive.

Chairman

The Chairman, or in the absence of the Chairman, a Deputy Chairman, or in the absence of a Deputy Chairman, a Thomson Reuters PLC director chosen by the Thomson Reuters PLC board of directors at the meeting, shall be Chairman of any meeting of the Thomson Reuters PLC board of directors.

Voting at meetings

At meetings of the Thomson Reuters PLC board of directors each Thomson Reuters PLC director shall have one vote and questions shall be decided by a majority of votes.

Remuneration and expenses

The Thomson Reuters PLC directors shall be paid such remuneration for their services as the Thomson Reuters PLC board of directors may from time to time determine. The Thomson Reuters PLC board of directors shall also be entitled to be reimbursed for traveling and other expenses properly incurred by them in attending meetings of the Thomson Reuters PLC board of directors, any committee thereof or the shareholders or otherwise in the performance of their duties as Thomson Reuters PLC directors.

The Human Resources Committee and the Corporate Governance Committee operate under powers delegated to them by the Thomson Reuters PLC board of directors. The duties of the Human Resources Committee include oversight responsibilities in relation to the Chief Executive Officer and senior management. The duties of the Corporate Governance Committee include reviewing directors' compensation to ensure that it is competitive and appropriate. Following the Transaction, the majority of members on both the Human Resources Committee and the Corporate Governance Committee will be independent.

Powers to give pensions to Thomson Reuters PLC directors

The Thomson Reuters PLC board of directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Thomson Reuters PLC director or ex-Thomson Reuters PLC director and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

Directors' interests

Thomson Reuters PLC directors may be interested in contracts with Thomson Reuters PLC and in companies party to such contracts

A Thomson Reuters PLC director may be party to or in any way interested in any contract or arrangement or transaction to which Thomson Reuters PLC is a party or in which Thomson Reuters PLC is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of auditor of Thomson Reuters PLC or any subsidiary undertaking thereof) under Thomson Reuters PLC or any other company in which Thomson Reuters PLC is in any way interested and he (or any firm of which he is a shareholder) may act in a professional capacity for Thomson Reuters PLC or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

Thomson Reuters PLC directors' interests in contracts — general prohibition on voting

Save as provided in the exceptions referred to below, a Thomson Reuters PLC director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has an interest which is, to his knowledge, a material interest, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through Thomson Reuters PLC.

Exceptions to prohibition on voting

Subject to the provisions of the applicable laws, a Thomson Reuters PLC director shall (in the absence of some other material interest than is indicated below) be entitled to vote in respect of any resolution concerning any of the following matters, namely:

- the giving of any guarantee, security or indemnity (including loans made in connection therewith) to him in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of Thomson Reuters PLC or any of its subsidiary undertakings;
- the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of Thomson Reuters PLC or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- any proposal concerning an offer of shares or debentures or other securities of or by Thomson Reuters PLC or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he does not to his knowledge hold an interest in shares (as that term is used in sections 820 to 824 of the UK Companies Act 2006) representing 1% or more of the issued shares of any class of such company (excluding any shares of that class held as treasury shares) (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of the Thomson Reuters PLC Articles to be a material interest in all circumstances);
- any proposal concerning the adoption, modification or operation of any pension, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which has been approved by HMRC or is conditional upon such approval or does not award him any privilege or benefit not awarded to the employees to whom such scheme relates; and/or

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- any proposal concerning any insurance which Thomson Reuters PLC is empowered to purchase and/or maintain for or for the benefit of any Thomson Reuters PLC directors or for persons who include Thomson Reuters PLC directors.

Confidential Information

Where a Thomson Reuters PLC director obtains (other than through his position as a director of Thomson Reuters PLC) information that is confidential to a third party, he will not be obliged to disclose it to Thomson Reuters PLC or to use it in relation to Thomson Reuters PLC's affairs in circumstances where to do so would amount to a breach of that confidence.

Borrowing powers

Subject to applicable laws, the Thomson Reuters PLC board of directors may exercise all the powers of Thomson Reuters PLC to borrow money, to indemnify, to guarantee and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of Thomson Reuters PLC and to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of Thomson Reuters PLC or of a third party.

Forfeiture of shares

If a shareholder fails to pay in full any call or installment of a call on the due date for payment thereof, the Thomson Reuters PLC board of directors may at any time thereafter serve a notice on him requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by Thomson Reuters PLC by reason of such non-payment.

If the requirements of any such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Thomson Reuters PLC board of directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Thomson Reuters PLC board of directors may accept a surrender of any share liable to be forfeited hereunder.

A share so forfeited or surrendered shall become the property of Thomson Reuters PLC and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Thomson Reuters PLC board of directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Thomson Reuters PLC board of directors think fit. The Thomson Reuters PLC board of directors may, if necessary, authorize some person to transfer a forfeited or surrendered share to any such other person as aforesaid.

Untraced shareholders

Thomson Reuters PLC shall be entitled to sell the shares of a shareholder or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if and provided that:

- during the period of twelve years prior to the date of the publication of the advertisements referred to below (or, if published on different dates, the first thereof) no communication has been received by Thomson Reuters PLC from the shareholder or the person entitled by transmission and no cheque or warrant sent by Thomson Reuters PLC through the post in a pre-paid letter addressed to the shareholder or to the person entitled by transmission to the shares at his postal address on the Register or otherwise the last known postal address given by the shareholder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed or no payment made by Thomson Reuters PLC by any other means permitted by the Thomson Reuters PLC Articles has been claimed or accepted and at least three dividends in respect of the shares in question have become payable and no dividend in respect of those shares has been claimed;

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- Thomson Reuters PLC shall on expiry of the said period of twelve years have inserted advertisements in both a national daily newspaper and in a newspaper circulating in the area in which the last known postal address of the shareholder or the postal address at which service of notices may be effected in the manner authorized by the Thomson Reuters PLC Articles is located giving notice of its intention to sell the said shares; and
- during the said period of twelve years and the period of three months following the publication of the said advertisements Thomson Reuters PLC shall have received no communication from such shareholder or person.

Observance of the Reuters Trust Principles

Directors of Thomson Reuters PLC shall in the performance of their duties have due regard to the Reuters Trust Principles insofar as, by the proper exercise of their powers as directors and in accordance with their other duties as directors, the Reuters Trust Principles are capable of being observed by the directors.

Cash distributions

Subject to the following paragraphs, if Thomson Reuters Corporation declares or otherwise becomes obligated or proposes to pay or pays a cash distribution to holders of Thomson Reuters Corporation common shares, then Thomson Reuters PLC shall declare or otherwise become obligated or propose to pay or pay an equivalent cash distribution to holders of Thomson Reuters PLC ordinary shares reflecting the Equalization Ratio. Thomson Reuters PLC shall not declare or otherwise become obligated or propose to pay or pay any cash distribution in respect of Thomson Reuters PLC ordinary shares, other than an Equivalent Distribution (as defined in the Thomson Reuters PLC Articles) in accordance with this paragraph.

If Thomson Reuters PLC is prohibited by applicable laws from declaring or otherwise becoming obligated or proposing to pay, or paying, or is otherwise unable to declare or otherwise become obligated or propose to pay or pay all or any portion of an Equivalent Distribution, Thomson Reuters PLC shall, insofar as it is practicable to do so, enter into such transactions with Thomson Reuters Corporation as the Thomson Reuters board agrees to be necessary or desirable so as to enable Thomson Reuters PLC to pay such Equivalent Distribution to holders of Thomson Reuters PLC ordinary shares.

The Thomson Reuters PLC board of directors shall insofar as is practicable:

- co-ordinate with the Thomson Reuters Corporation board to agree to the amount of any Equivalent Distributions;
- co-ordinate with the Thomson Reuters Corporation board to agree to the basis of exchange rates on which the amounts of any Equivalent Distributions shall be calculated;
- co-ordinate with the Thomson Reuters Corporation board to ensure that the record dates for receipt of Equivalent Distributions are as close as is practicable to the record dates for cash distributions to the holders of Thomson Reuters Corporation common shares; and
- generally co-ordinate with the Thomson Reuters Corporation board regarding the timing of all other aspects of the payment or making of any Equivalent Distributions.

Liquidation

If the Thomson Reuters PLC board of directors determines that Thomson Reuters PLC is, or is likely to become, insolvent (whether or not a receiver, receiver and manager, provisional liquidator or liquidator, trustee in bankruptcy, monitor or other similar person has been appointed or a mortgagee or other secured creditor has taken possession of the property of Thomson Reuters PLC), the Thomson Reuters PLC board of directors shall immediately give notice to Thomson Reuters Corporation of such fact.

Takeover bids

Section 8 of the Equalization and Governance Agreement entitled “Take-Over Bids” is entrenched in the Thomson Reuters PLC Articles.

Amendments upon Termination of the Equalization and Governance Agreement

In the event of the termination of the Equalization and Governance Agreement upon Thomson Reuters Corporation becoming a wholly-owned subsidiary of Thomson Reuters PLC or Thomson Reuters PLC becoming a wholly-owned subsidiary of Thomson Reuters PLC Corporation, then:

- Thomson Reuters PLC shall have an irrevocable authority to redeem the Thomson Reuters PLC Special Voting Share at a sum equal to the amount for the time being paid up on the Thomson Reuters PLC Special Voting Share together with all unpaid dividends on the Thomson Reuters PLC Special Voting Share, whether or not such dividends have been earned or declared, calculated down to the redemption date at any time specified by the Thomson Reuters PLC board of directors provided always that if Thomson Reuters PLC shall at any time be unable in compliance with applicable laws to redeem the Thomson Reuters PLC Special Voting Share on the date specified by the Thomson Reuters PLC board of directors, then Thomson Reuters PLC shall redeem the Thomson Reuters PLC Special Voting Share as soon as it is able to comply with such provisions of the applicable laws;
- the Thomson Reuters PLC Entrenched Provisions and all references in the Thomson Reuters PLC Articles thereto shall be null and void and of no further force or effect;
- only in the case of Thomson Reuters PLC becoming a wholly-owned subsidiary of Thomson Reuters Corporation and, for so long as Reuters Founders Share Company is the holder of the Thomson Reuters PLC Reuters Founders Share, so long as the effect thereof is, to the satisfaction of the Reuters Trustees, substantially to preserve and not to impair the legal rights of the holder of the Thomson Reuters Corporation Reuters Founders Share in relation to the Thomson Reuters group, Thomson Reuters PLC shall have an irrevocable authority to redeem the Thomson Reuters PLC Reuters Founders Share at its nominal value at any time specified by the Thomson Reuters PLC board of directors provided always that if Thomson Reuters PLC shall at any time be unable in compliance with applicable laws to redeem the Thomson Reuters PLC Reuters Founders Share on the date specified by the Thomson Reuters PLC board of directors then Thomson Reuters PLC shall redeem the Thomson Reuters PLC Reuters Founders Share as soon as it is able to comply with such provisions of the applicable laws;
- only in the case of Thomson Reuters PLC becoming a wholly-owned subsidiary of Thomson Reuters Corporation and, for so long as Reuters Founders Share Company is the holder of the Thomson Reuters PLC Reuters Founders Share, so long as the effect thereof is, to the satisfaction of the Reuters Trustees, substantially to preserve and not to impair the legal rights of the holder of the Thomson Reuters Corporation Reuters Founders Share in relation to the Thomson Reuters group, the Thomson Reuters PLC Reuters Founders Share Provisions and all references in the Thomson Reuters PLC Articles thereto shall be null and void and of no further force or effect; and
- the Thomson Reuters PLC Articles shall be restated as amended with such incidental or consequential modifications as are necessary to give effect to the foregoing.

Amendment to Articles of Association effective October 1, 2008

On February 22, 2008, a special resolution of Thomson Reuters PLC was passed approving revisions to the Thomson Reuters PLC Articles to take effect on and from October 1, 2008 to cater for the new regime on directors’ conflicts of interest set out in the UK Companies Act 2006 and which is being introduced on that date. Upon the special resolution taking effect on October 1, 2008, the existing provisions of the Thomson Reuters PLC Articles governing directors’ interests summarized in this Item 10C. “Material Contracts” section will be deleted and replaced with amended provisions.

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The UK Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the UK Companies Act 2006, from October 1, 2008 a Thomson Reuters PLC director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with Thomson Reuters PLC's interests. The requirement is very broad and could apply, for example, if a Thomson Reuters PLC director becomes a director of another company or a trustee of another organization. The UK Companies Act 2006 allows directors of public companies to authorize conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The UK Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. Upon the special resolution taking effect on October 1, 2008, the Thomson Reuters PLC Articles will give the Thomson Reuters PLC directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which apply when the Thomson Reuters PLC directors decide whether to authorize a conflict or potential conflict. First, only Thomson Reuters PLC directors who have no interest in the matter being considered are able to take the relevant decision, and secondly, in taking the decision the Thomson Reuters PLC directors must act in a way they consider, in good faith, to be most likely to promote Thomson Reuters PLC's success. The Thomson Reuters PLC directors will be able to impose limits or conditions when giving authorization if they think this is appropriate.

Upon the special resolution taking effect on October 1, 2008, the Thomson Reuters PLC Articles will contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a Thomson Reuters PLC director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorized by the Thomson Reuters PLC directors. It is the intention of the Thomson Reuters PLC directors to report annually on Thomson Reuters PLC's procedures for ensuring that the powers of the Thomson Reuters PLC board of directors to authorize conflicts are operated effectively.

Due to the phased nature of implementation of the UK Companies Act 2006, it may be that further changes to the Thomson Reuters PLC Articles will be proposed at a future annual general meeting.

Thomson Reuters Corporation Articles

The following is a summary of the principal amendments to the articles of incorporation of Thomson which were necessary to implement the Transaction.

Capitalization

Thomson's previous authorized share capital consisted of an unlimited number of common shares and an unlimited number of preference shares, issuable in series of which 6,000,000 shares consist of Series II Preference Shares. In connection with the Transaction, Thomson Reuters Corporation authorized the issuance of three new classes of shares consisting of the Special Voting Share, the Reuters Founders Share and the Equalization Share. There are no changes to the terms of Thomson's preference shares. The terms of the common shares were amended so that the holders of common shares are entitled to receive notice of and to attend all meetings of Thomson Reuters Corporation shareholders (except for meetings of holders of a particular class or series of shares other than the common shares required by applicable laws to be held as a separate class or series meeting) and to vote, together with the Thomson Reuters Corporation Special Voting Share Trustee, except at meetings of holders of common shares required by applicable laws to be held as a separate class.

Special Voting Share

The Thomson Reuters Corporation Special Voting Share was authorized and issued to the Thomson Reuters Corporation Special Voting Share Trustee. The holder of the Thomson Reuters Corporation Special Voting Share is entitled to receive notice of and to attend or be represented

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by proxy at all meetings of Thomson Reuters Corporation shareholders (except for meetings of holders of a particular class or series of shares other than the Special Voting Share required by applicable laws to be held as a separate class or series meeting) and to vote, together with the holders of the common shares, except at meetings of the holder of the Special Voting Share required by applicable laws to be held as a separate class. The holder of the Thomson Reuters Corporation Special Voting Share is not be entitled to receive any dividends declared by the Thomson Reuters Corporation board of directors or to participate in any distribution of assets upon liquidation, dissolution or winding-up. The Thomson Reuters Corporation Special Voting Share may not be transferred without the prior approval of the Thomson Reuters Corporation board of directors.

The Thomson Reuters Corporation Special Voting Share Trustee shall have the following voting rights:

- in relation to a resolution to approve a Joint Electorate Action, the rights:
 - to cast such number of votes in favor of such resolution as were cast in favor of the Equivalent Resolution by holders of Thomson Reuters PLC ordinary shares at the parallel meeting of Thomson Reuters PLC shareholders;
 - to cast such number of votes against such resolution as were cast against the Equivalent Resolution by holders of Thomson Reuters PLC ordinary shares at the parallel meeting of Thomson Reuters PLC shareholders;
 - to withhold such number of votes from such resolution as were withheld from the Equivalent Resolution by holders of Thomson Reuters PLC ordinary shares at the parallel meeting of Thomson Reuters PLC shareholders; and
 - to abstain from voting such number of votes in respect of such resolution as were recorded as abstentions in respect of the Equivalent Resolution by holders of Thomson Reuters PLC ordinary shares at the parallel meeting of Thomson Reuters PLC shareholders;

in each case multiplied by the Equalization Ratio in effect at such time and rounded up to the nearest whole number, and provided that, if the Thomson Reuters Corporation Special Voting Share Trustee exercises its voting rights in relation to any such resolution, it will be required to exercise all, but not less than all, of such voting rights;

- in relation to a resolution to approve a Class Rights Action:
 - if the Equivalent Resolution was approved by the requisite number of holders of Thomson Reuters PLC ordinary shares at the parallel meeting of Thomson Reuters PLC shareholders, no right to cast any vote; and
 - if the Equivalent Resolution was not approved by the requisite number of holders of Thomson Reuters PLC ordinary shares at the parallel meeting of Thomson Reuters PLC shareholders, the right to cast such number of votes against such resolution as would be sufficient to defeat it;
- in relation to a Procedural Resolution, no right to cast any vote; and
- in relation to any resolution pertaining to any matter on which the Thomson Reuters Corporation Special Voting Share Trustee is required by applicable laws to vote separately as a class, the right to cast one vote.

For the purposes of determining the number of votes entitled to be cast by the Thomson Reuters Corporation Special Voting Share Trustee on Joint Electorate Actions, in the event that the holder of the Reuters Founders Share in Thomson Reuters PLC has exercised its voting rights in relation to an Acquiring Person, each vote cast in favor of or against the Equivalent Resolution, withheld therefrom or recorded as an

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abstention in respect thereof at the parallel shareholders' meeting by a Thomson Reuters PLC Acquiring Person will be divided by one hundred.

When the holder of the Thomson Reuters PLC Reuters Founders Share is entitled to exercise voting rights upon delivery of a Reuters Founders Share Control Notice, the Thomson Reuters Corporation Special Voting Share Trustee will be entitled, in relation to Joint Electorate Actions to cast such number of votes in favor of and against such resolution, to withhold such number of votes therefrom and to abstain from voting such number of votes in respect thereof as were cast in favor and against the equivalent resolution, withheld therefrom or recorded as abstentions in respect thereof, respectively, by the holder of the Reuters Founders Share in Thomson Reuters PLC at the parallel shareholders' meeting.

Reuters Founders Share

The Reuters Founders Share was created and issued to Reuters Founders Share Company. Reuters Founders Share Company is entitled to receive notice of and to attend or be represented by proxy at all meetings of Thomson Reuters Corporation shareholders. Reuters Founders Share Company is entitled to vote: (i) separately as a class in respect of any resolution pertaining to any matter for which the prior written consent of Reuters Founders Share Company is required; and (ii) together with the holders of the Thomson Reuters Corporation common shares on all matters submitted to a vote of the shareholders where there is an Acquiring Person or following delivery of a Reuters Founders Share Control Notice, except at any meeting of the holders of a particular class or series of shares other than the Reuters Founders Share required by applicable laws to be held as a separate class and in certain other situations described below. Reuters Founders Share Company is not entitled to receive any dividends declared by the Thomson Reuters Corporation board of directors or to participate in any distribution of assets upon liquidation, dissolution or winding-up. Reuters Founders Share Company may not transfer the Reuters Founders Share without the prior approval of the Thomson Reuters Corporation board of directors.

Consent Rights

The rights attaching to the Reuters Founders Share may not be varied or abrogated in any respect without the prior written consent of Reuters Founders Share Company. In addition, Thomson Reuters Corporation may not take certain corporate actions, without the prior written consent of Reuters Founders Share Company, including liquidation, dissolution or winding-up, paying dividends in kind, effecting a reorganization (other than internal reorganizations involving entities within Thomson Reuters), amalgamating with unaffiliated entities and amending, removing or altering certain provisions in the Thomson Reuters Corporation Articles and the Thomson Reuters Corporation By-Laws relating to Reuters Founders Share Company and the Reuters Founders Share.

Rights in Relation to an Acquiring Person

In the event that any person, other than an Approved Person or Thomson Reuters, has become or becomes an Acquiring Person (as defined in the Thomson Reuters Corporation Articles), the Thomson Reuters Corporation board of directors will as soon as practicable thereafter cause Thomson Reuters Corporation to give notice in writing of such fact to such person and to Reuters Founders Share Company. From and after the time any person has become or becomes an Acquiring Person until such time as such person ceases to be an Acquiring Person, Reuters Founders Share Company is going to be entitled to vote, together with (except at meetings of Reuters Founders Share Company required by applicable laws to be held as a separate class meeting) the holders of Thomson Reuters Corporation common shares on all matters submitted to a vote of Thomson Reuters Corporation shareholders. On each such matter, Reuters Founders Share Company will have the following voting rights:

- in relation to a resolution to approve a Joint Electorate Action, the rights:
 - to cast such number of votes in favor of and against such resolution, to withhold such number of votes from such resolution and to abstain from voting such number of votes in respect of such resolution as were cast in favor of and against such resolution, withheld therefrom or recorded as abstentions in respect thereof, respectively, by the Thomson Reuters Corporation Special Voting Share Trustee;

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- to cast such number of votes in favor of such resolution as were cast in favor of such resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person;
- to cast such number of votes against such resolution as were cast against such resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person;
- to withhold such number of votes from such resolution as were withheld from such resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person; and
- to abstain from voting such number of votes in respect of such resolution as were recorded as abstentions in respect of such resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person;

in each case multiplied by one hundred, and provided that, for greater certainty, if Reuters Founders Share Company exercises its voting rights in relation to any such resolution, it will be required to exercise all, but not less than all, of such voting rights;

- in relation to a resolution to approve a Class Rights Action,
 - if the Equivalent Resolution is approved by the requisite number (as determined in accordance with the Thomson Reuters PLC Articles and applicable laws) of the holders of Thomson Reuters PLC ordinary shares at the parallel meeting of Thomson Reuters PLC shareholders, the rights:
 - o to cast such number of votes in favor of such resolution as were cast in favor of such resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person;
 - o to cast such number of votes against such resolution as were cast against such resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person;
 - o to withhold such number of votes from such resolution as were withheld from such resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person; and
 - o to abstain from voting such number of votes in respect of such resolution as were recorded as abstentions in respect of such resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person;

in each case multiplied by one hundred, and provided that, for greater certainty, if Reuters Founders Share Company exercises its voting rights in relation to any such resolution, it will be required to exercise all, but not less than all, of such voting rights;

- if the Equivalent Resolution is not approved by the requisite number (as determined in accordance with the Thomson Reuters PLC Articles and applicable laws) of the holders of Thomson Reuters PLC ordinary shares at the parallel meeting of Thomson Reuters PLC shareholders, no right to cast any vote;

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- in relation to a Procedural Resolution, the rights:
 - to cast such number of votes in favor of such Procedural Resolution as were cast in favor of such Procedural Resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person;
 - to cast such number of votes against such Procedural Resolution as were cast against such Procedural Resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person;
 - to withhold such number of votes from such Procedural Resolution as were withheld from such Procedural Resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person; and
 - to abstain from voting such number of votes in respect of such Procedural Resolution as were recorded as abstentions in respect of such Procedural Resolution by holders of voting shares of Thomson Reuters Corporation other than any voting shares which are beneficially owned by an Acquiring Person;
- in each case multiplied by one hundred, and provided that, for greater certainty, if Reuters Founders Share Company exercises its voting rights in relation to any such Procedural Resolution, it will be required to exercise all, but not less than all, of such voting rights; and
- in respect of any resolution pertaining to any matter on which Reuters Founders Share Company is required by applicable laws or otherwise entitled to vote separately as a class, the right to cast one vote.

The right of Reuters Founders Share Company to the above voting rights will be suspended from and after the delivery to Thomson Reuters Corporation of a Reuters Founders Share Control Notice (as defined in the Thomson Reuters Corporation Articles) until the delivery to Thomson Reuters Corporation of a Rescission Notice (as defined in the Thomson Reuters Corporation Articles) in respect of the Reuters Founders Share Control Notice.

If the Thomson Reuters Corporation board of directors has reasonable grounds to believe that a person is an Acquiring Person and has made reasonable inquiries to establish whether such person is or is not an Acquiring Person but such inquiries have not been answered or fail to establish whether such person is or is not an Acquiring Person, then such person will be deemed to be an Acquiring Person until such time as the Thomson Reuters Corporation board of directors is satisfied that such person is not an Acquiring Person.

Rights upon Delivery of a Reuters Founders Share Control Notice

If any director becomes aware of any facts which might lead the Thomson Reuters Corporation board of directors and/or Reuters Founders Share Company to take the view that any party other than an Approved Person or Thomson Reuters has become or is attempting to become, directly or indirectly, the beneficial owner of 30% or more of the outstanding voting shares of Thomson Reuters Corporation, such director will without delay inform the other directors of such facts and the Thomson Reuters Corporation board of directors will forthwith give written notice of such facts to Reuters Founders Share Company. If, in the opinion of Reuters Founders Share Company, there are reasonable grounds for believing that any party other than an Approved Person or Thomson Reuters has become or is attempting to become, directly or indirectly, the beneficial owner of 30% or more of the outstanding voting shares of Thomson Reuters Corporation and Reuters Founders Share Company has concluded, in its sole and absolute discretion, that the exercise of the voting rights attached to the Reuters Founders Share described above under "Rights in Relation to an Acquiring Person" is insufficient in the circumstances to enable Reuters Founders Share Company to uphold the Reuters Trust Principles, Reuters Founders Share Company will be entitled, in its sole and absolute discretion, to deliver to Thomson Reuters Corporation a Reuters Founders Share Control Notice. If at any time after the delivery to Thomson Reuters Corporation of a Reuters Founders Share Control Notice, Reuters Founders Share Company becomes of the opinion that no party other than an Approved Person or Thomson Reuters has become or is attempting to become, directly or indirectly, the beneficial owner of 30% or more of the outstanding

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voting shares of Thomson Reuters Corporation, then Reuters Founders Share Company will as soon as practicable thereafter send a Rescission Notice to Thomson Reuters Corporation, but the delivery of any Rescission Notice will be without prejudice to the entitlement of Reuters Founders Share Company subsequently to deliver to Thomson Reuters Corporation another Reuters Founders Share Control Notice.

At all times after the delivery of a Reuters Founders Share Control Notice and prior to the delivery of a Rescission Notice in respect of such Reuters Founders Share Control Notice, the Reuters Founders Share Company will be entitled to vote, together with (except at meetings of Reuters Founders Share Company required by applicable laws to be held as a separate class meeting) the holders of Thomson Reuters Corporation common shares, on all matters submitted to a vote of Thomson Reuters Corporation shareholders. On each such matter, Reuters Founders Share Company will have the following voting rights:

- in relation to a resolution to approve a Joint Electorate Action, the rights:
 - if, at the time such votes are cast, there are no Approved Persons or Approved Persons beneficially own such number of outstanding Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares to which are attached, in the aggregate (after giving effect to the Equalization Ratio), the right to cast not more than 35% of all votes entitled to be cast on that Joint Electorate Action by all shareholders of Thomson Reuters Corporation and Thomson Reuters PLC (excluding the Thomson Reuters Corporation Special Voting Share Trustee and the Thomson Reuters PLC Special Voting Share Trustee), to cast such number of votes as would be sufficient to approve or defeat such resolution;
 - if, at the time such votes are cast, Approved Persons beneficially own such number of outstanding Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares to which are attached, in the aggregate (after giving effect to the Equalization Ratio), the right to cast more than 35% but less than the requisite majority of all votes entitled to be cast on that Joint Electorate Action by all shareholders of Thomson Reuters Corporation and Thomson Reuters PLC (excluding the Thomson Reuters Corporation Special Voting Share Trustee and the Thomson Reuters PLC Special Voting Share Trustee), to cast the greater of:
 - o such number of votes as is equal to the sum of (x) the number of votes attached to all voting shares beneficially owned by all Acquiring Persons and (y) one vote; and
 - o such number of votes as will cause the votes attached to all voting shares beneficially owned, and cast in accordance with the Relevant Terms of Approval, by Approved Persons, when combined with the votes entitled to be cast by Reuters Founders Share Company, to constitute the requisite majority of all votes entitled to be cast on such resolution by all Thomson Reuters Corporation shareholders (excluding the Thomson Reuters Corporation Special Voting Share Trustee); and
 - if, at the time such votes are cast, Approved Persons beneficially own, and cast in accordance with the Relevant Terms of Approval, the votes attached to, such number of outstanding Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares to which are attached, in the aggregate (after giving effect to the Equalization Ratio), the right to cast at least the requisite majority of all votes entitled to be cast on that Joint Electorate Action by all shareholders of Thomson Reuters Corporation and Thomson Reuters PLC (excluding the Thomson Reuters Corporation Special Voting Share Trustee and the Thomson Reuters PLC Special Voting Share Trustee), no right to cast any vote;
- in relation to a resolution to approve a Class Rights Action:
 - if the Equivalent Resolution is approved by the requisite number (as determined in accordance with the Thomson Reuters PLC Articles and applicable laws) of the holders of Thomson Reuters PLC ordinary shares at the parallel meeting of

Thomson Reuters PLC shareholders, the rights:

- o if, at the time such votes are cast, there are no Approved Persons or Approved Persons beneficially own such number of outstanding Thomson Reuters Corporation common shares to which are attached, in the aggregate, the right to cast not more than 35% of all votes entitled to be cast on such resolution by all Thomson Reuters Corporation shareholders (excluding the Thomson Reuters Corporation Special Voting Share Trustee), to cast such number of votes as would be sufficient to approve or defeat such resolution;
- o if, at the time such votes are cast, Approved Persons beneficially own such number of outstanding Thomson Reuters Corporation common shares to which are attached, in the aggregate, the right to cast more than 35% but less than the requisite majority of all votes entitled to be cast on such resolution by all Thomson Reuters Corporation shareholders (excluding the Thomson Reuters Corporation Special Voting Share Trustee), to cast the greater of:
 - § such number of votes as is equal to the sum of (x) the number of votes attached to all voting shares beneficially owned by all Acquiring Persons and (y) one vote; and
 - § such number of votes as will cause the votes attached to all voting shares beneficially owned, and cast in accordance with the Relevant Terms of Approval, by Approved Persons, when combined with the votes entitled to be cast by Reuters Founders Share Company, to constitute the requisite majority of all votes entitled to be cast on such resolution by all Thomson Reuters Corporation shareholders (including the Thomson Reuters Corporation Special Voting Share Trustee); and
- o if, at the time such votes are cast, Approved Persons beneficially own, and cast in accordance with the Relevant Terms of Approval, the votes attached to, such number of outstanding Thomson Reuters Corporation common shares to which are attached, in the aggregate, the right to cast at least the requisite majority of all votes entitled to be cast on such resolution by all Thomson Reuters Corporation shareholders (excluding the Thomson Reuters Corporation Special Voting Share Trustee), no right to cast any vote;
- if the Equivalent Resolution is not approved by the requisite number (as determined in accordance with the Thomson Reuters PLC Articles and applicable laws) of the holders of Thomson Reuters PLC ordinary shares at the parallel meeting of Thomson Reuters PLC shareholders, no right to cast any vote;
- in relation to a Procedural Resolution, the rights:
 - if, at the time such votes are cast, there are no Approved Persons or Approved Persons beneficially own such number of outstanding Thomson Reuters Corporation common shares to which are attached, in the aggregate, the right to cast not more than 35% of all votes entitled to be cast on that Procedural Resolution by all shareholders of Thomson Reuters Corporation (excluding the Thomson Reuters Corporation Special Voting Share Trustee), to cast such number of votes as would be sufficient to approve or defeat such Procedural Resolution;
 - if, at the time such votes are cast, Approved Persons beneficially own such number of outstanding Thomson Reuters Corporation common shares to which are attached, in the aggregate, the right to cast more than 35% but less than the requisite majority of all votes entitled to be cast on that Procedural Resolution by all shareholders of Thomson Reuters Corporation

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(excluding the Thomson Reuters Corporation Special Voting Share Trustee), to cast the greater of:

- o such number of votes as is equal to the sum of (x) the number of votes attached to all voting shares beneficially owned by all Acquiring Persons and (y) one vote; and
- o such number of votes as will cause the votes attached to all voting shares beneficially owned, and cast in accordance with the Relevant Terms of Approval, by Approved Persons, when combined with the votes entitled to be cast by Reuters Founders Share Company, to constitute the requisite majority of all votes entitled to be cast on that Procedural Resolution by all Thomson Reuters Corporation shareholders (excluding the Thomson Reuters Corporation Special Voting Share Trustee); and
- if, at the time such votes are cast, Approved Persons beneficially own, and cast in accordance with the Relevant Terms of Approval, the votes attached to, such number of outstanding Thomson Reuters Corporation common shares to which are attached, in the aggregate, the right to cast at least the requisite majority of all votes entitled to be cast on that Procedural Resolution by all shareholders of Thomson Reuters Corporation (excluding the Thomson Reuters Corporation Special Voting Share Trustee), no right to cast any vote; and
- at any meeting of the holder of the Reuters Founders Share at which Reuters Founders Share Company is entitled to vote separately as a class, the right to cast one vote.

Special Quorum Requirement

At any meeting of Thomson Reuters Corporation shareholders at which Reuters Founders Share Company is entitled to exercise voting rights, a quorum is not present for any purpose unless Reuters Founders Share Company is present (through a duly authorized representative) or represented by proxy.

Requisition for Shareholders' Meeting

Reuters Founders Share Company has the right at any time to requisition the Thomson Reuters Corporation board of directors to call a meeting of Thomson Reuters Corporation shareholders. If the Thomson Reuters Corporation board of directors does not call a meeting within seven days after receiving the requisition, Reuters Founders Share Company may call a meeting of Thomson Reuters Corporation shareholders. However, if a Founders Share Control Notice has been served, Reuters Founders Share Company will have the right to call a meeting of Thomson Reuters Corporation shareholders without first requesting that the Thomson Reuters Corporation board of directors do so.

Consultation Rights

Reuters Founders Share Company is entitled to make representations to the Thomson Reuters Corporation board of directors from time to time and will cause the Reuters Trustees to be generally available for consultation with the Thomson Reuters Corporation board of directors.

Equalization Share

One Equalization Share was created and authorized for issuance. The holder of the Equalization Share is not entitled to receive notice of or to attend or vote at any meetings of Thomson Reuters Corporation shareholders. The holder of the Equalization Share is entitled to receive dividends if, as and when declared by the Thomson Reuters Corporation board of directors. If Thomson Reuters Corporation is required to make an equalization payment or a payment upon the insolvency of Thomson Reuters PLC pursuant to the terms of the Equalization and Governance Agreement, the holder of the Equalization Share will be entitled to receive, and Thomson Reuters Corporation will pay thereon, a dividend in the amount of such payment, unless the board of directors of Thomson Reuters Corporation determines to make such payment by another means. Except as provided in the preceding sentence, the holder of the Equalization Share is not entitled to participate in any distribution of assets upon liquidation, dissolution or winding-up. The Equalization Share may not be transferred without the prior approval of the Thomson Reuters Corporation board of directors.

Constitution of the Thomson Reuters Corporation Board

The Thomson Reuters Corporation board of directors consists of no less than 5 and no more than 20 members. Each director also consents to serve, and are properly elected or appointed, as a director of Thomson Reuters PLC in order to qualify to serve as a director. A director ceases to hold office when he or she ceases to be a director of Thomson Reuters PLC.

Management Generally

Directors of Thomson Reuters Corporation (and Thomson Reuters PLC) manage or supervise the management of the business and affairs of Thomson Reuters. Thomson Reuters Corporation indemnifies a director or officer, or a former director or officer, of Thomson Reuters Corporation (including, in the case of a director or former director, for acting, at Thomson Reuters Corporation's request, as a director of Thomson Reuters PLC) or another individual who acts or acted at Thomson Reuters Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and the heirs and legal representatives of such an individual to the extent permitted by the OBCA. Thomson Reuters Corporation (and Thomson Reuters PLC) may purchase and maintain insurance for such individuals to the extent permitted by the OBCA.

Management in Relation to the Equalization and Governance Agreement

Subject to applicable laws, directors of Thomson Reuters Corporation carry into effect the provisions of the Equalization and Governance Agreement, the Special Voting Share Agreement and the Cross-Guarantees and any further or other agreements or arrangements contemplated by the Equalization and Governance Agreement, the Special Voting Share Agreement and the Cross- Guarantees. Subject to applicable laws, directors may, in addition to their duties to Thomson Reuters Corporation, have regard to, and take into account in the exercise of their powers, the best interests of Thomson Reuters PLC and of both the holders of Thomson Reuters Corporation common shares and the holders of Thomson Reuters PLC ordinary shares.

Observance of Reuters Trust Principles

Directors of Thomson Reuters Corporation, in the performance of their duties, have due regard to the Reuters Trust Principles insofar as, by the proper exercise of their powers as directors and in accordance with their other duties as directors, the Reuters Trust Principles are capable of being observed by the directors.

Thomson Reuters News Services

The Press Associations are entitled to receive Thomson Reuters news services upon payment of such consideration as may be agreed from time to time.

Cash Distributions

If Thomson Reuters PLC is prohibited by applicable laws from making an Equivalent Distribution, Thomson Reuters Corporation will, so far as it is practicable to do so, enter into such transactions with Thomson Reuters PLC as the Thomson Reuters board agrees to be necessary or desirable so as to enable Thomson Reuters PLC to pay such Equivalent Distribution to holders of Thomson Reuters PLC ordinary shares.

The Thomson Reuters Corporation board of directors, insofar as is practical:

- coordinates with the Thomson Reuters PLC board of directors to agree to the amount of any Equivalent Distributions;

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- coordinates with the Thomson Reuters PLC board of directors to agree to the basis of exchange rates on which the amounts of any Equivalent Distributions will be calculated;
- coordinates with the Thomson Reuters PLC board of directors to ensure that the record dates for receipt of Equivalent Distributions are as close in time as is practicable to record dates for cash distributions to the holders of Thomson Reuters Corporation common shares; and
- generally coordinates with the Thomson Reuters PLC board of directors regarding the timing of all other aspects of the payment or making of any Equivalent Distributions.

Insolvency

Section 10 of the Equalization and Governance Agreement entitled “Insolvency” is entrenched in the Thomson Reuters Corporation Articles. See “Summaries of Transaction Documents — Equalization and Governance Agreement”.

Take-Over Bids

Section 8 of the Equalization and Governance Agreement entitled “Take-Over Bids” is entrenched in the Thomson Reuters Corporation Articles. See “Summaries of Transaction Documents — Equalization and Governance Agreement”.

Amendments upon Termination of Equalization and Governance Agreement

If the Equalization and Governance Agreement is terminated upon Thomson Reuters PLC becoming a wholly-owned subsidiary of Thomson Reuters Corporation or Thomson Reuters Corporation becoming a wholly-owned subsidiary of Thomson Reuters PLC:

- the Equalization Share will be deemed to have been purchased for cancellation by Thomson Reuters Corporation upon its payment to the holder thereof of the sum of \$1.00;
- the Special Voting Share will be deemed to have been purchased for cancellation by Thomson Reuters Corporation upon its payment to Thomson Reuters Corporation Special Voting Share Trust of the sum of \$1.00;
- the Thomson Reuters Corporation Entrenched Articles and all references in the Thomson Reuters Corporation Articles thereto will be null and void and of no further force or effect;
- only in the case of Thomson Reuters Corporation becoming a wholly-owned subsidiary of Thomson Reuters PLC and so long as the effect thereof is, to the satisfaction of the Reuters Trustees, substantially to preserve and not to impair the legal rights of the holder of the Reuters Founders Share in the capital of Thomson Reuters PLC in relation to Thomson Reuters, the Reuters Founders Share will be deemed to have been purchased for cancellation by Thomson Reuters Corporation upon its payment to Reuters Founders Share Company of the sum of \$1.00;
- only in the case of Thomson Reuters Corporation becoming a wholly-owned subsidiary of Thomson Reuters PLC and, for so long as Reuters Founders Share Company is the holder of the Reuters Founders Share, so long as the effect thereof is, to the satisfaction of the Reuters Trustees, substantially to preserve and not to impair the legal rights of the holder of the Reuters Founders Share in the capital of Thomson Reuters PLC in relation to Thomson Reuters, certain provisions in the Thomson Reuters Corporation Articles relating to Reuters Founders Share Company and the references in the Thomson Reuters Corporation Articles thereto will be null and void and of no further force or effect; and
- the Thomson Reuters Corporation Articles will be restated as amended with such incidental or consequential modifications as are necessary to give effect to the foregoing.

Thomson Reuters Corporation By-Laws

The following is a summary of the principal amendments which were necessary to implement the Transaction.

Meetings of Shareholders

Notice with Respect to Joint Electorate Action or Class Rights Action

If Thomson Reuters Corporation proposes to undertake a Joint Electorate Action or a Class Rights Action, it will immediately give notice to the Thomson Reuters PLC Special Voting Share Trustee and Thomson Reuters PLC of the nature of the Joint Electorate Action or the Class Rights Action that is proposed.

Manner of Voting

Any resolution to be considered at a meeting of Thomson Reuters Corporation shareholders in relation to which the Thomson Reuters Corporation Special Voting Share Trustee or Reuters Founders Share Company is entitled to vote is decided by ballot. Voting at any meeting of shareholders is otherwise by a show of hands except where a ballot is required by the chair of the meeting, a Thomson Reuters Corporation shareholder or proxyholder entitled to vote at the meeting or Reuters Founders Share Company, or pursuant to the OBCA.

Voting by Proxy

A proxy deposited by the Thomson Reuters Corporation Special Voting Share Trustee or Reuters Founders Share Company is valid if it is received by or delivered to the chair of the meeting before the close of the ballot to which it relates.

Objections to Validity of Votes

No objection can be raised as to the validity of any vote at any meeting of shareholders except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting is valid for all purposes. Any such objection is referred to the chair of the meeting whose decision is final and conclusive except that no such decision is capable of prejudicing the effect of any valid exercise of any of the voting rights attaching to the Reuters Founders Share.

Quorum

A quorum for the transaction of business at a meeting of Thomson Reuters Corporation shareholders is either two persons present and entitled to vote at the meeting or Reuters Founders Share Company provided that:

- at any meeting the business of which includes the consideration of any resolution on which the Thomson Reuters Corporation Special Voting Share Trustee is entitled to vote, a quorum is not present for any purpose unless the Thomson Reuters Corporation Special Voting Share Trustee is present (through a duly authorized representative) or represented by proxy; and
- at any meeting the business of which includes the consideration of any resolution on which Reuters Founders Share Company is entitled to vote, a quorum is not present for any purpose unless Reuters Founders Share Company is present (through a duly authorized representative) or represented by proxy.

Adjournment of Meetings

The chair of any meeting of Thomson Reuters Corporation shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, and will, if so directed by Reuters Founders Share Company, adjourn the meeting, provided that in the case of any meeting the business of which includes the consideration of any resolution on which Reuters Founders Share Company is entitled to vote, any such adjournment will be subject to the consent of Reuters Founders Share Company. Notice will be given to Thomson Reuters PLC as soon as possible of any adjournment and of the business to be transacted at an adjourned meeting.

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Actions for Shareholder Approval

All actions put to Thomson Reuters Corporation shareholders, except for Class Rights Actions or Procedural Resolutions, are Joint Electorate Actions.

No resolution of Thomson Reuters Corporation with respect to a Joint Electorate Action or a Class Rights Action is approved unless a parallel shareholders' meeting is held for Thomson Reuters PLC at which an Equivalent Resolution in respect of such Joint Electorate Action or Class Rights Action is approved.

Joint Electorate Actions

Section 5.1 of the Equalization and Governance Agreement entitled "Joint Electorate Actions" is entrenched in the Thomson Reuters Corporation By-Laws. See "Summaries of Transaction Documents — Equalization and Governance Agreement".

Deemed Class Rights Actions

If a particular matter constitutes both a Joint Electorate Action and a Class Rights Action, it is treated as a Class Rights Action.

Class Rights Actions

Section 6.1 of the Equalization and Governance Agreement entitled "Class Rights Actions" is entrenched in the Thomson Reuters Corporation By-Laws. See "Summaries of Transaction Documents — Equalization and Governance Agreement".

Procedure for Approval of Joint Electorate Actions and Class Rights Actions

A Joint Electorate Action or a Class Rights Action requires approval by ordinary resolutions of both Thomson Reuters Corporation shareholders and Thomson Reuters PLC shareholders unless otherwise required to be approved by a special resolution.

Procedural Resolutions

Procedural Resolutions do not constitute a Joint Electorate Action or a Class Rights Action.

Coordination with Thomson Reuters PLC

If Thomson Reuters PLC proposes to take a Joint Electorate Action or a Class Rights Action:

- the Thomson Reuters Corporation board of directors must (unless such action is proposed for an annual meeting of Thomson Reuters Corporation shareholders) convene a special meeting of shareholders as close in time as practicable to the Thomson Reuters PLC shareholders' meeting at which such Joint Electorate Action or Class Rights Action is to be proposed;
- the Thomson Reuters Corporation board of directors must propose for consideration at such meeting an Equivalent Resolution in respect of such Joint Electorate Action or Class Rights Action;
- the Thomson Reuters Corporation board of directors must submit such Equivalent Resolution to shareholders as an ordinary resolution unless otherwise required to be approved as a special resolution; and

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- Thomson Reuters Corporation will co-operate fully with Thomson Reuters PLC in preparing resolutions, information circulars or statements, explanatory memoranda or any other information or material required in connection with the proposed Joint Electorate Action or Class Rights Action.

Discretionary Matters

The Thomson Reuters Corporation board of directors may decide to seek the approval of shareholders of either or both of Thomson Reuters Corporation and Thomson Reuters PLC for any matter that would otherwise not require such approval or specify a higher vote threshold for any resolution than would otherwise be required.

Omission to Give Notice

Accidental omission to give any notice to any Thomson Reuters Corporation shareholder, director, auditor or member of a committee of the Thomson Reuters Corporation board of directors, non-receipt of any notice or any error in a notice not affecting the substance of it does not invalidate any action taken at any meeting held pursuant to such notice, unless the person entitled to receive such notice is Reuters Founders Share Company.

Amended Deed of Mutual Covenant

On April 17, 2008, Thomson Reuters Corporation, Thomson Reuters PLC, Reuters, Reuters Founders Share Company and the Press Associations entered into the Amended Deed of Mutual Covenant. The Amended Deed of Mutual Covenant restates and terminates the Deed of Mutual Covenant so as to apply the Reuters Trust Principles to Thomson Reuters.

Reuters Trust Principles

Each of Thomson Reuters Corporation, Thomson Reuters PLC and Reuters Founders Share Company covenanted with the Press Associations to use its best endeavors to ensure that the Reuters Trust Principles are complied with. Those principles are:

- that Thomson Reuters shall at no time pass into the hands of any one interest, group or faction;
- that the integrity, independence and freedom from bias of Thomson Reuters shall at all times be fully preserved;
- that Thomson Reuters shall supply unbiased and reliable news services to newspapers, news agencies, broadcasters and other media subscribers and to businesses, governments, institutions, individuals and others with whom Thomson Reuters has or may have contracts;
- that Thomson Reuters shall pay due regard to the many interests which it serves in addition to those of the media; and
- that no effort shall be spared to expand, develop and adapt the news and other services and products of Thomson Reuters so as to maintain its leading position in the international news and information business.

Each of the Press Associations will covenant with the other Press Associations, Reuters Founders Share Company, Thomson Reuters Corporation and Thomson Reuters PLC to endeavor to ensure that the Reuters Trust Principles are complied with.

It is acknowledged for the benefit of each of the parties to the Amended Deed of Mutual Covenant and any Approved Person that the implementation of the Transaction in accordance with its terms and the acquisition and maintenance by any Approved Person of shareholdings in Thomson Reuters PLC and/or Thomson Reuters Corporation comply with the Reuters Trust Principles, including such principles as defined in the Deed of Mutual Covenant.

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Appointment of Trustees to Reuters Founders Share Company

The Amended Deed of Mutual Covenant governs the nomination and appointment of the Reuters Trustees. Under the Amended Deed of Mutual Covenant, a nominating committee is formed to select the Reuters Trustees. Each of the Press Associations appoints one person to the nominating committee.

Under the Amended Deed of Mutual Covenant, each Reuters Trustee must execute a form of undertaking that the Reuters Trustee will exercise his/her voting rights and other powers to secure that the Reuters Trust Principles are generally observed by Thomson Reuters, that other persons that are duly nominated as Reuters Trustees are admitted as members of Reuters Founders Share Company and that the provisions of the articles of association of Reuters Founders Share Company relating to the nomination and admission of Reuters Trustees are not amended without the prior written consent of all of the parties to the Amended Deed of Mutual Covenant.

Each of the Press Associations ceases to have the ability to appoint a member of the nominating committee in the event of a change of control of that entity, a fundamental change in the business of that entity, or the bankruptcy or insolvency of that entity.

Additional Covenants

The Thomson Reuters board has due regard for the Reuters Trust Principles and for the rights and duties of the Reuters Trustees insofar as by the proper exercise of its powers and in accordance with the other duties of directors those principles are capable of being observed by the Thomson Reuters board.

To ensure that the Reuters Trust Principles are safeguarded, Thomson Reuters Corporation and Thomson Reuters PLC provides Reuters Founders Share Company with copies of their share registers that are maintained in accordance with applicable laws and notices of other changes in the ownership of beneficial interests in their respective share capital.

Thomson Reuters Corporation and Thomson Reuters PLC have an office of editor-in-chief of the news services of Thomson Reuters and provide Reuters Founders Share Company with the opportunity to consult with the Thomson Reuters board prior to appointing an individual to, or removing an individual from, such office.

Thomson Reuters Corporation and Thomson Reuters PLC keep Reuters Founders Share Company informed of material matters relating to the business and affairs of Thomson Reuters that may reasonably be expected to affect the interests of Reuters Founders Share Company in relation to the Reuters Trust Principles.

Reuters Founders Share Company keeps Thomson Reuters Corporation and Thomson Reuters PLC informed regarding its views on matters relating to the conduct of the business and affairs of Thomson Reuters in relation to the Reuters Trust Principles.

Reuters Founders Share Company attends, either in person or by proxy, meetings of both Thomson Reuters Corporation and Thomson Reuters PLC at which a Reuters Founders Share carries a right to vote.

Other Matters

Thomson Reuters Corporation and Thomson Reuters PLC provide Reuters Founders Share Company with the funds necessary for Reuters Founders Share Company, the Reuters Trustees and members of the nomination committee of Reuters Founders Share Company who are not Reuters Trustees to perform their required functions as well as amounts payable to the Reuters Trustees and the members of the nomination committee of Reuters Founders Share Company pursuant to the articles of association of Reuters Founders Share Company. In addition, Thomson Reuters Corporation and Thomson Reuters PLC maintain insurance coverage for all Reuters Trustees under the directors' and officers' insurance policy of Thomson Reuters, on substantially similar terms to those applicable to directors of Thomson Reuters.

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Variation and Termination

The Amended Deed of Mutual Covenant may not be varied or terminated without the written consent of each of the Press Associations and Reuters Founders Share Company.

Governing Law

The Amended Deed of Mutual Covenant is governed by English law.

Equalization and Governance Agreement

On April 17, 2008, Thomson Reuters Corporation and Thomson Reuters PLC entered into the Equalization and Governance Agreement as summarized below.

DLC Structure Operation Principles

Thomson Reuters Corporation and Thomson Reuters PLC agree that the following principles are essential to the implementation, management and operation of the DLC structure:

- Thomson Reuters Corporation, Thomson Reuters PLC and their respective subsidiaries operate as a unified group;
- the boards of directors of Thomson Reuters Corporation and Thomson Reuters PLC are comprised of the same individuals, as are the companies' executive management; and
- the directors of Thomson Reuters Corporation and Thomson Reuters PLC, in addition to their duties to the company concerned, have regard to, and take into account in the exercise of their powers, the best interests of the other company, and of both the holders of Thomson Reuters Corporation common shares and the holders of Thomson Reuters PLC ordinary shares.

Each of Thomson Reuters Corporation and Thomson Reuters PLC do (and to the extent it is legally permitted to do so, causes each of its subsidiaries to do) all acts and things necessary and within their respective powers to observe and implement such principles.

Equalization Principle

In order to effect the relative rights of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares, an Equalization Ratio is established to govern the economic and voting rights of one Thomson Reuters PLC ordinary share relative to one Thomson Reuters Corporation common share. The Equalization Ratio was set at 1:1, such that a holder of one Thomson Reuters PLC ordinary share, as far as practicable and in accordance with the terms of the Equalization and Governance Agreement:

- is entitled to receive from Thomson Reuters PLC distributions of capital or income equivalent to those of a holder of one Thomson Reuters Corporation common share; and
- enjoys equivalent rights as to voting in relation to Joint Electorate Actions as those of a holder of one Thomson Reuters Corporation common share,

and otherwise the economic rights and voting rights in relation to Joint Electorate Actions of a holder of one Thomson Reuters PLC ordinary share relative to those of a holder of one Thomson Reuters Corporation common share will be in proportion to the then prevailing Equalization Ratio.

The capital of Thomson Reuters is deployed and managed in a way which the Thomson Reuters board considers most beneficial to Thomson Reuters. Accordingly, transfers of assets within Thomson Reuters may be made without the approval of shareholders or creditors, regardless of the form of the transaction or the nature or value of the assets

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transferred (regardless of whether the transfer is a sale, lease or exchange of all or substantially all of the property of the transferor), and any such transfer is deemed to be in the ordinary course of business of each entity having an interest in the transfer. Any proposed transfer of all or substantially all of the property of Thomson Reuters to an entity outside of Thomson Reuters may be undertaken only if it has been approved as a Joint Electorate Action.

Economic and Voting Rights, Generally

If Thomson Reuters Corporation takes an action, other than a cash distribution, that provides a holder of a Thomson Reuters Corporation common share with an economic benefit or an adjustment to its voting rights (in relation to Joint Electorate Actions) or which otherwise disadvantages a holder of a Thomson Reuters PLC ordinary share relative to a holder of a Thomson Reuters Corporation common share, then, unless the Thomson Reuters board determines that it is not appropriate or practicable, either:

- Thomson Reuters PLC will undertake an action such that the economic and voting rights (in relation to Joint Electorate Actions) of a holder of a Thomson Reuters PLC ordinary share determined by reference to a holder of a Thomson Reuters Corporation common share are maintained in proportion to the then prevailing Equalization Ratio (the “**Matching Action**”); or
- an appropriate adjustment to the Equalization Ratio will be made in order to ensure that there is equitable treatment (having regard to the then prevailing Equalization Ratio) for a holder of one Thomson Reuters PLC ordinary share relative to a holder of one Thomson Reuters Corporation common share.

Thomson Reuters PLC may not make any distribution of income or capital or take any other action that would provide a holder of a Thomson Reuters PLC ordinary share with an economic benefit or an adjustment to its voting rights (in relation to Joint Electorate Actions) or which otherwise disadvantages a holder of a Thomson Reuters Corporation common share relative to a holder of a Thomson Reuters PLC ordinary share other than as a Matching Action.

Cash Distributions

If Thomson Reuters Corporation declares or otherwise becomes obligated or proposes to pay or pays a cash distribution, including a cash dividend, to holders of Thomson Reuters Corporation common shares, then Thomson Reuters PLC will declare or otherwise become obligated or propose to pay or pay a cash distribution to holders of Thomson Reuters PLC ordinary shares such that the economic benefits of a holder of a Thomson Reuters PLC ordinary share relative to the rights of a holder of a Thomson Reuters Corporation common share are maintained in proportion to the then prevailing Equalization Ratio (an “**Equivalent Distribution**”). Where the Equalization Ratio is 1:1, if Thomson Reuters Corporation declares a cash dividend in an amount per Thomson Reuters Corporation common share, Thomson Reuters PLC will declare a cash dividend in an equivalent amount per Thomson Reuters PLC ordinary share. Thomson Reuters PLC will not declare or otherwise become obligated or propose to pay or pay any cash distribution in respect of Thomson Reuters PLC ordinary shares, other than as described above.

The Thomson Reuters Corporation board and the Thomson Reuters PLC board coordinate insofar as is practical to agree to the amount of any Equivalent Distributions, agree to the basis of exchange rates on which the amounts of any Equivalent Distributions will be calculated, ensure that the record dates for receipt of Equivalent Distributions are on the same date as the record dates for cash distributions to the holders of Thomson Reuters Corporation common shares and to co-ordinate generally regarding the timing of all other aspects of the payment or making of any Equivalent Distributions.

Equalization Payment

If Thomson Reuters PLC is prohibited by applicable laws from declaring or otherwise becoming obligated to pay, or paying, or is otherwise unable to declare or otherwise become obligated or propose to pay or pay all or any portion of an Equivalent Distribution, Thomson Reuters PLC and Thomson Reuters Corporation will, as far as it is practicable to do so, enter into such transactions with each other as the Thomson Reuters board agrees is necessary or desirable so as to enable Thomson Reuters PLC to pay such Equivalent Distribution to holders of Thomson Reuters PLC ordinary shares.

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Thomson Reuters Corporation issues the Equalization Share to Thomson Reuters PLC on the Effective Date. If Thomson Reuters Corporation is required to make an equalization payment to Thomson Reuters PLC (or is required to take action and elects to do so by means of a payment to Thomson Reuters PLC), Thomson Reuters Corporation will make such payment as a dividend on the Equalization Share, unless the board of directors of Thomson Reuters Corporation determines, with a view to the best interests of Thomson Reuters Corporation, to make such payment by another means.

Voting Arrangements for Thomson Reuters

Meetings of Thomson Reuters Corporation shareholders and Thomson Reuters PLC shareholders are held as close together in time as is practicable. Matters put to either Thomson Reuters Corporation shareholders or Thomson Reuters PLC shareholders are classified as Joint Electorate Actions, Class Rights Actions or Procedural Resolutions.

Joint Electorate Actions

Joint Electorate Actions are all actions put to shareholders of either Thomson Reuters Corporation or Thomson Reuters PLC, except for Class Rights Actions or Procedural Resolutions, and include:

- the appointment, election, re-election or removal of any director of Thomson Reuters Corporation or Thomson Reuters PLC;
- to the extent such receipt or adoption is required by applicable laws, the receipt or adoption of the financial statements or accounts of Thomson Reuters Corporation or Thomson Reuters PLC, or financial statements or accounts prepared on a combined basis, other than any financial statements or accounts in respect of the period(s) ended prior to the Effective Date;
- a change of name of Thomson Reuters Corporation or Thomson Reuters PLC; and
- the appointment or removal of the auditors of Thomson Reuters Corporation or Thomson Reuters PLC.

If a particular matter constitutes both a Joint Electorate Action and a Class Rights Action, then it will be treated as a Class Rights Action. All Joint Electorate Actions require the approval of the requisite majority of the votes cast by shareholders of both Thomson Reuters Corporation and Thomson Reuters PLC.

Class Rights Actions

Class Rights Actions are exceptional matters in respect of which the interests of Thomson Reuters Corporation shareholders and Thomson Reuters PLC shareholders may be divergent, and are as follows:

- the voluntary liquidation of either company;
- any adjustment to the Equalization Ratio other than in accordance with the Equalization and Governance Agreement;
- any amendment to, or termination of, the Equalization and Governance Agreement, the Special Voting Share Agreements or the Cross-Guarantees, other than: (i) any amendment which is formal or technical in nature and which is not materially prejudicial to the interests of Thomson Reuters Corporation shareholders or Thomson Reuters PLC shareholders; or (ii) is necessary to correct any inconsistency or manifest error as may be agreed by the Thomson Reuters board;

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- any amendment to, removal or alteration of the effect of (which will include the ratification of any breach of) any of the Thomson Reuters Corporation Entrenched Provisions or the Thomson Reuters PLC Entrenched Provisions;
- a change in the corporate status of Thomson Reuters Corporation from a corporation existing under the OBCA with its primary listing on the TSX or the NYSE or of Thomson Reuters PLC from a public limited company incorporated in England and Wales with its primary listing on the Official List of the UKLA (unless such change occurs in connection with termination of the Equalization and Governance Agreement in circumstances not requiring approval as a Class Rights Action);
- any other action or matter the Thomson Reuters board determines (either in a particular case or generally) should be approved as a Class Rights Action; and
- any action to be approved as a Class Rights Action pursuant to the Equalization and Governance Agreement.

A Class Rights Action requires the approval of the requisite majority of the votes cast by the shareholders of each company, voting separately as a class.

Procedural Resolutions

Resolutions of a procedural or technical nature put to any meeting of Thomson Reuters Corporation shareholders or Thomson Reuters PLC shareholders, whether annual, general or otherwise are neither Joint Electorate Actions nor Class Rights Actions and are voted on separately by the relevant company's shareholders. Procedural Resolutions include, without limitation, any resolution:

- that certain persons be allowed to attend or be excluded from attending a meeting;
- that discussion be closed and a question put to a vote (provided no amendments have been raised);
- that a question under discussion not be put to a vote;
- to proceed with matters in an order other than that set out in the notice of a meeting;
- to adjourn a debate (for example, to a subsequent meeting); and
- to adjourn a meeting.

Take-over Bids

Equivalent Treatment Principle

Thomson Reuters Corporation and Thomson Reuters PLC agree that it is essential to the implementation and operation of Thomson Reuters that holders of Thomson Reuters Corporation common shares and holders of Thomson Reuters PLC ordinary shares be treated on an equivalent basis with respect to any take-over bid or similar transaction with respect to Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares.

Neither Thomson Reuters Corporation nor Thomson Reuters PLC accepts, approves or recommends, or proposes publicly to approve or recommend, or enters into any agreement, arrangement or understanding with a third party related to, any take-over bid or similar transaction with respect to Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares unless such take-over bid or similar transaction is a Qualifying Take-Over Bid.

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If a person offers to acquire or acquires one or more Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares and, after giving effect to such acquisition, such person would beneficially own or beneficially owns or, as applicable, such person would be interested in or is interested in, Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares in an amount equal to or in excess of any of the Take-Over Bid Thresholds (such offer or acquisition being a Triggering Event), Thomson Reuters Corporation and Thomson Reuters PLC must, subject to applicable laws, take all actions within their control as are, in the view of the Thomson Reuters board, necessary or appropriate to procure that such person make a Qualifying Take-Over Bid, including adopting a shareholder rights plan and/or requesting government agencies to prohibit or otherwise prevent such offer or acquisition, unless:

- either prior to or simultaneously with the Triggering Event, such person makes a Qualifying Take-Over Bid (and, in the event that such Qualifying Take-Over Bid was made prior to the Triggering Event, such Qualifying Take-Over Bid has not been withdrawn, abandoned or terminated prior to or simultaneously with the Triggering Event); or
- the Triggering Event was a Permitted Bid Acquisition.

Acquisitions of Thomson Reuters Corporation common shares or Thomson Reuters PLC ordinary shares by either Thomson Reuters Corporation or Thomson Reuters PLC or any of their respective subsidiaries do not constitute Triggering Events.

Qualifying Take-Over Bid

A Qualifying Take-Over Bid is an offer or offers to acquire (by way of a take-over bid or similar transaction) all of the outstanding Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares which are made in accordance with applicable laws and which (provided that compliance with the following is not inconsistent with applicable laws):

- are made to all holders of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares;
- are undertaken with respect to the Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares at or about the same time; and
- are equivalent (although not necessarily the same) in all material respects to the holders of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares, including with respect to:
 - the consideration offered for such shares (taking into account exchange rates and the Equalization Ratio);
 - the information provided to such holders;
 - the time available to such holders to consider such offers; and
 - the conditions to which the offers are subject.

A Permitted Bid Acquisition is an offer to acquire or an acquisition of outstanding Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares made pursuant to an exemption from the take-over bid provisions of applicable laws, where the value of the consideration paid for any such shares acquired is not in excess of the respective market values thereof at the date of acquisition.

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Take-Over Bid Thresholds means:

- beneficial ownership of 20% or more of the outstanding Thomson Reuters Corporation common shares;
- an interest in 30% or more of the outstanding Thomson Reuters PLC ordinary shares (taking into account Thomson Reuters PLC ordinary shares in which persons acting in concert are interested); or
- an interest in such number of outstanding Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares (taking into account Thomson Reuters Corporation common shares and/or Thomson Reuters PLC ordinary shares in which persons acting in concert are interested) to which are attached, in the aggregate (after giving effect to the Equalization Ratio), the right to cast 30% or more of all votes entitled to be cast on a Joint Electorate Action by all shareholders of Thomson Reuters Corporation and Thomson Reuters PLC (excluding the holder of the Thomson Reuters Corporation Special Voting Share and the holder of the Thomson Reuters PLC Special Voting Share), in each case calculated in accordance with applicable laws governing take-over bids.

Insolvency

Under the Equalization and Governance Agreement, the Thomson Reuters Corporation Articles and the Thomson Reuters PLC Articles, the provisions described below will apply on the insolvency of Thomson Reuters Corporation or Thomson Reuters PLC.

If the Thomson Reuters board determines that Thomson Reuters Corporation or Thomson Reuters PLC is, or is likely to become, insolvent, the Thomson Reuters board will immediately give a notice to the other of such fact. Upon receipt by Thomson Reuters Corporation of such notice from Thomson Reuters PLC (and provided that Thomson Reuters Corporation has not provided Thomson Reuters PLC with a similar notice), Thomson Reuters Corporation will seek to ensure that the economic returns made or otherwise available to a holder of Thomson Reuters PLC ordinary shares relative to the economic returns available to a holder of Thomson Reuters Corporation common shares are in due proportion having regard to the Equalization Ratio (“**Economic Equivalence**”) by taking one of several enumerated steps, as follows. Thomson Reuters Corporation will have the right either:

- to offer irrevocably Thomson Reuters Corporation common shares to holders of Thomson Reuters PLC ordinary shares pro rata to their holdings of Thomson Reuters PLC ordinary shares in consideration for such Thomson Reuters PLC ordinary shares; or
- to make a payment to holders of Thomson Reuters PLC ordinary shares,

in either case in such amount and in such proportion to ensure that Economic Equivalence is achieved.

If Thomson Reuters Corporation does not exercise this right, Thomson Reuters Corporation will make payments to the proven creditors of Thomson Reuters PLC and then to Thomson Reuters PLC, such that Economic Equivalence is achieved. If each of Thomson Reuters Corporation and Thomson Reuters PLC has provided the other with an insolvency notice, and if Thomson Reuters Corporation has surplus assets available for distribution to the holders of its common shares after payment of all debts due and payable, and the ratio of the surplus attributable to each Thomson Reuters PLC ordinary share to the surplus attributable to each Thomson Reuters Corporation common share is less than the Equalization Ratio, then Thomson Reuters Corporation will make a payment to Thomson Reuters PLC, where possible, which results in that ratio equaling the Equalization Ratio.

Termination of the Equalization and Governance Agreement

The Equalization and Governance Agreement will automatically terminate if either Thomson Reuters Corporation or Thomson Reuters PLC becomes a wholly owned subsidiary of the other or if both companies become wholly owned subsidiaries of a third party.

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The Equalization and Governance Agreement may also be terminated:

- by mutual agreement of Thomson Reuters Corporation and Thomson Reuters PLC and upon approval as a Class Rights Action; or
- after all insolvency obligations have been satisfied.

Thomson Reuters Corporation and Thomson Reuters PLC will not proceed with any combination of Thomson Reuters Corporation and its subsidiaries and Thomson Reuters PLC and its subsidiaries into a single non dual listed group as a consequence of which the DLC structure will be terminated unless the Thomson Reuters board agrees on the terms upon which such termination should occur and considers those terms to be equitable to the interests of both holders of Thomson Reuters Corporation common shares and Thomson Reuters PLC ordinary shares, having regard to the principles described above under “DLC Structure Operation Principles”, “Equalization Principle”, and “Economic and Voting Rights, Generally”.

Governing Law

The Equalization and Governance Agreement is governed by the laws of the Province of Ontario.

Special Voting Share Agreements

Thomson Reuters Corporation Special Voting Share Trust Deed

Thomson Reuters Corporation, as settlor, and the Thomson Reuters Corporation Special Voting Share Trustee entered into the Thomson Reuters Corporation Special Voting Share Trust Deed. The trust is known as the “Thomson Reuters Corporation Special Voting Share Trust” and is irrevocable.

Immediately following the settlement of the Thomson Reuters Corporation Special Voting Share Trust, the Thomson Reuters Corporation Special Voting Share Trustee entered into the Special Voting Share Agreement and, after the Effective Date but before the first general meeting of holders of Thomson Reuters Corporation common shares, the Thomson Reuters Corporation Special Voting Share Trustee will subscribe for the Thomson Reuters Corporation Special Voting Share. Holders of Thomson Reuters PLC ordinary shares are the beneficiaries of the Thomson Reuters Corporation Special Voting Share Trust.

Duties of the Trustee

The Thomson Reuters Corporation Special Voting Share Trustee holds the Thomson Reuters Corporation Special Voting Share and has such powers as are necessary to perform its obligations under the Thomson Reuters Corporation Special Voting Share Trust Deed and the Special Voting Share Agreement.

For so long as it holds the Thomson Reuters Corporation Special Voting Share, the Thomson Reuters Corporation Special Voting Share Trustee performs its obligations under the Special Voting Share Agreement. Prior to termination of the Thomson Reuters Corporation Special Voting Share Trust Deed, the Thomson Reuters Corporation Special Voting Share Trustee’s only duty in respect of the Thomson Reuters Corporation Special Voting Share is to retain such share in trust. For greater certainty, prior to the termination of the Thomson Reuters Corporation Special Voting Share Trust Deed, the Thomson Reuters Corporation Special Voting Share Trustee has no power to deal with the Thomson Reuters Corporation Special Voting Share.

Indemnification

The Thomson Reuters Corporation Special Voting Share Trustee, its directors, officers or agents are at all times indemnified and saved harmless by Thomson Reuters Corporation from and against all claims whatsoever which such trustee may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted from or in relation to the execution of its duties as trustee or which it sustains or incurs in or about or in relation to the trust property. The indemnity does not apply to circumstances involving willful misconduct or gross negligence of the Thomson Reuters Corporation Special Voting Share Trustee or its directors, officers, employees or agents.

Amendments

The Thomson Reuters Corporation Special Voting Share Trust Deed may be amended by a written instrument executed by the Thomson Reuters Corporation Special Voting Share Trustee, provided that Thomson Reuters Corporation consents to any such amendment, and will be amended as necessary from time to time to reflect any amendments to the Thomson Reuters Corporation Articles. No amendment may be made that would make the trust set out in the Thomson Reuters Corporation Special Voting Share Trust Deed revocable or that would detract from or adversely affect the Thomson Reuters Corporation Special Voting Share Trustee's obligation or ability to perform its obligations under the Special Voting Share Agreement.

Termination

The Thomson Reuters Corporation Special Voting Share Trust Deed terminates upon the earlier of: (i) the day on which will expire the period of 20 years from the death of the last survivor of the descendants living at the date of the Thomson Reuters Corporation Special Voting Share Trust Deed of Her Majesty Queen Elizabeth II; and (ii) the day on which the Equalization and Governance Agreement is terminated in accordance with its terms. Upon such termination, the Thomson Reuters Corporation Special Voting Share Trustee will divide the trust property in equal shares among holders of Thomson Reuters PLC ordinary shares; provided however, that if the Thomson Reuters Corporation Special Voting Share Trustee, in its sole discretion, determines that an equal division among holders of Thomson Reuters PLC ordinary shares is not economically feasible or would not provide any meaningful economic benefit to such holders, the Thomson Reuters Corporation Special Voting Share Trustee will pay or transfer the trust property to Thomson Reuters PLC.

Governing Law

The Thomson Reuters Corporation Special Voting Share Trust Deed is governed by the laws of the Province of Ontario.

Thomson Reuters PLC Special Voting Share Trust Deed

Thomson Reuters Corporation, as settlor, and the Thomson Reuters PLC Special Voting Share Trustee entered into the Thomson Reuters PLC Special Voting Share Trust Deed. The trust is known as the "Thomson Reuters PLC Special Voting Share Trust" and is irrevocable.

Immediately following the settlement of the Thomson Reuters PLC Special Voting Share Trust, the Thomson Reuters PLC Special Voting Share Trustee will enter into the Special Voting Share Agreement and, after the Effective Date but before the first general meeting of holders of Thomson Reuters PLC ordinary shares, the Thomson Reuters PLC Special Voting Share Trustee will subscribe for the Thomson Reuters PLC Special Voting Share.

The Thomson Reuters PLC Special Voting Share Trust consists of a single class of beneficial interests each of which corresponds to an issued and outstanding Thomson Reuters Corporation common share. Holders of Thomson Reuters Corporation common shares are the beneficiaries of the Thomson Reuters PLC Special Voting Share Trust.

Duties of the Trustee

The Thomson Reuters PLC Special Voting Share Trustee holds the Thomson Reuters PLC Special Voting Share and has such powers as are necessary to perform its obligations under the Thomson Reuters PLC Special Voting Share Trust Deed and Special Voting Share Agreement; provided, however, that the Thomson Reuters PLC Special Voting Share Trustee does not engage in any activity, in relation to the Thomson Reuters PLC Special Voting Share Trust, other than as required or authorized by the Thomson Reuters PLC Special Voting Share Trust Deed or the Special Voting Share Agreement.

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For so long as it holds the Thomson Reuters PLC Special Voting Share, the Thomson Reuters PLC Special Voting Share Trustee performs its obligations under the Special Voting Share Agreement. Prior to termination of the Thomson Reuters PLC Special Voting Share Trust Deed, the Thomson Reuters PLC Special Voting Share Trustee's only duty in respect of the Thomson Reuters PLC Special Voting Share is to retain such share in trust. For greater certainty, prior to the termination of the Thomson Reuters PLC Special Voting Share Trust Deed, the Thomson Reuters PLC Special Voting Share Trustee has no power to deal with the Thomson Reuters PLC Special Voting Share.

Indemnification

The Thomson Reuters PLC Special Voting Share Trustee, its directors, officers or agents are at all times indemnified and saved harmless by Thomson Reuters Corporation from and against all claims whatsoever which such trustee may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted from or in relation to the execution of its duties as trustee or which it sustains or incurs in or about or in relation to the trust property. The indemnity does not apply to circumstances involving willful misconduct or gross negligence of the Thomson Reuters PLC Special Voting Share Trustee or its directors, officers, employees or agents.

Amendments

The Thomson Reuters PLC Special Voting Share Trust Deed may be amended from time to time in writing by Thomson Reuters Corporation and the Thomson Reuters PLC Special Voting Share Trustee without the consent of holders of Thomson Reuters Corporation common shares:

- if such amendment does not materially and adversely affect the rights of any holder of Thomson Reuters Corporation common shares under the Thomson Reuters PLC Special Voting Share Trust Deed;
- to cure any ambiguity or to correct or supplement any provision in the Thomson Reuters PLC Special Voting Share Trust Deed which may be defective or inconsistent with any other provision in such deed or the Thomson Reuters PLC Articles;
- to add to the covenants, restrictions or obligations for the benefit of holders of Thomson Reuters Corporation common shares;
- to comply with the requirements of the law governing the Thomson Reuters PLC Special Voting Share Trust Deed;
- to comply with any requirements imposed by the US Internal Revenue Code of 1986, as amended (the “**US Tax Code**”) or to qualify the Thomson Reuters PLC Special Voting Share Trust as a “grantor trust” under the US Tax Code;
- to amend or waive the terms of the trustee limitation of liability provision of the Thomson Reuters PLC Special Voting Share Trust Deed in any manner which will not adversely affect the holders of Thomson Reuters Corporation common shares in any material respect; or
- to evidence and provide for the acceptance of appointment under the Thomson Reuters PLC Special Voting Share Trust Deed by a successor trustee.

The Thomson Reuters PLC Special Voting Share Trust Deed may otherwise be amended in writing by Thomson Reuters Corporation and the Thomson Reuters PLC Special Voting Share Trustee with the consent of holders of Thomson Reuters Corporation common shares holding a majority of the issued and outstanding Thomson Reuters Corporation common shares, which consent shall be deemed to have been given if such amendment is approved by the affirmative vote of not less than a majority of the votes cast at a meeting of holders of Thomson Reuters

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Corporation common shares present in person or represented by proxy and which are entitled to vote at such meeting.

No amendment to the Thomson Reuters PLC Special Voting Share Trust Deed will be made or effective if it would: (i) cause the Thomson Reuters PLC Special Voting Share Trust to be classified for US federal, state or local tax purposes either as an agency or as an “investment trust” under the US Tax Code and treasury regulation 301.7701-4(c) and, without limitation, as a grantor trust under the US Tax Code pursuant to which holders of Thomson Reuters Corporation common shares would be considered to own the Thomson Reuters PLC Special Voting Share for US federal, state and local tax purposes, and not as a trust or association taxable as a corporation or as a partnership; (ii) make the Thomson Reuters PLC Special Voting Share Trust revocable; or (iii) detract from or adversely affect the Thomson Reuters PLC Special Voting Share Trustee’s obligations or ability to perform its obligations under the Special Voting Share Agreement.

Termination

The Thomson Reuters PLC Special Voting Share Trust Deed terminates upon the earlier of: (i) the day on which will expire the period of 20 years from the death of the last survivor of the descendants living at the date of the Thomson Reuters PLC Special Voting Share Trust Deed of Her Majesty Queen Elizabeth II; and (ii) the day on which the Equalization and Governance Agreement is terminated in accordance with its terms. Upon such termination, the Thomson Reuters PLC Special Voting Share Trustee will divide the trust property and distribute, or otherwise make available, the trust property to and among holders of Thomson Reuters Corporation common shares, *pro rata*, in accordance with their respective beneficial interests therein.

Governing Law

The Thomson Reuters PLC Special Voting Share Trust Deed is governed by the laws of the Province of Ontario.

Special Voting Share Agreement

Thomson Reuters Corporation, Thomson Reuters PLC, the Thomson Reuters Corporation Special Voting Share Trustee and the Thomson Reuters PLC Special Voting Share Trustee entered into the Special Voting Share Agreement.

Attendance and Voting Obligations

The Thomson Reuters Corporation Special Voting Share Trustee and the Thomson Reuters PLC Special Voting Share Trustee, respectively, attend all meetings of Thomson Reuters Corporation shareholders and Thomson Reuters PLC shareholders, including meetings of any class or series thereof. The Thomson Reuters Corporation Special Voting Share Trustee and the Thomson Reuters PLC Special Voting Share Trustee exercise the voting rights attached to the Special Voting Shares under the Thomson Reuters Corporation Articles or the Thomson Reuters PLC Articles, as the case may be, on all resolutions to approve Joint Electorate Actions or Class Rights Actions. Neither the Thomson Reuters Corporation Special Voting Share Trustee nor the Thomson Reuters PLC Special Voting Share Trustee exercises any discretion as to whether, or how, to exercise the voting rights attached to the Special Voting Shares.

In the event that the holder of the Thomson Reuters Corporation Special Voting Share or the holder of the Thomson Reuters PLC Special Voting Share is required by applicable laws to vote separately as a class on any resolution, the Thomson Reuters Corporation Special Voting Share Trustee or the Thomson Reuters PLC Special Voting Share Trustee, respectively, will vote in favor of that resolution if it has been approved by the holders of the Thomson Reuters Corporation common shares or the Thomson Reuters PLC ordinary shares, as applicable, and will vote against that resolution if it has not been approved by the holders of the Thomson Reuters Corporation common shares or the Thomson Reuters PLC ordinary shares, as applicable.

Indemnification

The Thomson Reuters Corporation Special Voting Share Trustee and the Thomson Reuters PLC Special Voting Share Trustee, their directors, officers, employees or agents will at all times be indemnified and saved harmless by Thomson Reuters Corporation and Thomson Reuters PLC, jointly and severally, from and against all claims whatsoever which either trustee may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted from or in relation to the execution of its duties as trustee or which it sustains or incurs in or about or in relation to the Special Voting Share Agreement. The indemnity will not apply to circumstances involving wilful misconduct or gross negligence of the Thomson Reuters Corporation Special Voting Share Trustee or the Thomson Reuters PLC Special Voting Share Trustee, as applicable, or its directors, officers, employees or agents.

Amendments to Special Voting Share Agreement

The Special Voting Share Agreement may be amended by written agreement of Thomson Reuters Corporation, Thomson Reuters PLC, the Thomson Reuters Corporation Special Voting Share Trustee and the Thomson Reuters PLC Special Voting Share Trustee. Any amendments which are formal or technical in nature and which are not materially prejudicial to the interests of shareholders of either Thomson Reuters Corporation or Thomson Reuters PLC or are necessary to correct any inconsistency or manifest error may be agreed between the parties. Any other amendment requires approval as a Class Rights Action.

Termination of Special Voting Share Agreement

The Special Voting Share Agreement automatically terminates if the Equalization and Governance Agreement is terminated in accordance with its terms. Either Thomson Reuters Corporation or Thomson Reuters PLC will advise the Thomson Reuters Corporation Special Voting Share Trustee and the Thomson Reuters PLC Special Voting Share Trustee of such termination no later than 30 days after such termination.

Governing Law

The Special Voting Share Agreement is governed by the laws of the Province of Ontario.

Cross-Guarantees

Thomson Reuters Corporation Guarantee

Unconditional Guarantee

Thomson Reuters Corporation executed the Thomson Reuters Corporation Guarantee, pursuant to which it unconditionally and irrevocably guarantees the following obligations of Thomson Reuters PLC:

- any contractual obligations owed to creditors of Thomson Reuters PLC as of, or incurred after, the Effective Date;
- any contractual obligations of certain other persons, referred to as principal debtors, which are guaranteed by Thomson Reuters PLC as of, or incurred after, the Effective Date; and
- any other obligations of Thomson Reuters PLC or any principal debtor of any kind which may be agreed to in writing between Thomson Reuters Corporation and Thomson Reuters PLC,

other than, in each case, obligations incurred by Thomson Reuters PLC or by any principal debtor:

- to the extent covered by the terms of any policy of insurance (or indemnity in the nature of insurance) of which Thomson Reuters PLC (or the principal debtor) has the benefit and which is in full force and effect;

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- explicitly guaranteed in writing by Thomson Reuters Corporation (otherwise than under the Thomson Reuters Corporation Guarantee) or for which Thomson Reuters Corporation has agreed in writing to act as co-obligor or co-issuer;
- under an arrangement which explicitly provides that the obligation is not to be guaranteed by Thomson Reuters Corporation;
- owed to Thomson Reuters Corporation, a subsidiary of Thomson Reuters Corporation or to any of the subsidiaries of Thomson Reuters PLC, save where such obligation is owed expressly to any subsidiary in its capacity as trustee for a registered occupational pension scheme;
- under or in connection with any guarantee by Thomson Reuters PLC of any obligation of Thomson Reuters Corporation or any subsidiary of Thomson Reuters Corporation;
- excluded from the scope of the Thomson Reuters Corporation Guarantee (see below);
- consisting of an obligation to pay a creditor an amount to compensate for any deduction or withholding for or on account of tax from any payment to that creditor, where no such deduction or withholding would be required as a result of payment being made by Thomson Reuters Corporation under the Thomson Reuters Corporation Guarantee rather than by the relevant principal debtor under the guaranteed obligation;
- under a guarantee to the extent that the guaranteed obligation is not a contractual obligation or is of a type excluded as referred to above; or
- owed to holders of Thomson Reuters PLC ordinary shares, in their capacity or otherwise flowing from their status as holders of such shares.

Thomson Reuters Corporation guarantees the payment by Thomson Reuters PLC of the obligations covered under the Thomson Reuters Corporation Guarantee and undertakes to pay on written demand any amounts due and in respect of such obligations if for any reason Thomson Reuters PLC does not make payment in respect of such obligations on their due date.

Thomson Reuters Corporation may also agree in writing with Thomson Reuters PLC at any time that any other obligation of any kind, including existing indebtedness of Thomson Reuters Corporation or Thomson Reuters PLC, be treated as an obligation under the Thomson Reuters Corporation Guarantee.

Beneficiaries of the Thomson Reuters Corporation Guarantee may make a demand upon Thomson Reuters Corporation provided that any such beneficiary has first served a demand on Thomson Reuters PLC and (to the extent, if any, that the terms of the relevant obligation require such recourse) recourse first being had to any other person or security.

In the event that Thomson Reuters Corporation is required to and makes any payment to any creditor under the Thomson Reuters Corporation Guarantee, Thomson Reuters PLC unconditionally and irrevocably agrees by way of a full indemnity to reimburse Thomson Reuters Corporation in respect of such payments, including interest thereon.

Exclusion of Obligations

Thomson Reuters Corporation may, with the agreement of Thomson Reuters PLC, at any time exclude obligations of a particular type, or a particular obligation or obligations, incurred after a specified future time from the scope of the Thomson Reuters Corporation Guarantee. The future time must, in the case of obligations of a particular type, be at least three months after the date on which notice of the relevant exclusion is given or, in the case of a particular obligation, at least five business days after the date on which notice is given. No agreement or exclusion is effective with respect to an existing obligation (that is, an obligation incurred before, or arising out of any credit or similar facility in effect at the time the termination becomes effective).

Termination or Amendment

The Thomson Reuters Corporation Guarantee automatically terminates if:

- the Equalization and Governance Agreement terminates or ceases to have effect;
- the Thomson Reuters PLC Guarantee terminates or ceases to have effect; or
- a resolution is passed or an order is made for the liquidation of Thomson Reuters PLC.

Any amendments to the Thomson Reuters Corporation Guarantee which are formal or technical in nature and which are not materially prejudicial to the interests of the shareholders of either Thomson Reuters Corporation or Thomson Reuters PLC or are necessary to correct any inconsistency or manifest error may be agreed between Thomson Reuters Corporation and Thomson Reuters PLC. Otherwise any amendment to or termination of the Thomson Reuters Corporation Guarantee requires approval by a Class Rights Action. No amendment to or termination of the Thomson Reuters Corporation Guarantee is effective in respect of obligations existing at the time of such amendment.

Governing Law

The Thomson Reuters Corporation Guarantee is governed by English law.

Thomson Reuters PLC Guarantee

Unconditional Guarantee

Thomson Reuters PLC executed the Thomson Reuters PLC Guarantee, pursuant to which it unconditionally and irrevocably guarantees the following obligations of Thomson Reuters Corporation:

- any contractual obligations owed to creditors of Thomson Reuters Corporation as of, or incurred after, the Effective Date;
- any contractual obligations of certain other persons, referred to as principal debtors, which are guaranteed by Thomson Reuters Corporation as of, or incurred after, the Effective Date; and
- any other obligations of Thomson Reuters Corporation or any principal debtor of any kind which may be agreed to in writing between Thomson Reuters PLC and Thomson Reuters Corporation,

other than, in each case, obligations incurred by Thomson Reuters Corporation or by any principal debtor:

- to the extent covered by the terms of any policy of insurance (or indemnity in the nature of insurance) of which Thomson Reuters Corporation (or the principal debtor) has the benefit and which is in full force and effect;
- explicitly guaranteed in writing by Thomson Reuters PLC (otherwise than under the Thomson Reuters PLC Guarantee) or for which Thomson Reuters PLC has agreed in writing to act as co-obligor or co-issuer;
- under an arrangement which explicitly provides that the obligation is not to be guaranteed by Thomson Reuters PLC;
- owed to Thomson Reuters PLC, a subsidiary of Thomson Reuters PLC or to any of the subsidiaries of Thomson Reuters Corporation, save where such obligation is owed expressly to any subsidiary in its capacity as trustee for a registered occupational pension scheme;

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- under or in connection with any guarantee by Thomson Reuters Corporation of any obligation of Thomson Reuters PLC or any subsidiary of Thomson Reuters PLC;
- excluded from the scope of the Thomson Reuters PLC Guarantee (see below);
- consisting of an obligation to pay a creditor an amount to compensate for any deduction or withholding for or on account of tax from any payment to that creditor, where no such deduction or withholding would be required as a result of payment being made by Thomson Reuters PLC under the Thomson Reuters PLC Guarantee rather than by the relevant principal debtor under the guaranteed obligation;
- under a guarantee to the extent that the guaranteed obligation is not a contractual obligation or is of a type excluded as referred to above; or
- owed to holders of Thomson Reuters Corporation common shares, in their capacity or otherwise flowing from their status as holders of such shares.

Thomson Reuters PLC guarantees the payment by Thomson Reuters Corporation of the obligations covered under the Thomson Reuters PLC Guarantee and undertakes to pay on written demand any amounts due and in respect of such obligations if for any reason Thomson Reuters Corporation does not make payment in respect of such obligations on their due date.

Thomson Reuters PLC entered into a deed of guarantee in favor of Reuters contractual creditors, pursuant to which Thomson Reuters PLC guarantees the payment by Reuters of any of Reuters contractual obligations in existence at the Effective Date.

Thomson Reuters PLC may also agree in writing with Thomson Reuters Corporation at any time that any other obligation of any kind, including existing indebtedness of Thomson Reuters PLC or Thomson Reuters Corporation, be treated as an obligation under the Thomson Reuters PLC Guarantee.

Beneficiaries of the Thomson Reuters PLC Guarantee may make a demand upon Thomson Reuters PLC provided that any such beneficiary has first served a demand on Thomson Reuters Corporation and (to the extent, if any, that the terms of the relevant obligation require such recourse) recourse first being had to any other person or security.

In the event that Thomson Reuters PLC is required to and makes any payment to any creditor under the Thomson Reuters PLC Guarantee, Thomson Reuters Corporation unconditionally and irrevocably agrees by way of a full indemnity to reimburse Thomson Reuters PLC in respect of such payments, including interest thereon.

Exclusion of Obligations

Thomson Reuters PLC may, with the agreement of Thomson Reuters Corporation, at any time exclude obligations of a particular type, or a particular obligation or obligations, incurred after a specified future time from the scope of the Thomson Reuters PLC Guarantee. The future time must, in the case of obligations of a particular type, be at least three months after the date on which notice of the relevant exclusion is given or, in the case of a particular obligation, at least five business days after the date on which notice is given. No agreement or exclusion will be effective with respect to an existing obligation (that is, an obligation incurred before, or arising out of any credit or similar facility in effect at the time the termination becomes effective).

Termination or Amendment

The Thomson Reuters PLC Guarantee automatically terminates if:

- the Equalization and Governance Agreement terminates or ceases to have effect;
- the Thomson Reuters Corporation Guarantee terminates or ceases to have effect; or

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- a resolution is passed or an order is made for the liquidation of Thomson Reuters Corporation.

Any amendments to the Thomson Reuters PLC Guarantee which are formal or technical in nature and which are not materially prejudicial to the interests of the shareholders of either Thomson Reuters Corporation or Thomson Reuters PLC or are necessary to correct any inconsistency or manifest error may be agreed between Thomson Reuters PLC and Thomson Reuters Corporation. Otherwise any amendment to or termination of the Thomson Reuters PLC Guarantee requires approval by a Class Rights Action. No amendment to or termination of the Thomson Reuters PLC Guarantee will be effective in respect of obligations existing at the time of such amendment.

Governing Law

The Thomson Reuters PLC Guarantee is governed by English law.

Reuters Trust Principles Support Agreement

Reuters Founders Share Company and Woodbridge entered into the Reuters Trust Principles Support Agreement.

Designation as Approved Person

Reuters Founders Share Company has designated Woodbridge as an Approved Person for the purposes of the Thomson Reuters Corporation Articles and the Thomson Reuters PLC Articles. This designation is irrevocable for so long as Woodbridge is controlled by members of the Thomson family, companies controlled by them and trusts for their benefit.

Agreements of Woodbridge with respect to Voting

Woodbridge votes its voting shares of Thomson Reuters Corporation and Thomson Reuters PLC in a manner consistent with the Reuters Trust Principles. Woodbridge gives Reuters Founders Share Company as much advance notice as practicable in the circumstances of how it intends to vote at meetings of shareholders of Thomson Reuters Corporation and Thomson Reuters PLC with a view to providing Reuters Founders Share Company with a reasonable opportunity to determine whether the manner in which Woodbridge intends to vote is inconsistent with the Reuters Trust Principles. Woodbridge uses its best efforts to give such notice to Reuters Founders Share Company before meeting materials are disseminated to shareholders but, in any event, gives such notice to Reuters Founders Share Company not less than ten days prior to the date of the applicable shareholders' meeting. Reuters Founders Share Company will notify Woodbridge of its determination as soon as practicable.

All disagreements and disputes between Woodbridge and Reuters Founders Share Company as to the manner in which Woodbridge intends to vote at shareholders' meetings are brought to the attention of the President of Woodbridge and the Chairman of Reuters Founders Share Company, who tries to resolve the disagreement or dispute, failing which the disagreement or dispute is submitted to final and binding arbitration. Under the arbitration provisions, either Woodbridge or Reuters Founders Share Company may apply to a court of competent jurisdiction in Ontario for interim relief. Each party may appoint one arbitrator to a panel of three arbitrators, and the two arbitrators are to select a third, who acts as the chairman of the arbitration panel. Decisions of the panel are final and binding on Woodbridge and Reuters Founders Share Company.

Where a shareholders' meeting of Thomson Reuters Corporation or Thomson Reuters PLC is to be held before the disagreement or dispute is resolved, Woodbridge, subject to applicable laws, takes all actions within its control as are necessary or appropriate to ensure that the subject of the disagreement or dispute is not proposed for consideration at such meeting, including by voting in favor of the postponement or adjournment of the shareholders' meeting, and refraining from voting on the disputed matter.

Additional Agreements of Woodbridge

Woodbridge agreed with Reuters Founders Share Company that:

- Woodbridge uses its best efforts as a shareholder of Thomson Reuters Corporation and Thomson Reuters PLC to ensure that the Reuters Trust Principles are complied with in relation to Thomson Reuters;
- Without the prior written consent of Reuters Founders Share Company, Woodbridge will not transfer any voting shares of Thomson Reuters Corporation or Thomson Reuters PLC to any person that is not an Approved Person, where the transferee would become an Acquiring Person under the Thomson Reuters Corporation Articles or the Thomson Reuters PLC Articles;
- Without the prior written consent of Reuters Founders Share Company, Woodbridge will not purchase securities of any class of Thomson Reuters Corporation or Thomson Reuters PLC if, as a result of such transaction, securities of that company would cease to be eligible for listing on a stock exchange on which that company's securities are then listed; and
- Upon the request of Reuters Founders Share Company, Woodbridge will promptly requisition the Thomson Reuters board to call a meeting of shareholders of Thomson Reuters Corporation and/or Thomson Reuters PLC for such purpose as Reuters Founders Share Company, in its sole and absolute discretion, thinks fit.

Termination

The Reuters Trust Principles Support Agreement automatically terminates if at any time Woodbridge ceases to be controlled by members of the Thomson family, companies controlled by them and trusts for their benefit.

The Reuters Trust Principles Support Agreement may also be terminated upon the mutual written agreement of Woodbridge and Reuters Founders Share Company or upon Woodbridge providing written notice to Reuters Founders Share Company at any time when Woodbridge beneficially owns and/or has an interest in shares representing less than 10% of the aggregate voting and economic interests in Thomson Reuters.

Implementation Agreement

The Implementation Agreement sets out the terms and conditions upon which Thomson, Reuters, Woodbridge and Thomson Reuters PLC agreed to implement the Transaction. The Implementation Agreement was entered into on May 15, 2007.

To effect the Transaction, Reuters was indirectly acquired by Thomson Reuters PLC (a newly formed special purpose subsidiary of Thomson established to be the indirect holding company of Reuters, formerly Thomson-Reuters Limited) through a scheme of arrangement in which each Reuters ordinary share was exchanged for 352.5 pence in cash and 0.16 Thomson Reuters PLC ordinary shares. Reuters shareholders as a result became Thomson Reuters PLC shareholders.

Under the Implementation Agreement, Thomson, Reuters, Woodbridge and Thomson Reuters PLC agreed among other things:

- to cooperate and take or cause to be taken all such steps as are within their power and as may be necessary or desirable to implement the Transaction as soon as reasonably practicable; and
- without prior consent of the parties, not to take a step which they believe could significantly frustrate Thomson Reuters from obtaining the benefits of the Transaction.

Woodbridge irrevocably committed to vote all of its Thomson shares in favor of the Arrangement Resolution.

Conditions and Obligations

Completion of the Transaction was subject to certain conditions set forth in the Implementation Agreement being satisfied or waived by no later than December 31, 2008. If the conditions were not satisfied or (where capable of waiver) waived by the relevant party, the Implementation Agreement would have automatically terminated, and the Transaction would not have proceeded. These conditions included the clearance of the Transaction by the European Commission under the EU Merger Regulation and by the US Department of Justice (the “**Antitrust Conditions**”), which clearances were received.

The Transaction was also subject to certain other conditions that were required to be satisfied or waived before December 31, 2008, the most significant of which included:

- the approval of all resolutions necessary for the completion of the Transaction by Reuters shareholders;
- the approval of all resolutions necessary for the completion of the Transaction by Thomson shareholders;
- the approval of the Reuters Scheme by the English Court and the obtaining of the Interim Order and Final Order from the Ontario Court;
- the admission of Thomson Reuters PLC ordinary shares to listing on the Official List of the UKLA, and their admission to trading on the LSE’s main market for listed securities; and
- that no material adverse change in the business, assets, position or profits of Reuters or Thomson occurred, such condition being waivable by Thomson or Reuters in respect of a material adverse change of the other company.

Prior to the Effective Date, Thomson covenanted, among other things:

- not to issue such number of Thomson common shares which would result in Woodbridge holding less than 66 2/3% of the then outstanding Thomson common shares;
- not to take or omit to take any action which, if the Equalization and Governance Agreement were in force, would require an adjustment to the Equalization Ratio (which until the Effective Date is deemed to be 0.16 Thomson common shares to one Reuters ordinary share), a Matching Action or a Class Rights Action; and
- not to participate in substantive meetings or discussions with any regulatory authority in respect of the Antitrust Conditions or the other conditions without the prior consent of Reuters.

Prior to the Effective Date, Reuters covenanted, among other things:

- at the request of Thomson, to agree to divest, hold separate or take any other action that limits its freedom of action with respect to, or its ability to retain, its businesses, services or assets, provided that any such action may be conditioned on the Transaction having been completed;
- not to solicit an offer from any person wishing to undertake an offer in respect of a significant proportion of Reuters ordinary shares, not to sell the whole of or a substantial part of its consolidated assets, and not to partake in any transaction inconsistent with the completion of the Transaction;
- not to engage in any act or omission which would require the consent of Reuters shareholders under applicable laws, other than as required to implement the Transaction, or pursuant to a pre-existing contractual obligation, without the prior consent of Thomson;

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- not to borrow any funds other than in the ordinary course of business or to meet its pre-existing obligations, or agree to any additional restrictions with its existing lenders on its ability to declare dividends and/or transfer assets to Thomson or any affiliate of Thomson, without the prior consent of Thomson;
- not to take or omit to take any action which, if the Equalization and Governance Agreement were in force, would require an adjustment to the Equalization Ratio (which until the Effective Date is deemed to be 0.16 Thomson common shares to one Reuters ordinary share), a Matching Action or a Class Rights Action; and
- not to participate in substantive meetings or discussions with any regulatory authority in respect of the Antitrust Conditions or the other conditions without the prior consent of Thomson.

Other Key Provisions of the Implementation Agreement

Alternative Proposals and Break Fees

Reuters agreed not to solicit an offer or approach from any person who wished to undertake an alternative proposal (an "Alternative Proposal"), being an offer or proposal in respect of a significant proportion of Reuters ordinary shares (being in excess of 25%, when aggregated with shares already held by the third party and anyone acting in concert with the third party) or the sale of the whole or a substantial part of its assets or any other transaction inconsistent with the completion of the Transaction.

A termination fee of £86.8 million was payable by Reuters to Thomson if Thomson terminated the Implementation Agreement as a result of Reuters being in material breach of its obligations not to solicit an Alternative Proposal and within 12 months any Alternative Proposal was announced and subsequently that Alternative Proposal (or any previously announced Alternative Proposal) became unconditional or otherwise completed.

A termination fee of £86.8 million was also payable by Reuters to Thomson if the Reuters board of directors failed to make a unanimous and unqualified recommendation that Reuters shareholders vote in favor of resolutions to approve the Transaction, or qualified or adversely modified that recommendation or if the Reuters board of directors agreed to or recommended an Alternative Proposal, and, in each case, any Alternative Proposal was announced before the completion of the Transaction and subsequently that Alternative Proposal (or any previously announced Alternative Proposal) became unconditional or otherwise completed.

A termination fee of £86.8 million was payable by Thomson to Reuters if the Arrangement Resolution was not approved by Thomson shareholders prior to December 31, 2008.

Conduct of the Business

Each of Thomson and Reuters undertook additional customary covenants that placed restrictions on them until the completion of the Transaction. In general, Thomson and Reuters were required to conduct their respective businesses in the ordinary course in all material respects consistent with past practice, and not to alter the nature or scope of their business in any way which was material in the context of the completion of the Transaction.

Representations and Warranties

The Implementation Agreement contained a number of customary representations and warranties of Thomson, Reuters and Woodbridge relating to: (i) proper organization, good standing and corporate authority; (ii) enforceability of and compliance with the terms of the Implementation Agreement; (iii) the absence of any conflicts, breaches or defaults (statutory, contractual or fiduciary) arising from the parties' performance under the Implementation Agreement; (iv) the accuracy of information; and (v) lack of knowledge of information likely to lead to a breach of the Implementation Agreement. Woodbridge further represented and warranted that it was the beneficial owner of approximately 70% of the outstanding Thomson common shares. Thomson Reuters PLC provided representations and warranties related to proper organization, good standing and corporate authority, and

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warranted that it had not entered into any contract other than the Implementation Agreement and other documents related to the Transaction.

Declaration and Payment of Dividends

Thomson and Reuters agreed to coordinate the declaration of dividends until completion of the Transaction and that both Thomson shareholders and Reuters shareholders were to receive a proportionate adjustment of dividends if the Transaction was completed before the end of a financial period.

Reuters Share Plans

Until completion of the Transaction, Reuters was able to grant options and awards under its existing share plans consistent with past practice. Reuters ordinary shares allotted and issued prior to 6:00 p.m. (London time) on April 15, 2008 were subject to the Reuters Scheme. The Reuters Articles were amended so that any Reuters ordinary shares allotted and issued to any person or transferred by a Reuters employee benefit trust after 6:00 p.m. (London time) on April 15, 2008 would be automatically acquired indirectly by Thomson Reuters PLC on substantially the same terms as under the Reuters Scheme.

Special Voting Shares and Founders Shares

Thomson Reuters Corporation and Thomson Reuters PLC agreed to each issue, on the Effective Date, a Reuters Founders Share to Reuters Founders Share Company, and Woodbridge agreed to execute and deliver the Reuters Trust Principles Support Agreement, on or before the Effective Date. Shortly after the Effective Date, the Thomson Reuters Corporation Special Voting Share Trustee and the Thomson Reuters PLC Special Voting Share Trustee will subscribe for the Special Voting Shares.

Corporate Governance

The Implementation Agreement provided that on the Effective Date, Thomson would change its name to "Thomson Reuters Corporation" and specified the composition of the Thomson Reuters board following completion of the Transaction.

Termination

The Implementation Agreement was to terminate automatically in the event that:

- Reuters shareholders did not approve the Reuters Scheme;
- Thomson failed to obtain the Interim Order or the Final Order;
- the English Court failed to sanction the Reuters Scheme;
- the Transaction was not completed by December 31, 2008; or
- any of the Antitrust Conditions or other conditions were (or became) incapable of satisfaction and, where such condition was capable of waiver, were not waived.

Thomson was able to terminate the Implementation Agreement if Reuters was in material breach of its obligations not to solicit Alternative Proposals. Reuters was able to terminate the Implementation Agreement if Thomson shareholders did not pass the Arrangement Resolution.

Governing Law

The Implementation Agreement is governed by English law.

Other Agreements

Thomson Information

Other than the Transaction Documents which are described under the “Thomson Reuters — Summaries of Transaction Documents” sub-section of this Item 10C., and information described under Item 4B. “Business Overview — Historical Information about Thomson — Material Contracts”, no material contracts have been entered into by Thomson other than in the ordinary course of business since May 4, 2005.

Reuters Information

Other than the Transaction Documents which are described under the “Thomson Reuters — Summaries of Transaction Documents” sub-section of this Item 10C and information described under Item 4B. “Business Overview — Historical Information about Reuters — Material Contracts”, no material contracts have been entered into by Reuters other than in the ordinary course of business since May 4, 2005.

ITEM 10D. Exchange Controls

Exchange Controls

Under English law and the Thomson Reuters PLC Articles, persons who are neither residents nor nationals of the UK may freely hold, vote and transfer their ordinary shares in the same manner as UK residents or nationals. There are currently no UK foreign exchange control restrictions on remittances of dividends to non-resident holders of ordinary shares or on the conduct of Thomson Reuters PLC operations.

ITEM 10E. Taxation

Taxation information for US shareholders

The following discussion of taxation is intended only as a descriptive summary and does not purport to be a complete technical analysis or listing of all potential tax effects relevant to a decision to acquire Thomson Reuters PLC’s ordinary shares or ADSs. This is a summary of the material US federal income tax and UK tax consequences of the ownership of ordinary shares or ADSs by a US holder who holds the ordinary shares or ADSs as capital assets. The summary does not take into account the specific circumstances of any particular investors, some of which may be subject to special rules, such as dealers in securities, US holders who hold directly or indirectly 10% or more of the voting stock or US holders who elected to apply the provisions of the former income tax convention between the United States and the United Kingdom. In addition, the summary is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms. The summaries of US and UK tax laws are based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, current tax laws, current UK Revenue and Customs published practice and the terms of the UK/US double tax treaty which came into effect on 31 March 2003 (the “**Treaty**”), as appropriate, all of which are subject to change at any time, possibly with retrospective effect.

For the purposes of this discussion, a “**US holder**” is any beneficial owner of ordinary shares or ADSs that is (i) a citizen or resident for tax purposes of the US, (ii) a corporation organised under the laws of the US or any US State, (iii) an estate the income of which is subject to US federal income tax without regard to its source, or (iv) a trust if a court within the US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust.

There is little or no guidance as to the proper characterization for US federal income tax purposes of the DLC structure. In the absence of any such guidance, Thomson Reuters intends to treat the DLC structure for US federal income tax purposes in accordance with its form and does not intend to re-characterize the Transaction as resulting in some form of merger or in the creation of a joint venture between Thomson Reuters PLC shareholders and Thomson Reuters Corporation shareholders, or as between Thomson Reuters PLC and Thomson Reuters Corporation themselves, or otherwise.

Taxation of dividends

UK taxation

Under current UK taxation legislation, no withholding tax will be deducted from dividends paid by Thomson Reuters PLC. A shareholder that is a company resident for UK tax purposes in the UK will not generally be taxable on any dividend it receives from Thomson Reuters PLC. A shareholder who is an individual resident for tax purposes in the UK is entitled to a tax credit on cash dividends paid by Thomson Reuters PLC on ordinary shares or ADSs equal to one-ninth of the cash dividend or 10% of the dividend plus the tax credit. Such shareholders will be taxable on the total of the dividend and the related tax credit, which will be regarded as the top slice of the shareholder's income. The tax credit may be set off against a UK resident individual shareholder's total income tax liability, but no cash refund will be available. A US holder (as defined above) will not be entitled to any tax credit from the UK Revenue and Customs in respect of a dividend from Thomson Reuters PLC although there will be no further UK tax to pay in respect of that dividend.

US federal income taxation

The gross amount of any dividend paid by Thomson Reuters PLC to a US holder will generally be subject to US federal income taxation. Such a dividend will not be eligible for the dividends-received deduction generally allowed to US corporations with respect to dividends from other US corporations. The amount of the dividend to be included in income will be the US dollar value of the pound sterling payments made, determined at the spot pound sterling/US dollar rate on the date of the dividend distribution, regardless of whether the payment is in fact converted into US dollars.

Qualified dividend income

An individual US holder's "qualified dividend income" is subject to tax at a reduced rate of 15% provided that the shares or ADSs are held for at least 61 days of the 121 day period beginning on the date which is 60 days before the ex-dividend date and the holder meets other holding period requirements. As a result of the Transaction, it is not entirely clear whether US holders of Thomson Reuters PLC ordinary shares would be able to qualify for the reduced rate. The Transaction, however, should not affect the ability of US holders of ADSs to qualify for the reduced rate, assuming Thomson Reuters PLC is not a "passive foreign investment company" ("PFIC").

In either case, dividends with respect to Thomson Reuters PLC will not qualify for the reduced rate if Thomson Reuters PLC is treated for the tax year in which dividends are paid (or for the prior year), as a PFIC for US federal income tax purposes. As discussed below, Thomson Reuters PLC does not believe it is a PFIC for the current taxable year or was a PFIC for 2007. Accordingly, the company considers that dividends paid with respect to the ADSs, and possibly with respect to the ordinary shares, will be "qualified dividend income" and, subject to the US holder's satisfaction of the holding period requirements described above, should be eligible for the reduced 15% US federal income tax rate. Thomson Reuters PLC dividends generally will be foreign source passive income for US foreign tax credit purposes.

Taxation of capital gains

UK taxation

Upon a sale or other disposal by a holder of ordinary shares or ADSs, a gain or loss may be recognised for UK capital gains tax purposes equal broadly to the difference between the sterling value of the disposal proceeds and the holder's tax basis in the relevant ordinary shares or ADSs (and subject to the availability of any applicable exemptions). Under the Treaty, capital gains on disposals of ordinary shares or ADSs will generally be subject to tax only in the jurisdiction of residence of the relevant holder as determined for the purposes of the Treaty, unless the ordinary shares or ADSs are held as part of the business property of a permanent establishment of that holder in the UK in which case such capital gains may be subject to tax in both jurisdictions. The Treaty also contains an anti-avoidance rule which will be relevant to individuals who are residents of either the UK or the US and who have been resident of the other jurisdiction (the US or the UK, as the case may be) at any time during the six years immediately preceding the relevant disposal of shares or ADSs. The Treaty provides that, in such circumstances, capital gains arising from the disposal may be subject to tax not only in the jurisdiction of which the holder is resident at the time of the disposal, but also in that other jurisdiction.

Additional tax considerations

UK inheritance tax

An individual who is domiciled in the US for the purposes of the UK/US Estate and Gift Tax Convention (the Convention) and who is not a national of the UK for the purposes of the Convention, will not generally be subject to UK inheritance tax in respect of ordinary shares or ADSs on the individual's death, or on a transfer of ordinary shares or ADSs during the individual's lifetime provided that any applicable US federal gift or estate tax is paid. However, such an individual will be subject to UK inheritance tax if the ordinary shares or ADSs are part of the business property of a permanent establishment of the individual in the UK, or pertain to a fixed base in the UK of an individual who performs independent personal services. Special rules apply to ordinary shares or ADSs held in trust. In the exceptional case, where the disposition is subject both to UK inheritance tax and to US federal gift or estate tax, the Convention generally provides for any tax paid in the UK to be credited against tax liable to be paid in the US, or for tax paid in the US to be credited against the tax payable in the UK, based on priority rules set out in the Convention.

UK stamp duty and stamp duty reserve tax

No UK stamp duty or stamp duty reserve tax (SDRT) will be payable on the transfer of an ADS, or agreement to transfer an ADS, provided that the instrument of transfer, or written agreement, is executed and retained outside the UK and does not relate to any matter or thing done, or to be done, in the UK. UK stamp duty will generally be payable on conveyances or transfers of ordinary shares, at the rate of 0.5% of the amount or value of the consideration, if any, for the transfer (rounded up to the next multiple of £5). SDRT will be imposed, at the rate of 0.5% of the amount or value of the consideration for the transfer if an agreement is made for the transfer of ordinary shares, unless an instrument of transfer of the ordinary shares in favor of the purchaser, or its nominee, is executed and duly stamped within six years of the day that the agreement is made (or, in a case where the agreement is conditional, the day that the condition is satisfied) in which case, any SDRT paid will be repaid (together with interest where the SDRT is not less than £25) on a claim for repayment or, to the extent not paid, the charge to SDRT will be cancelled. SDRT is in general payable by the purchaser of ordinary shares, but there are regulations which provide for collection from other persons in certain circumstances, including from CREST where the relevant ordinary shares are held in CREST. UK stamp duty or SDRT will generally be imposed on any instrument transferring ordinary shares to a person, or to a nominee or agent for such a person, whose business is or includes issuing depositary receipts (such as the ADSs) for relevant securities. In these circumstances, stamp duty or SDRT will be charged at the rate of approximately 1.5% of the amount or value of the consideration for the conveyance or transfer on sale or, otherwise, 1.5% of the value of the security transferred at the date the instrument is executed.

A transfer into CREST will not be subject to this charge. A transfer of ordinary shares from a depositary, or its agent or nominee, to a transferee, which results in the cancellation of the ADS, which cancellation is liable to stamp duty as a "conveyance or transfer on sale" because it completes a sale of such ordinary shares, will be liable to ad valorem stamp duty, at the rate of 0.5% of the amount or value of the consideration, if any, for the transfer. A transfer of ordinary shares from a depositary, or its agent or nominee, to the ADS holder, which results in cancellation of the ADS but where there is no transfer of beneficial ownership, is not liable to duty as a "conveyance or transfer on sale", but will be liable to a fixed stamp duty of £5.

US PFIC status

If a foreign company is a PFIC, based on either an income test or an asset test then certain distributions and gains can be allocated rateably over a US shareholder's holding period, with the effect that the amount allocated to the current taxable year and any taxable year before the company became a PFIC would be taxable as ordinary income in the current year and the amount allocated to other taxable years would be taxed at the highest rate in effect for that year on ordinary income. The tax is also subject to an interest charge to recover the deemed benefit from the deferred payment of the tax attributable to each such year. Thomson Reuters PLC reasonably believes that Reuters was not a PFIC in 2007 and does not anticipate it becoming a PFIC. However, the tests for determining PFIC status

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are applied annually and it is difficult to make accurate predictions of future income and assets, which are relevant to this determination. In addition, the application of the PFIC rules to the DLC structure is uncertain and involves some risk that the IRS will consider Thomson Reuters PLC to be a PFIC.

Accordingly, Thomson Reuters PLC cannot assure US holders that the IRS would agree with our belief, nor can Thomson Reuters PLC assure US holders that it will not become a PFIC. US holders are urged to consult their own tax advisors about the PFIC rules, including the consequences to them of making a mark-to-market election with respect to Thomson Reuters PLC's ordinary shares and ADSs in the event that Thomson Reuters PLC qualifies as a PFIC.

US information reporting and backup withholding

A US holder is generally subject to information reporting requirements with respect to dividends paid in the US on ordinary shares or ADSs and disposal proceeds realised from the sale, exchange, redemption or other disposal of ordinary shares or ADSs. In addition, a US holder is subject to backup withholding (currently at a rate of 28%) on dividends paid in the US on ordinary shares or ADSs and disposal proceeds realised from the sale, exchange, redemption or other disposal of ordinary shares or ADSs unless the US holder is a corporation, provides an IRS Form W-9 or otherwise establishes a basis for exemption. Backup withholding is not an additional tax. The amount of any backup withholding will be allowed as a credit against a US holder's US federal income tax liability and may be refunded, provided that certain information is furnished to the IRS.

ITEM 10F. Dividends and Paying Agents

Not applicable.

ITEM 10G. Statement by Experts

Not applicable.

ITEM 10H. Documents on Display

Any statement in this Form 20-F about any of Thomson Reuters PLC's contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to the Form 20-F the contract or document is deemed to modify the description contained in this Form 20-F. You must review the exhibits themselves for a complete description of the contract or document.

You may review a copy of Thomson Reuters PLC's filings with the SEC, including exhibits and schedules filed with it, at the SEC's public reference facilities in 100 F Street N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information. In addition, the SEC maintains an Internet site at <http://www.sec.gov> that contains reports and other information regarding issues that file electronically with the SEC. These SEC filings are also available to the public from commercial document retrieval services.

We are required to file reports and other information with the SEC under the US Exchange Act and regulations under that act. As a foreign private issuer, we are exempt from the rules under the US Exchange Act prescribing the form and content of proxy statements and our officers, directors and principal shareholders are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the US Exchange Act.

ITEM 10I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Thomson Information

For information regarding quantitative and qualitative disclosures about market risk, see Exhibit 99.1, management's discussion and analysis of Thomson for the year ended December 31, 2007, under the heading "Liquidity and Capital Resources", filed as part of this Annual Report on Form 20-F.

Reuters Information

For information regarding quantitative and qualitative disclosures about market risk, see Item 5A. "Operating Results — Reuters Information — Supporting Financial Information — Management of Risks."

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

For information on material modifications to the rights of security holders and use of proceeds, see Item 10C. "Material Contracts — Thomson Reuters — Summaries of Transaction Documents".

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Thomson Information

For information regarding Thomson's controls and procedures, see Exhibit 99.1, management's discussion and analysis of Thomson for the year ended December 31, 2007, under the heading "Additional Information — Disclosure Controls and Procedures", filed as part of this Annual Report on Form 20-F.

Reuters Information

Prior to completion of the Transaction, Reuters management carried out an evaluation of the effectiveness as of December 31, 2007 of the design and operation of Reuters disclosure controls and procedures. These are designed to ensure that information required to be disclosed in reports filed under the US Exchange Act is recorded, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files under the US Exchange Act is accumulated and communicated to Reuters management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, the CEO and the CFO of Reuters concluded that the design and operation of these disclosure controls and procedures were effective as of December 31, 2007 to a reasonable assurance level (within the meaning of the US federal securities laws). No changes were made in Reuters internal controls over financial reporting during the period covered by this report that materially affected, or are reasonably likely to affect materially, Reuters internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Thomson Information

See "Management's Report on Internal Control over Financial Reporting" on page 1 of the audited consolidated financial statements of Thomson for the year ended December 31, 2007 set out in Exhibit 99.2 filed as part of this Annual Report on Form 20-F.

Reuters Information

In accordance with section 404 of the Sarbanes-Oxley Act of 2002, the following report is provided by management in respect of Reuters internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the US Exchange Act). The management of Reuters is responsible for establishing and maintaining adequate internal control over financial reporting for Reuters. Reuters internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Reuters financial statements for external purposes in accordance with generally accepted accounting principles.

Reuters internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Reuters; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Reuters are being made only in accordance with authorizations of management and directors of Reuters; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Reuters assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Reuters internal control over financial reporting as of December 31, 2007, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. Based on that assessment, management concluded that, as of December 31, 2007, Reuters internal control over financial reporting was effective.

Report of the Independent Auditors

PricewaterhouseCoopers LLP has audited the consolidated financial statements of each of Thomson and Reuters for the financial year ended December 31, 2007 and has issued a report with respect to internal control over financial reporting of each company, See "Independent Auditors" Report attached to the audited consolidated financial statements for the year ended December 31, 2007 for Thomson and Reuters individually.

[Table of Contents](#)**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

For information with respect to Thomson Reuters, see Item 6C. “Board Practices — Audit Committee.”

ITEM 16B. CODE OF ETHICS

For information with respect to Thomson Reuters, see Item 6C. “Board Practices — Code of Business Conduct and Ethics.”

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**Thomson Information**

PricewaterhouseCoopers LLP have been the auditors of Thomson since its incorporation in 1977.

Fees payable to PricewaterhouseCoopers LLP, Toronto, Canada, with respect to The Thomson Corporation for the years ended December 31, 2007 and 2006 were as follows:

<i>(in millions of US dollars)</i>	2007	2006
Audit fees	\$ 13.7	\$ 21.1
Audit-related fees	19.0	11.5
Tax fees	10.9	7.4
All other fees	0.2	0.1
Total	\$ 43.8	\$ 40.1

Audit Fees

These audit fees were for professional services rendered for the audits of consolidated financial statements, reviews of interim financial statements included in periodic reports, audits related to internal control over financial reporting, and services that generally only the independent auditors can reasonably provide, such as comfort letters, statutory audits, consents, and assistance and review of documents filed with securities regulatory authorities.

Audit-related Fees

These audit-related fees were for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported under the “audit fees” category above. These services included advisory services related to internal control over financial reporting, audits of various employee benefit plans, transaction due diligence, subsidiary audits and other services related to acquisitions and dispositions.

Tax Fees

Tax fees were for tax compliance, tax advice and tax planning. These services included the preparation and review of corporate and expatriate tax returns, assistance with tax audits and transfer pricing matters, advisory services relating to federal, state, provincial and international tax compliance, customs and duties, and restructurings, mergers and acquisitions.

All Other Fees

Fees disclosed in the tables above under the item “all other fees” were for services other than the audit fees, audit-related fees and tax fees described above. These services included authoring content for inclusion in certain of Thomson’s products and services; and French translations of its financial statements, MD&A and financial information included in its prospectuses and other offering documents.

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Reuters Information

For information regarding Reuters fees payable to its auditors, see Annex A-8, notes to the financial statements of Reuters for the year ended December 31, 2007, under notes “03 Operating Costs”, filed as part of this Annual Report on Form 20-F.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Thomson Information

For information with respect to Thomson, see Exhibit 99.1, management’s discussion and analysis of Thomson for the year ended December 31, 2007, under the heading “Liquidity and Capital Resources — Share Repurchase Program”, filed as part of this Annual Report on Form 20-F.

Reuters Information

For information with respect to Reuters, see Annex A-8, notes to the financial statements of Reuters for the year ended December 31, 2007, under notes “27 Share Capital”, and “38 Subsequent Events” filed as part of this Annual Report on Form 20-F as well as Item 5A. “Operating Results — Reuters Information — Supporting Financial Information — Pending Transactions and Past Balance Sheet Events”.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of responding to this item.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements are filed as part of this annual report on Form 20-F.

Reuters Information

	Exhibit
Index to consolidated financial statements	Annex A-1
Report of Independent Registered Public Accounting Firm to the Members of Reuters Group PLC	Annex A-2
Consolidated income statement for the years ended December 31, 2007, 2006 and 2005	Annex A-3
Consolidated statement of recognized income and expense for the years ended December 31, 2007, 2006 and 2005	Annex A-4
Consolidated balance sheet as of December 31, 2007, 2006 and 2005	Annex A-5
Consolidated cash flow statement for the years ended December 31, 2007, 2006 and 2005	Annex A-6
Group accounting policies	Annex A-7
Notes to the financial statements	Annex A-8

ITEM 19. EXHIBITS

Number	Description
3.1	Thomson Reuters PLC Memorandum of Association filed herewith
3.2	Thomson Reuters PLC Articles of Association filed herewith
4.1	Implementation Agreement, dated May 15, 2007, among The Thomson Corporation, Reuters Group PLC, The Woodbridge Company Limited and Thomson-Reuters Limited, together with the agreed forms of Equalization and Governance Agreement, Thomson-Reuters PLC Deed of Guarantee and The Thomson Corporation Deed of Guarantee (incorporated by reference to Exhibit 99.1 from Reuters Form 6-K (File No. 333-08354), dated May 24, 2007)
4.2	Credit Agreement dated as of August 14, 2007 (incorporated by reference to Exhibit 99.1 from Thomson Reuters Corporation's Form 6-K dated August 31, 2007)
4.3	364-Day Revolving Credit Agreement dated as of May 24, 2007 and as amended on June 27, 2007 (incorporated by reference to Exhibit 99.2 from Thomson Reuters Corporation's Form 6-K dated August 31, 2007)
4.4	Trust Indenture dated as of November 20, 2007 (incorporated by reference to Exhibit 7.1 from Thomson Reuters Corporation's Form F-9 registration statement, dated November 9, 2007)
4.5	Deposit Agreement, dated as of April 17, 2008, by and among Thomson Reuters PLC, Deutsche Bank Trust Company Americas, as depository, and all Holders and Beneficial Owners from time to time of American Depositary Shares evidenced by American Depositary Receipts issued thereunder (including the form of American Depositary Receipt to be issued thereunder, attached as Exhibit A thereto)(incorporated by reference to Exhibit A from Thomson Reuters PLC's Form F-6 registration statement dated April 17, 2008)
4.6	Service Agreement of Thomas H. Glocer with Reuters Group. PLC dated as of March 9, 2007 (incorporated by reference to Exhibit 4.10.1 from Reuters Group PLC's Annual Report on Form 20-F dated March 16, 2007)

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Number	Description
4.7	Amended and Restated Programme Agreement, dated June 9, 2006, between Reuters Group PLC, as Issuer and Guarantor, and Reuters Finance PLC, as Issuer, in respect of a £1,000,000,000 Euro Medium Term Note Programme (incorporated by reference to Exhibit 4.6 from Reuters Form 20-F annual report (File No. 333-08354), as amended, dated March 16, 2007)
4.8	Amended and Restated Trust Deed, dated June 9, 2006, among Reuters Group PLC, as Issuer and as Guarantor, and Reuters Finance PLC, as Issuer, and Citicorp Trustee Company Limited, in respect of a £1,000,000,000 Euro Medium Term Note Programme (incorporated by reference to Exhibit 4.6.1 from Reuters Form 20-F annual report (File No. 333-08354), as amended, dated March 16, 2007)
4.9	Amended and Restated Agency Agreement, dated June 9, 2006, among Reuters Group PLC as Issuer and Guarantor; Reuters Finance PLC as Issuer; Citibank, N.A. as Agent; Citigroup Global Markets Deutschland AG & CO. KGaA as Paying Agent; and Citicorp Trustee Company Limited as Trustee, in respect of a £1,000,000,000 Euro Medium Term Note Programme (incorporated by reference to Exhibit 4.6.2 from Reuters Form 20-F annual report (File No. 333-08354), as amended, dated March 16, 2007)
4.10	Final Terms dated November 24, 2006, in respect of Reuters Group PLC Issue of EUR 250,000,000 Floating Rate Notes due November 2008 under the £1,000,000,000 Euro Medium Term Note Programme (incorporated by reference to Exhibit 4.6.7 from Reuters Form 20-F annual report (File No. 333-08354), dated March 16, 2007)
4.11	Subscription Agreement of Reuters Group PLC, dated November 24, 2006, with respect to EUR 250,000,000 Floating Rate Notes due November 2008 (incorporated by reference to Exhibit 4.6.8 from Reuters Form 20-F annual report (File No. 333-08354), dated March 16, 2007)
4.12	£680,000,000 Multicurrency Revolving Facility Agreement of Reuters Group PLC, dated October 26, 2006, arranged by Citigroup Global Markets Limited; Commerzbank AG London Branch; Deutsche Bank AG, London Branch; Dresdner Bank AG Niederlassung Luxembourg; HSBC Bank plc; J.P. Morgan plc; Lloyds TSB Bank PLC; Morgan Stanley Bank International Limited; Société Générale; Standard Chartered Bank; The Royal Bank of Scotland plc; and UBS Limited, with HSBC Bank plc acting as Agent (incorporated by reference to Exhibit 4.7 from Reuters Form 20-F annual report (File No. 333-08354), dated March 16, 2007)

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Number	Description
15.1	Consent of PricewaterhouseCoopers LLP London
31.1	Certification of Thomson Reuters PLC's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Thomson Reuters PLC's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Thomson Reuters PLC's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Thomson Reuters PLC's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Thomson's management's discussion and analysis for the year ended December 31, 2007 filed herewith
99.2	Thomson's audited consolidated financial statements for the year ended December 31, 2007 filed herewith
99.3	Equalization and Governance Agreement (incorporated by reference to Exhibit 99.3 from Thomson Reuters Corporation's Form 6-K dated April 17, 2008)
99.4	Thomson Reuters Corporation Deed of Guarantee (incorporated by reference to Exhibit 99.4 from Thomson Reuters Corporation's Form 6-K dated April 17, 2008)
99.5	Thomson Reuters PLC Deed of Guarantee (incorporated by reference to Exhibit 99.5 from Thomson Reuters Corporation's Form 6-K dated April 17, 2008)
99.6	Thomson Reuters Corporation Voting Share Trust Deed (incorporated by reference to Exhibit 99.6 from Thomson Reuters Corporation's Form 6-K dated April 17, 2008)
99.7	Thomson Reuters PLC Voting Share Trust Deed (incorporated by reference to Exhibit 99.7 from Thomson Reuters Corporation's Form 6-K dated April 17, 2008)
99.8	Special Voting Share Agreement (incorporated by reference to Exhibit 99.8 from Thomson Reuters Corporation's Form 6-K dated April 17, 2008)
99.9	Reuters Trust Principles Support Agreement (incorporated by reference to Exhibit 99.9 from Thomson Reuters Corporation's Form 6-K dated April 17, 2008)

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Number	Description
99.10	Amended and Restated Deed of Mutual Covenant (incorporated by reference to Exhibit 99.10 from Thomson Reuters Corporation's Form 6-K dated April 17, 2008)
99.11	Engagement Letter of Niall FitzGerald with Reuters Group PLC dated as of March 2, 2004 (incorporated by reference to Exhibit 4.10.5 from Reuters Group PLC's Annual Report on Form 20-F dated March 16, 2004)
99.12	Summary Description of the Thomson Reuters PLC American Depositary Shares, evidenced by American Depositary Receipts filed herewith
99.13	Woodbridge Undertaking (incorporated by reference to Exhibit 99.11 from Thomson Reuters Corporation's Form 6-K dated April 17, 2008)

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this registration statement on its behalf.

Dated: April 17, 2008

THOMSON REUTERS PLC

By: /s/ Deirdre Stanley

Name: Deirdre Stanley

Title: Executive Vice President and General Counsel

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REUTERS GROUP PLC
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

REUTERS GROUP PLC
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Report of Independent Registered Public Accounting Firm to the Members of Reuters Group PLC

In our opinion, the accompanying consolidated balance sheets and the related statements of income, of cash flows and recognised income and expense present fairly, in all material respects, the financial position of Reuters Group PLC and its subsidiaries at 31 December 2007, 2006 and 2005 and the results of their operations and cash flows for each of the three years in the period ended 31 December 2007, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and IFRS as adopted by the European Union. Also, in our opinion the company maintained, in all material respects, effective internal control over financial reporting as of 31 December 2007, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The company's management are responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's report on internal control over financial reporting" as set out in the "Corporate Governance" section of this Annual Report. Our responsibility is to express opinions on these financial statements and on the company's internal control over financial reporting based on our audits which were integrated in 2007 and 2006.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

London
19 March 2008

[Table of Contents](#)**Consolidated income statement**

For the year ended 31 December

		2007	2006	2005
	Notes	£m	£m	£m
Revenue	01,02	2,605	2,566	2,409
Operating costs	03	(2,355)	(2,351)	(2,251)
Other operating income	04	42	41	49
Operating profit		292	256	207
Finance income	05	117	72	41
Finance costs	05	(151)	(87)	(53)
Profit on disposal of associates, joint ventures and available-for-sale financial assets		21	76	38
Share of post-tax (losses)/profits from associates and joint ventures*	15	(6)	(4)	5
Profit before tax		273	313	238
Taxation	06	(60)	(20)	(9)
Profit for the year from continuing operations		213	293	229
Profit for the year from discontinued operations	07	14	12	253
Profit for the year		227	305	482
Attributable to:				
Equity holders of the parent	11	227	305	456
Minority interest	11	—	—	26
Earnings per share				
From continuing and discontinued operations				
Basic earnings per ordinary share	08	18.4p	23.6p	32.6p
Diluted earnings per ordinary share	08	18.0p	23.1p	31.7p
From continuing operations				
Basic earnings per ordinary share	08	17.3p	22.6p	16.3p
Diluted earnings per ordinary share	08	16.9p	22.2p	15.9p

* Share of post-tax (losses)/profits from associates and joint ventures includes a tax charge of £1 million (2006: £2 million, 2005: £1 million).

Dividends paid and proposed during the year were £147 million (2006: £134 million, 2005: £140 million). Please refer to note 32.

[Table of Contents](#)**Consolidated statement of recognised income and expense****For the year ended 31 December**

		2007	2006	2005
	Notes	£m	£m	£m
Profit for the year		227	305	482
Actuarial gains/(losses) on defined benefit plans	11,25	98	6	(48)
Exchange differences taken directly to reserves	11,28	20	(95)	118
Exchange differences taken to the income statement on disposal of assets	11,28	—	—	(2)
Fair value gains/(losses) on available-for-sale financial assets	11,28	11	6	(15)
Fair value gains on available-for-sale financial assets taken to the income statement on disposal of assets	11	(18)	—	(73)
Fair value gains/(losses) on net investment hedges	11,28	4	34	(39)
Fair value gains taken to the income statement on disposal of net investment hedges	11,28	—	—	(14)
Taxation on the items taken directly to or transferred from equity	11	(20)	(4)	14
Net gains/(losses) not recognised in income statement	11	95	(53)	(59)
Total recognised income for the year		322	252	423
Attributable to:				
Equity holders of the parent		322	252	374
Minority interest		—	—	49

Fair value gains and losses arise as a result of application of IAS 39 by the Group, with effect from 1 January 2005. The adoption of IAS 39 resulted in an increase in equity at 1 January 2005 of £129 million, of which £2 million was attributable to the minority interest.

The consolidated reconciliation of changes in equity is set out in note 11.

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Consolidated balance sheet

At 31 December

	Notes	2007 £m	2006 £m	2005 £m
Assets				
Non-current assets:				
Intangible assets	13	614	559	487
Property, plant and equipment	14	404	371	358
Investments accounted for using the equity method:				
Investments in joint ventures	15	21	19	32
Investments in associates	15	6	19	4
Deferred tax assets	26	286	281	276
Other financial assets and derivatives	16	62	47	22
Retirement benefit assets	25	39	18	—
		1,432	1,314	1,179
Current assets:				
Inventories	18	—	1	1
Trade and other receivables	19	255	258	270
Other financial assets and derivatives	16	29	210	18
Current tax debtors		12	8	6
Cash and cash equivalents	20	251	129	662
		547	606	957
Non-current assets classified as held for sale	21	14	—	1
Total assets		1,993	1,920	2,137
Liabilities				
Current liabilities:				
Trade and other payables	22	(692)	(491)	(456)
Current tax liabilities	23	(247)	(196)	(228)
Provisions for liabilities and charges	24	(37)	(60)	(64)
Other financial liabilities and derivatives	16	(292)	(166)	(49)
		(1,268)	(913)	(797)
Non-current liabilities:				
Provisions for liabilities and charges	24	(102)	(204)	(392)
Other financial liabilities and derivatives	16	(370)	(521)	(371)
Deferred tax liabilities	26	(115)	(110)	(66)
		(587)	(835)	(829)
Total liabilities		(1,855)	(1,748)	(1,626)
Net assets		138	172	511
Shareholders' equity				
Share capital	27	539	496	467
Other reserves	28	(1,710)	(1,738)	(1,692)
Retained earnings	11	1,309	1,414	1,736
Total parent shareholders' equity		138	172	511
Minority interest in equity		—	—	—
Total equity		138	172	511

The financial statements on pages A-3 to A-8.89 were approved by the Board of Directors on 19 March 2008.

Tom Glocer
CEO

David Grigson
CFO

[Table of Contents](#)**Consolidated cash flow statement**

For the year ended 31 December

	Notes	2007 £m	2006 £m	2005 £m
Cash flows from operating activities				
Cash generated from operations	29	534	311	271
Interest received		67	42	55
Interest paid		(99)	(61)	(49)
Tax paid		(26)	(34)	(24)
Net cash flow from operating activities		476	258	253
Cash flows from investing activities				
Acquisitions, net of cash acquired	30	(39)	(67)	(124)
Disposals, net of cash disposed	30	23	65	246
Purchases of property, plant and equipment		(116)	(122)	(145)
Proceeds from sale of property, plant and equipment		19	5	3
Purchases of intangible assets		(109)	(106)	(40)
Purchases of available-for-sale financial assets		(1)	—	(1)
Proceeds from sale of available-for-sale financial assets		23	—	85
Proceeds from closing of derivative contract		2	—	—
Dividends received		3	3	5
Net cash used in investing activities		(195)	(222)	29
Cash flows from financing activities				
Proceeds from issue of shares		47	32	10
Share buyback		(174)	(527)	(223)
Decrease/(increase) in short-term investments		194	(196)	248
(Decrease)/increase in borrowings		(66)	270	(144)
Equity dividends paid to shareholders		(147)	(134)	(140)
Equity dividends paid to minority interests		—	—	(23)
Net cash used in financing activities		(146)	(555)	(272)
Exchange gains/(losses) on cash and cash equivalents		2	(13)	66
Net increase/(decrease) in cash and cash equivalents		137	(532)	76
Cash and cash equivalents at the beginning of the year		105	637	561
Cash and cash equivalents at the end of the year	31	242	105	637

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Group Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to 2007, 2006 and 2005, unless otherwise stated.

Basis of accounting

The financial statements have been prepared under the historical cost convention, unless otherwise stated below, and in accordance with the Companies Act 1985, International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as adopted by the European Union (EU) and issued by the IASB. All IFRS issued by the IASB, effective at the time of preparing these financial statements, have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of the International Accounting Standard IAS39 'Financial Instruments: Recognition and measurement' related to the hedging portfolio.

Since the company is not affected by the provisions regarding portfolio hedging that are not required by the EU-endorsed version of IAS39, the accompanying financial statements comply with both IFRS as adopted by the EU and IFRS issued by the IASB.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain judgements, estimates and assumptions that affect the reported amounts of revenue and expenses during the reported period, the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet dates. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Further details regarding areas requiring significant assumptions and estimates are provided in the relevant notes to the financial statements.

The areas which require a higher degree of judgement include impairments, intangible assets, defined benefit pension plans, share-based payments, provisions, leases, segment reporting and taxation.

Standards, amendments and interpretations effective in 2007

IFRS7, 'Financial instruments: Disclosures' and the complementary amendment to IAS1, 'Presentation of financial statements — Capital Disclosures', were adopted during the year introducing new disclosures relating to financial instruments. Adoption of the standards has not had any impact on the classification or valuation of the Group's financial instruments.

Basis of consolidation

The consolidated financial statements include the financial statements of Reuters Group PLC and its subsidiaries and the Group's share of the post-acquisition results of associates and joint ventures.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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All intra-group transactions are eliminated as part of the consolidation process. In preparing the Group financial statements, accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are all entities over which the Group has joint control with one or more other entities outside the Group. Investments in associates and joint ventures are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates and joint ventures includes goodwill and intangibles identified on acquisition, plus the Group's share of post-acquisition reserves.

The Group's share of post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. When the Group's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest. For Group reporting purposes, the results of associates and joint ventures have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Foreign currency translation

Amounts included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in pounds sterling, the company's functional and presentation currency.

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement except when deferred in equity as qualifying cash flow and net investment hedges.

Exchange differences on non-monetary items, such as available-for-sale financial assets, are included in the fair value reserve in equity.

The results and financial position of all Group companies that have a functional currency other than sterling are translated as follows:

- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction date, in which case income and expenses are translated at the date of the transaction);
- assets and liabilities are translated at the closing exchange rate at the date of the balance sheet; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and from borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

Revenue recognition

Revenue represents the turnover, net of discounts, derived from services provided to subscribers and sales of products applicable to the year.

Revenue from sales of subscription-based real-time and historical information services is recognised rateably over the term of the subscription.

Revenue from contracts for the outright sale of systems-based product solutions, which include the sale of fully developed software licences, is recognised at the time of client acceptance, at which time the Group has no further obligation. Long-term contracts are accounted for in accordance with the contractual terms either on a percentage of completion basis or on a time and materials as incurred basis.

Revenue from associated maintenance and support services is recognised rateably over the term of the maintenance contract. Where contracts allow the Group to recharge costs from communications suppliers and exchanges onwards to subscribers, this income is recognised as revenue.

Transaction products usage revenue is accounted for on a trade date basis.

Interest income is accrued on a time basis by reference to the amount outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Dividend revenue is recognised when the Group's right to receive payment is established.

Pensions and similar obligations

The Group operates defined contribution and defined benefit pension plans and provides post-retirement medical benefits.

Payments to defined contribution pension plans are charged as an expense to the income statement, as incurred, when the related employee service is rendered. The Group has no further legal or constructive payment obligations once the contributions have been made. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined benefit pension plans, the cost of providing benefits is determined using the Projected Unit Credit Method and is charged to the income statement so as to spread the service cost over the service lives of the employees. An interest cost representing the unwinding of the discount rate on the scheme liabilities, net of the expected return on scheme assets, is charged to the income statement. The asset or liability recognised in the balance sheet, in respect of defined benefit plans, is the fair value of the defined benefit obligation at the balance sheet date. Pension scheme surpluses are recognised only to the extent that the surplus is considered recoverable. Recoverability is primarily based on the extent to which the Group can unilaterally reduce future contributions to the plan. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in a currency in which the benefits will be paid and that have terms of maturity approximating to the terms of the relevant pension liability.

All actuarial gains and losses which arise in calculating the present value of the defined benefit obligation, and the fair value of plan assets, are recognised immediately in the statement of recognised income and expense.

Post-retirement medical benefits are provided to employees of some Group companies. The expected costs are determined using an accounting methodology similar to that for defined benefit pension plans.

Share-based payments

The Group makes equity-settled and cash-settled share-based payments to its employees. Equity-settled share-based awards granted after 7 November 2002 but not vested by 1 January 2005 are measured at fair value at the date of grant using an options pricing methodology and expensed over the vesting period of the award. At each balance sheet date, the Group reviews its estimate of the number of options that are expected to vest.

Cash-settled share-based payments are accrued over the vesting period of the award, based on the current fair market value at each balance sheet date.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets (including intangible assets) of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill and intangibles on acquisition of associates and joint ventures is included in the carrying value of the investment. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity or investment sold.

Internally generated intangible assets

Expenditure related to the development of new products or capabilities that is incurred between establishing technical feasibility and the asset becoming ready for use is capitalised as an intangible asset and amortised over the useful economic life. Capitalisation commences from the point at which the technical feasibility and commercial viability of the product or capability can be demonstrated and the Group is satisfied that it is probable that future economic benefits will result from the product or capability once completed. Capitalisation ceases when the product or capability is ready for use.

Expenditure on research activities, and on development activities that do not meet the above criteria, is charged to the income statement as incurred.

Internally developed intangible assets are systematically amortised, on a straight line basis, over their useful economic lives which range from three to five years.

Other intangibles

Software which forms an integral part of the related hardware is capitalised with that hardware and included within property, plant and equipment.

Costs which are directly associated with the production of software for internal use in the business are capitalised as an intangible asset. Software assets are amortised on a straight line basis over their expected useful economic lives which range from three to five years.

Acquired intangible assets include software licences, customer relationships, trade names and trademarks. These assets are capitalised on acquisition and amortised over their expected useful economic lives which range from five to fifteen years.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment.

All other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In addition, intangible assets under development and not yet ready for use are reviewed for impairment annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest level for which separately identifiable cash flows exist (cash generating units, 'CGUs'). Where assets do not generate independent cash flows and their carrying value cannot be attributed to a particular CGU, CGUs are grouped together at the level at which these assets reside, and the carrying amount of this group of CGUs is compared to the recoverable amount of that particular group.

Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation including expenditure directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefit will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated on a straight line basis so as to write down the assets to their residual values over their expected useful lives which are as follows:

Freehold land	Not depreciated
Freehold buildings	Normally 50 years
Leasehold property	Over the term of the lease
Computer systems equipment, office equipment and motor vehicles	2 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less selling costs.

Financial Assets

Classification

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit and loss;
- loans and receivables;
- available-for-sale financial assets.

The classification depends on the purpose for which the assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit and loss

This category includes financial assets held for trading and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets and initially recognised at fair value on the trade date and subsequently remeasured at each reporting date. Transaction costs directly attributable to the acquisition of the asset are recognised immediately in the income statement. Interest or dividend income is recognised separately from the net gain or loss on the asset. Realised and unrealised gains and losses are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are initially recognised on the trade date at fair value plus transaction costs and subsequently measured at amortised cost, using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Available-for-sale financial assets

The Group has classified all of its marketable securities as available-for-sale. Assets in this category are initially recognised on the trade date at fair value plus transaction costs and subsequently remeasured at each reporting date. Unrealised gains and losses arising from changes in fair value are recognised in the statement of recognised income and expense.

Impairment and derecognition

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset, or group of financial assets, is impaired. On impairment, the cumulative loss recognised in equity is removed from equity and recognised in the income statement. On disposal of the asset, gains or losses recognised in equity are removed from equity and recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits repayable on demand, other highly liquid investments with original maturities of three months or less, and bank overdrafts.

Inventories and contract work in progress

Inventories and contract work in progress are valued at the lower of cost and net realisable value less progress payments received.

Trade receivables

Trade receivables do not carry interest and are initially measured at their fair value, as reduced by appropriate allowances for estimated irrecoverable amounts, and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of these receivables. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement. When a trade receivable is uncollectible it is written off against the provision.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions, other than in respect of pension and post-retirement benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination liabilities, employee termination payments and other liabilities incurred as part of restructuring programmes.

Leasing

Assets under leasing contracts are classified as finance or operating leases at the inception of the lease or when changes are made to existing contracts.

Assets classified as finance leases are recognised as assets of the Group at the present value of the minimum lease payments determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease rentals are recognised in the income statement on a straight line basis over the period of the lease. Operating lease incentives received are initially deferred and then recognised over the full period of the lease.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost, adjusted for fair value movements in respect of related fair value hedges. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowing costs on qualifying assets are expensed as incurred and not capitalised as part of the cost of the asset.

Purchases and sales of financial assets

Purchases and sales of financial assets are recognised on the settlement date, which is the date that the asset is delivered to or by the Group.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of highly probable forecast transactions (cash flow hedges); or
- hedges of net investments in foreign operations (net investment hedges).

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the period when the hedged item will affect profit and loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, project costs or a major business investment) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in the income statement.

Net investment hedges

Derivatives and foreign currency borrowings are used as hedges for net investments in foreign operations. Any gain or loss on a derivative hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion of the hedge is recognised immediately in the income statement within operating costs. Any gain or loss on foreign currency borrowings used as a hedge is recognised in equity, subject to effectiveness.

Gains and losses accumulated in equity are recognised in the income statement on disposal or impairment of the foreign operation.

Embedded derivatives

Embedded derivatives arise in certain revenue and purchase contracts where the currency of the contract is different from the functional currencies of the parties involved. Such derivatives are separated from the host contracts when their economic characteristics and risks are not closely related to those of the host contract. The derivatives are measured at fair value at each balance sheet date using forward exchange market rates. Changes in the fair value are recognised in the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments, while providing effective economic hedges under the Group's policies, are not designated as hedges. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

Financial guarantees

Financial guarantees are non-derivative financial liabilities which are recognised initially at fair value plus transaction costs and subsequently measured at the higher of the amount determined in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', and the amount initially recognised.

Fair value estimation

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the balance sheet date. The fair value of foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. Other financial instruments are valued using standard pricing models based on quoted forward market rates, interpolated between dates where appropriate, and discounted cash flow techniques.

Embedded derivatives arise in revenue and supplier contracts where the currency of the contract is different from the functional currencies of the parties involved. The derivatives are separated from the host contracts and valued using quoted forward market rates.

Interest in shares of Reuters Group PLC

Shares held by the Reuters Employee Share Ownership Trusts and repurchased shares are recorded in the balance sheet at cost and reported as a deduction from shareholders' equity.

Irrevocable commitments to repurchase shares during close periods entered into before the balance sheet date are recorded in the balance sheet at estimated cost and reported as a current liability with a corresponding deduction from shareholders' equity.

Dividend distribution

Dividend distributions are recognised as a liability in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when they are paid; final dividends when authorised in general meeting by shareholders.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method, and is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply to the year of realisation or settlement based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

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Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill not deductible for tax purposes, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Segment reporting

Business segmentation is the primary reporting dimension for the Group, with geographical segmentation being the secondary reporting dimension. Accordingly, the four business divisions (Sales & Trading, Research & Asset Management, Enterprise, and Media), are the primary reporting segments for the Group.

Note 1 outlines in detail the allocation approach in respect of divisional results, costs, assets and liabilities.

Standards, interpretations and amendments to issued standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after 1 January 2008 or later periods but which have not yet been adopted by the EU or which the Group has chosen not to adopt early. The new standards which are expected to be relevant to the Group's operations are as follows:

Standards, interpretations and amendments to issued standards adopted by the EU

IFRS 8 'Operating Segments' (effective from 1 January 2009)

IFRS 8 replaces IAS 14 'Segment Reporting' and aligns segment reporting with the requirements of US accounting standards FAS 131 'Disclosures about Segments of an Enterprise and Related Information'. The new standard uses a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group has assessed the impact of IFRS 8 and concluded that segment reporting will continue to be focused on the business divisions with the distinction between primary and secondary segments being removed.

IAS 1 (revised) 'Presentation of Financial Statements' (effective from 1 January 2009)

IAS 1 (revised) constitutes Phase A of the IASB's project on performance reporting. Where previously companies were required to present only one of either a Statement of Recognised Income and Expense (SORIE) or a Statement of Recognised Changes in Equity (SOCIE), the amendments require companies to present both a SOCIE and either a statement of comprehensive income or an income statement accompanied by a statement of other comprehensive income as financial statements (formerly referred to as "primary statements"). Other changes include the requirement to present a statement of financial position (balance sheet) as at the beginning of the comparative period when an entity restates the comparatives following a change in accounting policy, the correction of an error, or the reclassification of items in the financial statements; and clarification of disclosure requirements relating to income tax on items recognised in other comprehensive income, dividends, and recycling to the income statement/comprehensive income of gains previously recognised in other comprehensive income. The Group has assessed the impact of the revision and concluded that it is not likely to have a significant effect on the Group's financial statements.

IFRIC 11 'IFRS 2 — Group and Treasury Share Transactions' (effective from 1 January 2008)

IFRIC 11 addresses share-based payment arrangements in which (a) an entity grants its employees a right to equity instruments of the entity, and either chooses or is required to buy those equity instruments from another party or the shareholder provides the equity instruments needed to settle the share-based payment arrangement; and (b) a subsidiary entity's employees are granted rights to equity instruments of the parent

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entity (or another entity in the same group), in particular, arrangements in which the parent entity or the subsidiary entity grants those rights direct to the subsidiary entity's employees. The Group has assessed the impact of the interpretation and concluded that it is not likely to have a significant effect on the Group's financial statements.

Standards, interpretations and amendments to issued standards not yet adopted by the EU

IAS 23 (revised) 'Borrowing Costs' (effective from 1 January 2009)

The amendments to IAS 23 remove the option of expensing borrowing costs relating to qualifying assets. Although the amendments are intended to clarify definitions of qualifying assets and eligible borrowing costs (especially in the case of land under development) the amendments are not intended to change the definitions fundamentally. The Group has assessed the impact of IAS 23 (revised) and the current policy will need to be amended from 1 January 2009 onwards to capitalise borrowing costs.

IFRIC 12 'Service Concession Arrangements' (effective from 1 January 2008)

IFRIC 12 provides guidance on certain recognition and measurement issues that arise in accounting for public and private service concession arrangements. It amends IFRIC 4 to exclude from the scope of IFRIC 4 any service concession arrangements that fall within the scope of IFRIC 12. The Group has assessed the impact of the interpretation and concluded that it is not likely to have a significant effect on the Group's financial statements.

IFRIC 13 'Customer Loyalty Programmes' (effective from 1 July 2008)

Where a customer loyalty programme operates, IFRIC 13 requires an entity to separate sales revenue into revenue for sale of the goods or services and revenue for sale of the loyalty points (based on the fair value of the loyalty points); with the latter being deferred until the loyalty points are redeemed. The IFRIC explains how to determine the fair value of the consideration for the loyalty points and how to account for redemption. It also addresses whether agency relationships arise where a third party provides the loyalty reward, and when a loyalty scheme might be considered to be onerous. The Group has assessed the impact of the interpretation and concluded that it is not likely to have a significant effect on the Group's financial statements.

IFRIC 14 'IAS 19 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective from 1 January 2008)

IFRIC 14 clarifies the requirements of IAS 19, which limits the measurement of a defined benefit asset to the "present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan" plus unrecognised gains and losses; this is known as the "asset ceiling". The IFRIC addresses when refunds or reductions in future contributions should be regarded as available; how a minimum funding requirement might affect the availability of reductions in future contributions; and when a minimum funding requirement might give rise to an additional liability.

Notes to the financial statements

01 Segmental analysis — income statement

Primary reportable segments — business divisions

The Group operates through four business divisions: Sales & Trading, Research & Asset Management, Enterprise, and Media. Therefore, the Group's primary segmental reporting is by business division. In order to report segmental results, it is necessary to determine a methodology to allocate revenue, operating costs, other operating income, assets and liabilities to these segments.

Each division is responsible for specific product revenues, with the exception of Reuters 3000 Xtra and the 2000/3000 range of products. Revenues for these shared products are attributed to either the Sales & Trading division or the Research & Asset Management division by reference to the nature of the customer purchasing the product. This is determined on a customer-by-customer basis.

Where operating costs relate to a specific division, they are mapped directly to that division. Where operating costs are shared, an activity based costing (ABC) technique is used to split these costs between divisions. The Reuters ABC model (known as Profitability Insight) allocates shared costs to business activities, which in turn are attributed to products, and therefore divisions, using cost drivers. These cost drivers (such as the number of helpdesk calls received or the number of installed accesses) are derived from a variety of underlying source systems. Judgement has been applied in determining these cost drivers and the resulting allocation of operating costs.

Other operating income is allocated to divisions using a similar methodology to operating costs.

Divisional results could alter with the application of other allocation approaches and as continuous improvements are made to the Profitability Insight model.

When changes are made to the allocation methodology, prior year comparatives are restated to ensure that divisional results are allocated on a consistent basis year-on-year.

From 1 January 2007, Reuters made changes to the allocation of revenue and operating costs among business divisions to reflect changes in the management of Communications revenues and Reuters Messaging products, and to reflect improvements to the allocation methodology.

Communications revenues are no longer allocated as Recoveries to Sales & Trading, but are allocated among business Divisions in line with the products with which they are associated. Reuters Messaging costs are no longer allocated to Sales & Trading, but are allocated to Enterprise to reflect the management of the Messaging product within the Enterprise Division. A proportion of Messaging costs are then charged to the other Divisions based on desktop accesses, to reflect the value of the embedded Messaging capability in desktop products.

2006 comparatives have therefore been restated to decrease recoveries revenues by £80 million, increase other product revenues by £51 million and decrease operating costs by £37 million in Sales & Trading, to increase other product revenue by £6 million and increase operating costs by £9 million in Research & Asset Management, to increase other product revenue by £23 million and increase operating costs by £27 million in Enterprise and to increase operating costs by £1 million in Media.

2005 comparatives have been restated to decrease recoveries revenues by £44 million, increase other product revenues by £27 million and decrease operating costs by £13 million in Sales & Trading, to increase other product revenue by £5 million and increase operating costs by £5 million in Research & Asset Management, to increase other product revenue by £12 million and increase operating costs by £6 million in Enterprise and to increase operating costs by £2 million in Media.

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The tables below show a segmental analysis of results for continuing operations. For information relating to discontinued operations, please refer to note 7.

					2007
	Sales & Trading £m	Research & Asset Management £m	Enterprise £m	Media £m	Total £m
Revenue	1,619	363	451	172	2,605
Operating costs	(1,440)	(339)	(371)	(160)	(2,310)
Other operating income	27	5	7	3	42
Divisional operating profit*	206	29	87	15	337
Thomson deal related costs					(45)
Operating profit					292
Finance income					117
Finance costs					(151)
Profit on disposal of associates, joint ventures and available-for-sale financial assets					21
Share of post-taxation losses from associates and joint ventures					(6)
Profit before taxation					273
Taxation					(60)
Profit for the year from continuing operations					213

* Divisional operating profit is operating profit less Thomson deal-related costs

	Sales & Trading £m	Research & Asset Manage- ment £m	Enterprise £m	Media £m	Total £m
Revenue	1,661	304	431	170	2,566
Operating costs	(1,506)	(324)	(362)	(159)	(2,351)
Other operating income	27	5	6	3	41
Operating profit	182	(15)	75	14	256
Finance income					72
Finance costs					(87)
Profit on disposal of associates, joint ventures and available- for-sale financial assets					76
Share of post-taxation profits from associates and joint ventures					(4)
Profit before tax					313
Taxation					(20)
Profit for the year from continuing operations					293

	Sales & Trading £m	Research & Asset Management £m	Enterprise £m	Media £m	Total £m
Revenue	1,596	263	397	153	2,409
Operating costs	(1,482)	(298)	(323)	(148)	(2,251)
Other operating income	37	—	8	4	49
Operating profit	151	(35)	82	9	207
Finance income					41
Finance costs					(53)
Profit on disposal of associates, joint ventures and available-for-sale financial assets					38
Share of post-taxation profits from associates and joint ventures					5
Profit before tax					238
Taxation					(9)
Profit for the year from continuing operations					229

Divisional revenue comprises sales to external customers only. Divisional revenue from transactions with other segments is £nil (2006: £nil, 2005: £nil)

The following table shows the aggregate of each business division's share of results of associates and joint ventures:

	2007 £m	2006 £m	2005 £m
Sales & Trading	(5)	(4)	2
Research & Asset Management	1	—	—
Enterprise	—	—	—
Media	(2)	—	3
Share of post-taxation (losses)/profits from associates and joint ventures	(6)	(4)	5

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The following table provides information relating to depreciation, amortisation, impairments and other significant non-cash expenses included in the divisional operating costs above:

	2007			2006			2005		
	Depreciation and amortisation £m	Impairments £m	Other non-cash expenses £m	Depreciation and amortisation £m	Impairments £m	Other non-cash expenses £m	Depreciation and amortisation £m	Impairments £m	Other non-cash expenses £m
Sales & Trading	99	20	27	95	—	36	89	1	39
Research & Asset Management	19	—	6	19	—	7	19	—	4
Enterprise	32	1	6	22	—	8	20	1	2
Media	7	—	2	5	—	3	4	1	1
Total	157	21	41	141	—	54	132	3	46

Please refer to note 13 for more information relating to impairments.

Secondary reportable segments — geographical

Revenue is normally invoiced in the same geographical area in which the customer is located. Revenue earned, therefore, generally represents revenue both by origin and by destination.

The following table represents revenue from external customers by geographical area based on the geographical location of the customers:

Revenue	2007 £m	2006 £m	2005 £m
Europe, Middle East & Africa*	1,441	1,396	1,330
Americas	701	709	651
Asia	463	461	428
Total revenue	2,605	2,566	2,409

* To reflect the way Reuters was managed from 2006, UK & Ireland, EMEA West and EMEA East have been combined into one geographical location.

02 Revenue by type

An analysis of the Group's revenue from sale of goods and services by type is set out below:

	2007	2006	2005
	£m	£m	£m
Recurring	2,394	2,363	2,235
Usage	139	132	104
Outright	72	71	70
Total revenue	2,605	2,566	2,409

Customers generally pay for Reuters products and services in three ways. Recurring revenue is generated through subscription fees to cover access of terminals and maintenance fees for software. Usage revenue is principally derived from matching and trading transactions, and advertising revenues. Outright revenue comprises once-off sales including information and risk management solutions.

03 Operating costs

	2007	2006	2005
	£m	£m	£m
Costs by nature			
Salaries, commission and allowances	756	763	761
Social security costs	78	64	67
Share-based payments (see note 33)	36	30	30
Pension costs (see note 25)	40	61	55
Total staff costs	910	918	913
Services*	529	512	455
Depreciation	96	95	99
Data	319	323	281
Communications	249	279	289
Space	156	151	162
Amortisation of intangibles	61	46	33
Impairments	21	—	3
Losses on derivative financial instruments	14	25	—
Losses on ineffective portion of net investment hedges	—	—	1
Losses on financial assets designated at fair value through profit and loss	—	—	15
Foreign exchange losses	—	2	—
Total operating costs	2,355	2,351	2,251

	2007	2006	2005
	£m	£m	£m
Costs by nature			
Operating costs include:			
Research and development expenditure	100	83	92
Operating lease expenditure:			
Hire of equipment	9	6	6
Other, principally property	76	74	67
Advertising	15	19	17

* Services include equipment hire and bought-in services, including consultancy and contractors, advertising and publicity, professional fees and staff-related expenses.

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An analysis of fees payable by the Group to the company's auditors is set out below:

	2007	2006	2005
	£m	£m	£m
Fees payable to the company's auditor for the audit of the company's annual accounts	2.5	2.2	2.9
Fees payable to the company's auditor and its associates for other services:			
The audit of the company's subsidiaries, pursuant to legislation	1.9	1.3	1.3
Other services pursuant to legislation	3.4	0.6	0.4
Tax services	0.7	1.0	2.6
Services relating to corporate finance transactions	—	0.2	0.4
All other services	0.3	0.2	0.3
Total fees payable	8.8	5.5	7.9
United Kingdom	7.3	3.9	3.8
Overseas	1.5	1.6	4.1

The directors consider it important that the company has access to a broad range of external advice, including from PricewaterhouseCoopers. Where appropriate, work is put out to competitive tender. The Audit Committee monitors the relationship with PricewaterhouseCoopers, including the level of non-audit fees.

In 2007 other services pursuant to legislation include fees relating to the proposed acquisition of Reuters by Thomson.

Fees paid to PricewaterhouseCoopers for the audit of Reuters pension schemes total £0.2 million.

04 Other operating income

	2007	2006	2005
	£m	£m	£m
Profit on disposal of subsidiaries	3	4	4
Gains on derivative financial instruments	1	5	18
Gains on ineffective portion of net investment hedges	1	1	—
Investment income	1	—	1
Foreign exchange gains	4	—	3
Profit on disposal of property, plant and equipment	10	2	—
Other income	22	29	23
Total other operating income	42	41	49

Other income principally comprises amounts received in respect of services provided by Reuters to joint ventures and other parties.

05 Finance income and finance costs

	2007	2006	2005
	£m	£m	£m
Interest receivable from:			
Available-for-sale assets — listed investments	—	—	1
Loans and receivables — unlisted investments	18	16	18
Derivative financial instruments — hedging instruments	49	33	18
Fair value gains on financial instruments:			
Derivative financial instruments: fair value hedges	46	3	1
Fair value adjustment to borrowings relating to interest rate risk	4	13	—
Foreign exchange gain on retranslation of borrowings	—	7	3
Total finance income	117	72	41
Interest payable on:			
Financial liabilities measured at amortised cost — bank loans and overdrafts	(2)	(6)	(4)
Financial liabilities measured at amortised cost — other borrowings	(38)	(23)	(23)
Derivative financial instruments — hedging instruments	(54)	(35)	(17)
Fair value losses on financial instruments:			
Derivative financial instruments: fair value hedges	—	(19)	(1)
Fair value adjustment to borrowings relating to interest rate risk	—	—	(1)
Foreign exchange retranslation of borrowings	(50)	—	—
Derivative financial instruments at fair value — held for trading:			
Interest payable	(6)	(3)	(5)
Unwinding of discounts	(1)	(1)	(2)
Total finance costs	(151)	(87)	(53)

06 Taxation**Analysis of charge for the year**

	2007	2006	2005
	£m	£m	£m
Current taxation:			
Continuing operations	81	(10)	(10)
Discontinued operations	(4)	12	50
	77	2	40
Deferred taxation (see note 26):			
Continuing operations	(21)	30	19
Discontinued operations	—	(12)	13
	(21)	18	32
Continuing operations	60	20	9
Discontinued operations	(4)	—	63
Total taxation	56	20	72

Tax on items recognised in equity

	2007		2006		2005	
	Continuing £m	Discontinued £m	Continuing £m	Discontinued £m	Continuing £m	Discontinued £m
Current tax credit on unrealised exchange movements	(2)	—	(7)	—	—	—
Deferred tax charge/(credit) on actuarial losses on defined benefit plans	21	—	1	—	(10)	—
Deferred tax credit on stock options	(4)	—	(1)	—	(10)	(1)
Current tax charge/(credit) on revaluations and fair value movements	1	—	10	—	(4)	—

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007	2006	2005
	£m	£m	£m
Profit before tax	273	313	238
Profit before tax multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%, 2005: 30%)	82	94	71
Effects of:			
Non-tax deductible amortisation and impairment of intangibles	5	5	4
Expenses not deductible for tax purposes	12	2	4
Non-taxable investment disposals and impairments	(6)	(15)	(13)
Adjustments in respect of prior years	(11)	(56)	(23)
Recognition of tax losses that arose in prior years	—	(4)	(33)
Effects of changes in tax rates on deferred taxes	8	—	—
Other differences	(30)	(6)	(1)
Total taxation for continuing operations	60	20	9

Other differences are primarily due to overseas profits taxed at rates different to those in the UK, and the geographical mix of profits in the Group.

On 12 March 2007, the UK Government announced that the standard rate of corporation tax will be reduced to 28% for profits arising after 31 March 2008. As a result of this change of rate, the UK deferred tax assets and liabilities of the group have been remeasured to reflect the expected realisable value of those assets and liabilities at the reduced rate of tax.

The tax charge for the year includes a charge of £20 million in respect of UK tax (2006: credit of £34 million; 2005: charge of £16 million), of which £6 million relates to the effect on deferred taxes of the announced reduction in UK tax rate.

07 Discontinued operations

The 'Profit for the year from discontinued operations' line within the income statement comprises the post-tax profit or loss of discontinued operations and the post-tax profit or loss on their disposal.

The Group has no activities which are required to be classified as discontinued operations during 2007. However, additional gains totalling £14 million (2006: £12 million) have been recognised in 2007. £10 million (2006: £12 million) relates to the disposal of Instinet Group, which was classified as a discontinued operation during 2005 and a further £4 million relating to associated costs of the disposal of Radianz. The gains relate to tax settlements and the release of tax provisions no longer required.

	2007	2006	2005
	£m	£m	£m
Profits after tax of subsidiaries (net of tax £nil, 2006: £nil, 2005: £20 million)	—	—	69
Profit on disposal of subsidiaries (net of tax, £nil 2006: £nil, 2005: £43 million)	14	12	184
Profit for the year from discontinued operations	14	12	253
Basic earnings per ordinary share for discontinued operations	1.1p	1.0p	16.3p
Diluted earnings per ordinary share for discontinued operations	1.1p	0.9p	15.8p

Basic and diluted earnings per share are calculated using the weighted average number of ordinary shares as disclosed in note 8.

Discontinued operations in 2005

Subsidiaries acquired with a view to resale: Radianz

On 21 October 2004, Reuters entered into exclusive discussions with BT to secure a long-term agreement for the provision of network services, including the sale of Radianz to BT. As a prerequisite to this agreement, Reuters acquired Equant's 49% voting interest in Radianz, with a view to selling the 100% interest to BT.

On 29 April 2005, Reuters completed the sale of its 100% voting interest in Radianz to BT for gross proceeds of £115 million.

The disposal of Radianz in 2005 resulted in a loss on disposal of £4 million, which is presented within 'profit/(loss) on disposal of subsidiaries' within discontinued operations.

Disposal of subsidiaries: Instinet Group (including BTC)

Reuters held approximately 62% of the shares in Instinet Group, a US based company, which was previously accounted for as a subsidiary of Reuters Group PLC on a 100% consolidated basis with offsetting minority interest.

On 31 March 2005, Reuters sold BTC, a soft dollar execution broker, to Instinet Group, for approximately 3.8 million shares of Instinet Group stock, valued at approximately £12 million. In 2004, an impairment loss of £17 million was recognised for BTC within 'profit for the year from discontinued operations'. The sale to Instinet Group has been accounted for as a partial disposal of the Group's interest in BTC, which resulted in a loss of £3 million. BTC made profits after tax of £1 million in the period prior to sale.

On 8 December 2005, Reuters disposed of its investment in Instinet Group for gross proceeds of £612 million (including £37 million relating to Reuters share of an Instinet Group dividend received prior to close). Reuters recorded a net gain on sale of £191 million in 2005 within 'profit/(loss) on disposal of subsidiaries' within discontinued operations. Instinet Group's results up until sale, a profit after taxation of £68 million (before minority interest), are also included in the Group results as part of discontinued operations.

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The results of Instinet Group and BTC are as follows:

	2007	2006	2005
	£m	£m	£m
Results of Instinet and BTC			
Revenue	—	—	466
Operating costs	—	—	(402)
Operating profit	—	—	64
Finance income	—	—	13
Profit on disposal of available-for-sale financial assets	—	—	12
Profit before taxation	—	—	89
Taxation	—	—	(20)
Profit for the period	—	—	69

The net cash flow attributable to discontinued operations is as follows:

	2007	2006	2005
	£m	£m	£m
Cash generated from discontinued operations (see note 29)	—	—	3
Tax paid	—	—	(13)
Interest received	—	—	13
Interest paid	—	—	—
Net cash flow from operating activities	—	—	3
Net cash flow from investing activities*	—	—	(474)
Net cash flow from financing activities	—	—	(85)
Exchange gains on cash and cash equivalents	—	—	57
Decrease in cash and cash equivalents from discontinued operations	—	—	(499)

* Net cash flow from investing activities in 2005 includes £582 million relating to cash held by subsidiaries at the date of disposal.

08 Earnings per ordinary share

Basic earnings per ordinary share is based on the results attributable to equity shareholders and on the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by Reuters Employee Share Ownership Trusts and shares purchased as part of the ongoing buyback programme and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares used in the basic earnings per share calculation to assume conversion of all dilutive potential ordinary shares resulting from outstanding share options.

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	2007	2006	2005
	£m	£m	£m
Weighted average number in millions			
Ordinary shares in issue	1,479	1,455	1,438
Non-vested shares held by Employee Share Ownership Trusts	(28)	(30)	(32)
Shares repurchased	(212)	(128)	(10)
Basic earnings per share denominator	1,239	1,297	1,396
Issuable under employee share schemes	25	24	41
Diluted earnings per share denominator	1,264	1,321	1,437
Earnings per share from continuing and discontinued operations	2007	2006	2005
Profit attributable to equity holders of the company (£m)	227	305	456
Basic earnings per share	18.4p	23.6p	32.6p
Diluted earnings per share	18.0p	23.1p	31.7p
Earnings per share from continuing operations	2007	2006	2005
Profit attributable to equity holders of the company (£m)	213	293	229
Basic earnings per share	17.3p	22.6p	16.3p
Diluted earnings per share	16.9p	22.2p	15.9p

09 Remuneration of directors

Details of senior management remuneration are given in note 34. Directors' emoluments, pension arrangements, long-term incentive plans and share option plans are as follows:

Directors' remuneration for 2007

	Salary/ Fees £000	Bonus £000	Benefits ¹ £000	Allowance ^{2&5} £000	Compensation for Loss of Office £000	2007 Total £000	2006 Total £000
Niall FitzGerald, KBE ^{3&4}	525	—	3	—	—	528	503
Lawton Fitt ⁶	69	—	—	30	—	99	88
Penny Hughes ⁷	54	—	—	10	—	64	50
Ed Kozel ¹⁶	17	—	—	10	—	27	85
Sir Deryck Maughan ⁷	54	—	—	25	—	79	70
Nandan Nilekani ⁸	55	—	—	25	—	80	—
Ken Olisa ⁸	55	—	—	10	—	65	50
Dick Olver ⁹	67	—	—	10	—	77	68
Ian Strachan ¹⁰	64	—	—	10	—	74	60
Tom Glocer ^{11&15}	888	1,267	451	—	—	2,606	2,265
David Grigson ¹²	482	579	13	80	—	1,154	1,087
Devin Wenig ¹³	448	532	43	10	—	1,033	1,001
Total emoluments of directors ¹⁴	2,778	2,378	510	220	—	5,886	5,327

Notes:

All amounts have been rounded up to the nearest thousand.

The following conversion rates were used: US\$2: £1, Swiss Franc 2.4: £1, Hong Kong \$15.59: £1. These were the average rates in effect during 2007.

- 1 Items included under Benefits are those provided as goods and services received during the year.
- 2 Items included under Allowances are contractual benefits, which are paid in cash rather than as goods and services during the year.
- 3 Non-cash benefits received by Niall FitzGerald consist of chauffeur benefits of £2,661.
- 4 Niall FitzGerald has waived his £10,000 Nominations Committee chairman fee.
- 5 Allowances paid to Lawton Fitt, Penny Hughes, Ed Kozel, Deryck Maughan, Nandan Nilekani, Ken Olisa, Dick Olver and Ian Strachan represent travel allowances to attend overseas board meetings.

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- 6 Fees paid to Lawton Fitt include £18,333 in respect of her position as Chairman of the Audit Committee.
- 7 Fees paid to Penny Hughes and Deryck Maughan include £3,333 each as members of the Remuneration Committee.
- 8 Fees paid to Nandan Nilekani and Ken Olisa include £5,000 each as members of the Audit Committee.
- 9 Fees paid to Dick Olver include £5,000 in respect of his position as member of the Audit Committee, and £11,667 in respect of his position as the Senior Independent Director. Dick Olver was over-paid in error by the company in 2007 by £8,351 and the amount was repaid after year end.
- 10 Fees paid to Ian Strachan include £13,333 in respect of his position as Chairman of the Remuneration Committee.
- 11 Non-cash benefits received by Tom Glocer included accommodation costs of £268,143, tax services of £109,681 (including those related to the Thomson transaction), company car and healthcare benefits totalling £36,210, long-term disability insurance of £2,100, and family travel of £34,473.
- 12 Non-cash benefits received by David Grigson included healthcare benefits of £1,311 and long-term disability insurance of £1,300, tax services of £3,231 and a car benefit of £6,425. Cash allowances consisted of an annual car allowance of £7,420, of which £3,188 was repaid after year end in lieu of his car benefit and a retirement allowance of £74,930.
- 13 Non-cash benefits received by Devin Wenig consisted of healthcare benefits of £36,323 and tax services of £6,081. Cash allowances consisted of a car allowance of £9,600. Devin Wenig's salary is paid in US dollars and the total amount reflected in the table is contractually split between his role as executive director and Chief Operating Officer.
- 14 The total aggregate emoluments for the directors for the period 1 January 2007 to 31 December 2007 were £5.9m. The total emoluments for 2006 were £5.3m.
- 15 During the year a group company paid certain personal expenses on behalf of Tom Glocer. The amount due from Tom Glocer at 31 December 2007, which was the maximum outstanding during the year, was £1,435. No interest was charged. Tom Glocer repaid the amount as soon as he was informed that any personal expenses had been borne by the company.
- 16 Ed Kozel resigned as a director on 27 April 2007.

Other senior managers' remuneration

	Salary/ Fees £000	Bonus ¹ £000	Benefits £000	Allowance £000	Compensation for Loss of Office £000	2007 Total £000	2006 Total £000
Other senior managers as a group (16 persons) (2006: 17 persons)	4197	5,047	202	228	—	9,674	7,019

Notes:

All amounts have been rounded up to the nearest thousand.

The following conversion rates were used: US\$: £1, Swiss Franc 2.4: £1, Hong Kong \$15.59: £1. These were the average rates in effect during 2007.

- 1 In 2007, in addition to the annual bonus scheme, the Remuneration Committee approved an additional one-off bonus to selected employees (excluding executive directors) on profits over and above a target trading profit.

Directors' pensions

Tom Glocer, David Grigson and Devin Wenig participate in defined contribution pension arrangements. Tom Glocer participates in Reuters US pension arrangements and is entitled to a pension allowance of 25% of his base salary during 2007 and in 2008. He is entitled to a lump sum death-in-service benefit of four times basic salary.

David Grigson is a member of the Reuters Retirement Plan in the UK and is entitled to a contribution in respect of pension benefits equal to 24% of salary up to a salary cap of £112,800. He is entitled to a lump sum death-in-service benefit of four times basic salary.

Devin Wenig participates in Reuters US pension arrangements and is entitled to a pension allowance of 6% of his base salary. He is entitled to a lump sum death-in-service benefit of \$1 million.

Contributions and allocations (including the cost of life cover) in respect of these directors in 2007 were:

	Age	Company contribution in respect of period of period £000
Tom Glocer	48	226
David Grigson	53	28
Devin Wenig	41	28

The information shown complies with requirements under both the UK Listing Authority and the Directors' Remuneration Report Regulations 2002.

The total amount of contributions or accruals made in 2007 to provide pension and similar benefits for the directors was £369,981 (2006: £395,854) and for the executive directors and the other senior managers as a group was £1,312,580 (2006: £1,178,386).

These aggregate figures also include an accrual of £88,000 and £107,000 respectively for the investment returns within the US executive pension arrangements. These investment returns are calculated based on each individual's notional fund choices made by reference to actual investment funds and the actual investment returns achieved on these funds.

Directors' interests in long-term plans

	Plan	Date of award	Number at 1 Jan 2007 (or later date of appointment)	Number granted during period	Market price per share at grant	Number vested during period	Market price per share at vesting date	Number (released) during period	Number (lapsed) during period	Number at 31 Dec 2007 (or earlier date of departure)	End of qualifying period	Expiry date
Thomas Glocer	LTIP1&2	20-Feb-02	234,974	—	—	—	—	—	(234,974)	—	31-Dec-06	01-Jan-07
		24-Feb-03	1,731,277	—	—	—	—	—	—	1,731,277	31-Dec-07	01-Jan-08
		23-Feb-04	544,094	—	—	544,094	£ 4.35	(544,094)	—	—	31-Dec-06	01-Jan-07
		11-Mar-05	417,228	—	—	—	—	—	—	417,228	31-Dec-07	01-Jan-08
		15-Mar-06	500,000	—	—	—	—	—	—	500,000	31-Dec-08	01-Jan-09
		13-Mar-07 ³	—	500,000	£ 4.42	—	—	—	—	500,000	31-Dec-09	01-Jan-10
Total			3,427,573	500,000		544,094		(544,094)	(234,974)	3,148,505		
Devin Wenig	LTIP1&2	20-Feb-02	22,047	—	—	—	—	—	(22,047)	—	31-Dec-06	01-Jan-07
		24-Feb-03	200,000	—	—	—	—	—	—	200,000	31-Dec-07	01-Jan-08
		23-Feb-04	200,000	—	—	200,000	£ 4.35	(200,000)	—	—	31-Dec-06	01-Jan-07
		11-Mar-05	163,468	—	—	—	—	—	—	163,468	31-Dec-07	01-Jan-08
		15-Mar-06	250,000	—	—	—	—	—	—	250,000	31-Dec-08	01-Jan-09
		13-Mar-07 ³	—	300,000	£ 4.42	—	—	—	—	300,000	31-Dec-09	01-Jan-10
Total			835,515	300,000		200,000		(200,000)	(22,047)	913,468		
David Grigson	LTIP1&2	20-Feb-02	37,205	—	—	—	—	—	(37,205)	—	31-Dec-06	01-Jan-07
		24-Feb-03	200,000	—	—	—	—	—	—	200,000	31-Dec-07	01-Jan-08
		23-Feb-04	200,000	—	—	200,000	£ 4.35	(200,000)	—	—	31-Dec-06	01-Jan-07
		11-Mar-05	163,468	—	—	—	—	—	—	163,468	31-Dec-07	01-Jan-08
		15-Mar-06	200,000	—	—	—	—	—	—	200,000	31-Dec-08	01-Jan-09
		13-Mar-07 ³	—	200,000	£ 4.42	—	—	—	—	200,000	31-Dec-09	01-Jan-10
Total			800,673	200,000		200,000		(200,000)	(37,205)	763,468		

Notes:

- The LTIP awards are subject to certain performance conditions.
- LTIP awards to executive directors prior to 2004 are subject to a retention period of two years from vesting, save that this is reduced to one year where the performance period has been extended to five years. For awards made in or prior to 2003, the plan permits the measurement period to be extended by up to two years under a re-testing provision. For LTIP awards made from 2004 onwards no re-testing is permitted.
LTIP 2002 did not meet performance conditions and therefore lapsed. Had the awards vested, they would have been released in March 2007.
LTIP 2003 and 2005 did not meet performance conditions and subsequently lapsed in February 2008.
- 2007 awards.
- Subject to performance conditions being met, share awards are due for release as soon as possible after vesting (subject to any restricted period).

Senior managers' interests in long-term plans

Plan	Date of award	Number at 1 Jan 2007 (or later date of appointment)	Number granted during period	Market price per share at grant	Number vested during period ⁴	Market price per share at vesting date	Number (released) during period ⁴	Number (lapsed) during period	Number at 31 Dec 2007 (or earlier date of departure)	End of qualifying period	Expiry date	
Other senior managers as a group (16 persons) (2006: 17 persons) ⁵												
LTIP ^{1&2}	20-Feb-02	96,017	—	—	—	—	—	(96,017)	—	31-Dec-06	01-Jan-07	
	24-Feb-03	650,145	—	—	—	—	—	—	650,145	31-Dec-07	01-Jan-08	
	23-Feb-04	290,022	—	—	290,022	£ 4.35	(290,022)	—	—	31-Dec-06	01-Jan-07	
	03-Dec-04	92,368	—	—	92,368	£ 4.35	(92,368)	—	—	31-Dec-06	01-Jan-07	
	11-Mar-05	336,602	—	—	—	—	—	—	336,602	31-Dec-07	01-Jan-08	
	15-Mar-06	479,937	—	—	—	—	—	—	479,937	31-Dec-08	01-Jan-09	
	02-Aug-06	64,000	—	—	—	—	—	—	64,000	31-Dec-08	01-Jan-09	
	13-Mar-07	—	884,556	£ 4.42	—	—	—	—	884,556	31-Dec-09	01-Jan-10	
	RSP ³	27-Aug-04	52,450	—	£ 3.21	26,225	£ 6.32	(26,225)	—	26,225	27-Aug-06	27-Aug-08
		03-Dec-04	17,238	—	£ 3.89	8,619	£ 6.32	(8,619)	—	8,619	03-Dec-06	03-Dec-08
		11-Mar-05	158,235	—	£ 4.19	52,745	£ 4.42	(52,745)	—	105,490	11-Mar-06	11-Mar-09
		02-Aug-05	14,724	—	£ 3.89	4,908	£ 6.09	(4,908)	—	9,816	02-Aug-06	02-Aug-09
		15-Mar-06	292,867	—	£ 3.93	168,637	£ 4.28	(168,637)	—	124,230	15-Mar-07	15-Mar-10
13-Mar-07		—	293,124	—	—	—	—	—	293,124	13-Mar-08	13-Mar-11	
07-Aug-07	—	131,252	—	—	—	—	—	131,252	07-Aug-08	07-Aug-11		
Total		2,544,605	1,308,932		643,524		(643,524)	(96,017)	3,113,996			

Notes:

- The LTIP awards are subject to certain performance conditions.
- For awards made in or prior to 2004, the plan permits the measurement period to be extended by up to two years under a re-testing provision. For LTIP awards made from 2004 onwards no re-testing is permitted.
LTIP 2002 did not meet performance conditions and therefore lapsed. Had the awards vested, they would have been released in March 2007.
LTIP 2003 and 2005 did not meet performance conditions and subsequently lapsed in February 2008.
- The restricted share plan was introduced in 2004. Restricted shares will not normally be granted for long-term incentive purposes to executive directors or members of the GLT. The indicated awards were made prior to the appointment of the relevant individuals as GLT members. RSP awards were also made to GLT members in lieu of the DSOP awards due to them in August 2007. Awards are normally granted with a four year vesting period, vesting 25% each year. Therefore, 25% vested in 2007 on the anniversary of the date of grant. If this date fell on a non-trading date, the shares vested at the next available trading date.
- Subject to performance conditions being met, share awards are due for release as soon as possible after vesting (subject to any restricted period).
- Other senior managers as a group were 15 persons at 1 January 2007 and were 15 persons at 31 December 2007. Lee Ann Daly and David Craig were appointed to GLT on 1 January 2007 and 1 March 2007 respectively. Alex Hungate resigned on 30 September 2007.

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Share options granted to directors

Name	Plan	Date of grant	Exercise price	Number at 1 Jan 2007 (or later date of appointment)	Number granted during period	Number vested during period	Number (exercised) during period	Number (lapsed) during period	Number at 31 Dec 2007 (or earlier date of departure)	Earliest exercise date	Expiry date
Thomas Glocer ⁶	DSOP ³	20-Feb-02	£ 5.28	461,295	—	—	—	(461,295)	—	20-Feb-07	20-Feb-12
		02-Aug-02	£ 2.66	915,654	—	—	—	(915,654)	—	02-Aug-07	02-Aug-12
		24-Feb-03	£ 1.35	1,307,514	—	—	(1,307,514)	—	—	24-Feb-06	24-Feb-13
		04-Aug-03	£ 2.45	706,594	—	—	(706,594)	—	—	04-Aug-06	04-Aug-13
		23-Feb-04	£ 4.07	789,430	—	789,430	(789,430)	—	—	23-Feb-07	23-Feb-14
		27-Aug-04	£ 3.21	1,000,928	—	1,000,928	(1,000,928)	—	—	27-Aug-07	27-Aug-14
		11-Mar-05	£ 4.19	719,473	—	—	—	—	719,473	11-Mar-08	11-Mar-15
		02-Aug-05	£ 3.89	774,959	—	—	—	—	774,959	02-Aug-08	02-Aug-15
		15-Mar-06	£ 3.93	625,000	—	—	—	—	625,000	15-Mar-09	15-Mar-16
		02-Aug-06	£ 3.93	625,000	—	—	—	—	625,000	02-Aug-09	02-Aug-16
		13-Mar-07 ⁵	£ 4.42	—	625,000	—	—	—	625,000	13-Mar-10	13-Mar-17
		07-Aug-07 ⁵	£ 6.19	—	625,000	—	—	—	625,000	07-Aug-10	07-Aug-17
	SAYE ⁴	07-Apr-04	£ 3.14	1,200	—	1,200	(1,200)	—	—	01-Jun-07	01-Dec-07
		14-Apr-05	£ 3.33	569	—	—	—	—	569	01-Jun-08	01-Dec-08
		10-Apr-06	£ 3.14	1,191	—	—	—	—	1,191	01-Jun-09	01-Dec-09
		03-Apr-07 ⁵	£ 3.53	—	1,070	—	—	—	1,070	01-Jun-10	01-Dec-10
Total				7,928,807	1,251,070	1,791,558	(3,805,666)	(1,376,949)	3,997,262		

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Name	Plan	Date of grant	Exercise price	Number at 1 Jan 2007 (or later date of appointment)	Number granted during period	Number vested during period	Number (exercised) during period	Number (lapsed) during period	Number at 31 Dec 2007 (or earlier date of departure)	Earliest exercise date	Expiry date
Devin Wenig ⁶	DSOP ³	27-Dec-00 ^{2&3}	£ 11.39	6,913	—	—	—	(6,913)	—	27-Dec-01	27-Dec-07
		25-Jun-01 ^{2&3}	£ 8.62	9,135	—	—	—	—	9,135	25-Jun-02	25-Jun-11
		20-Feb-02 ^{2&3}	£ 5.28	25,936	—	—	—	—	25,936	20-Feb-03	20-Feb-12
		02-Aug-02 ^{2&3}	£ 2.66	200,000	—	—	—	—	200,000	02-Aug-03	02-Aug-12
		24-Feb-03	£ 1.35	200,000	—	—	—	—	200,000	24-Feb-06	24-Feb-13
		04-Aug-03	£ 2.45	200,000	—	—	—	—	200,000	04-Aug-06	04-Aug-13
		23-Feb-04	£ 4.07	122,950	—	122,950	—	—	122,950	23-Feb-07	23-Feb-14
		27-Aug-04	£ 3.21	155,892	—	155,892	—	—	155,892	27-Aug-07	27-Aug-14
		11-Mar-05	£ 4.19	281,886	—	—	—	—	281,886	11-Mar-08	11-Mar-15
		02-Aug-05	£ 3.89	303,625	—	—	—	—	303,625	02-Aug-08	02-Aug-15
		15-Mar-06	£ 3.93	325,000	—	—	—	—	325,000	15-Mar-09	15-Mar-16
		02-Aug-06	£ 3.93	325,000	—	—	—	—	325,000	02-Aug-09	02-Aug-16
		13-Mar-07 ⁵	£ 4.42	—	375,000	—	—	—	375,000	13-Mar-10	13-Mar-17
		07-Aug-07 ⁵	£ 6.19	—	375,000	—	—	—	375,000	07-Aug-10	07-Aug-17
	SAYE ⁴	07-Apr-04 ¹	\$ 7.27	1,200	—	1,200	(1,200)	—	—	01-Jun-07	01-Dec-07
		14-Apr-05 ¹	\$ 7.93	1,134	—	—	—	—	1,134	01-Jun-08	01-Dec-08
Total				2,158,671	750,000	280,042	(1,200)	(6,913)	2,900,558		

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Name	Plan	Date of grant	Exercise price	Number at 1 Jan 2007 (or later date of appointment)	Number granted during period	Number vested during period	Number (exercised) during period	Number (lapsed) during period	Number at 31 Dec 2007 (or earlier date of departure)	Earliest exercise date	Expiry date
David Grigson ⁶	DSOP ³	20-Feb-02	£ 5.28	75,757	—	—	—	(75,757)	—	20-Feb-07	20-Feb-12
		02-Aug-02	£ 2.66	150,375	—	—	—	(150,375)	—	02-Aug-07	02-Aug-12
		24-Feb-03	£ 1.35	200,000	—	—	—	—	200,000	24-Feb-06	24-Feb-13
		04-Aug-03	£ 2.45	200,000	—	—	—	—	200,000	04-Aug-06	04-Aug-13
		23-Feb-04	£ 4.07	122,950	—	122,950	—	—	122,950	23-Feb-07	23-Feb-14
		27-Aug-04	£ 3.21	155,892	—	155,892	—	—	155,892	27-Aug-07	27-Aug-14
		11-Mar-05	£ 4.19	281,886	—	—	—	—	281,886	11-Mar-08	11-Mar-15
		02-Aug-05	£ 3.89	303,625	—	—	—	—	303,625	02-Aug-08	02-Aug-15
		15-Mar-06	£ 3.93	250,000	—	—	—	—	250,000	15-Mar-09	15-Mar-16
		02-Aug-06	£ 3.93	250,000	—	—	—	—	250,000	02-Aug-09	02-Aug-16
		13-Mar-07 ⁵	£ 4.42	—	250,000	—	—	—	250,000	13-Mar-10	13-Mar-17
		07-Aug-07 ⁵	£ 6.19	—	250,000	—	—	—	250,000	07-Aug-10	07-Aug-17
	SAYE ⁴	07-Apr-04	£ 3.14	1,200	—	1,200	(1,200)	—	—	01-Jun-07	01-Dec-07
		14-Apr-05	£ 3.33	569	—	—	—	—	569	01-Jun-08	01-Dec-08
		03-Apr-07 ⁵	£ 3.53	—	1,070	—	—	—	1,070	01-Jun-10	01-Dec-10
Total				1,992,254	501,070	280,042	(1,200)	(226,132)	2,265,992		

Notes:

- The options indicated are over American Depositary Shares (ADSs). Each ADS represents six ordinary shares, is denominated in US dollars and trades on The NASDAQ Global Select Market. For the purposes of this disclosure, ADSs have been converted into the equivalent number of ordinary shares and an equivalent option price.
- The indicated awards were made prior to the appointment of the relevant individual as an executive director. The DSOP options granted prior to the appointment as an executive director have no performance condition.
- Save as disclosed in note 2 above, exercise of each DSOP award is conditional on performance criteria. Performance conditions were varied during 2006.
- Options granted under the SAYE Plan have no performance conditions.
- 2007 award.
- There were total gains of £14,904,955.09 on the exercise of share options in 2007 (2006: £27,384).

At 31 December 2007, the market close price of our shares was 637.00 pence per share and \$76.09 per ADS. The highest prices during the year were 668.50 pence per share and \$83.70 per ADS and the lowest were 418.89 pence per share and \$48.18 per ADS.

Share options granted to senior managers

Name	Plan	Date of grant	Exercise price	Number at 1 Jan 2007 (or later date of appointment)	Number granted during period	Number vested during period	Number (exercised) during period	Number (lapsed) during period	Number at 31 Dec 2007 (or earlier date of departure)	Earliest exercise date	Expiry date
Other senior managers as a group (16 persons) (2006: 17 persons) ⁴											
	DSOP ³	27-Dec-00	£ 11.39	25,414	—	—	—	(19,883)	5,531	27-Dec-01	27-Dec-07
		25-Jun-01	£ 8.62	54,347	—	—	—	—	54,347	25-Jun-02	25-Jun-11
		21-Dec-01	£ 6.92	15,425	—	—	—	—	15,425	21-Dec-02	21-Dec-11
		20-Feb-02	£ 5.28	5,697	—	—	—	(5,697)	—	20-Feb-03	20-Feb-07
		20-Feb-02	£ 5.28	107,260	—	—	(23,148)	—	84,112	20-Feb-03	20-Feb-12
		02-Aug-02	£ 2.66	641,708	—	—	(200,000)	—	441,708	02-Aug-03	02-Aug-12
		24-Feb-03	£ 1.35	277,775	—	105,893	(103,575)	—	174,200	24-Feb-04	24-Feb-13
		01-Apr-03	£ 1.08	18,750	—	18,750	—	—	18,750	01-Apr-04	01-Apr-13
		04-Aug-03	£ 2.45	501,250	—	170,625	(142,500)	—	358,750	04-Aug-04	04-Aug-13
		23-Feb-04	£ 4.07	277,375	—	69,344	(63,750)	—	213,625	23-Feb-05	23-Feb-14
		27-Aug-04	£ 3.21	199,064	—	49,766	(61,812)	—	137,252	27-Aug-05	27-Aug-14
		11-Mar-05	£ 4.19	113,308	—	28,327	(36,162)	—	77,146	11-Mar-06	11-Mar-15
		02-Aug-05	£ 3.89	122,044	—	30,511	(38,950)	—	83,094	02-Aug-06	02-Aug-15
		15-Mar-06	£ 3.93	148,000	—	37,000	(17,750)	—	130,250	15-Mar-07	15-Mar-16
		02-Aug-06	£ 3.93	233,000	—	58,250	(17,750)	—	215,250	02-Aug-07	02-Aug-16
		13-Mar-07	£ 4.42	—	731,032	—	—	—	731,032	13-Mar-08	13-Mar-17
	SAYE ¹	11-Apr-02	£ 4.48	2,216	—	2,216	(2,216)	—	—	01-Jun-07	01-Dec-07
		11-Apr-02 ²	\$ 8.05	1,806	—	1,806	(1,806)	—	—	01-Jun-07	01-Dec-07
		07-Apr-04	£ 3.14	7,200	—	7,200	(7,200)	—	—	01-Jun-07	01-Dec-07
		07-Apr-04 ²	\$ 7.27	1,200	—	1,200	(1,200)	—	—	01-Jun-07	01-Dec-07
		14-Apr-05	£ 3.33	3,072	—	—	—	—	3,072	01-Jun-08	01-Dec-08
		10-Apr-06	£ 3.14	3,554	—	—	—	—	3,554	01-Jun-09	01-Dec-09
		10-Apr-06 ²	\$ 6.77	1,188	—	—	—	(1,188)	—	01-Jun-09	01-Dec-09
		03-Apr-07	£ 3.53	—	7,215	—	—	—	7,215	01-Jun-10	01-Dec-10
Total				2,760,653	738,247	580,888	(717,819)	(26,768)	2,754,313		

Notes:

- Options granted under the SAYE Plan have no performance conditions.
- The options indicated are over American Depositary Shares (ADSs). Each ADS represents six ordinary shares, is denominated in US dollars and trades on NASDAQ. For the purposes of this disclosure, ADSs have been converted into the equivalent number of ordinary shares and an equivalent option price.
- The DSOP was approved by the shareholders in April 2001. Awards are normally granted with a four year vesting period, vesting 25% each year. Therefore, 25% vested in 2007 on the anniversary of the date of grant. If this date fell on a non-trading date, the shares vested at the next available trading date.
- Other senior managers as a group were 15 persons at 1 January 2007 and were 15 persons at 31 December 2007. Lee Ann Daly and David Craig were appointed to GLT on 1 January 2007 and 1 March 2007 respectively. Alex Hungate resigned on 30 September 2007.

At 31 December 2007, the market close price of our shares was 637.00 pence per share and \$76.09 per ADS. The highest prices during the year were 668.50 pence per share and \$83.70 per ADS and the lowest were 418.89 pence per share and \$48.18 per ADS.

10 Employee information

The average number of employees during the year was as follows:

	2007	Restated 2006	Restated 2005
Business division:			
Sales & Trading*	1,430	1,301	987
Research & Asset Management	895	800	658
Enterprise	1,491	1,241	925
Media	220	189	109
Shared divisional resources	3,706	3,182	3,504
Total divisions	7,472	6,713	6,183
Global Sales & Service Organisation	5,843	5,717	4,988
Editorial	2,351	2,321	2,210
Corporate Services*	1,526	1,551	1,637
Total continuing operations	17,462	16,302	15,018
Discontinued operations	—	—	846
Total average number of employees	17,462	16,302	15,864
By location:			
Europe, Middle East and Africa	7,359	7,174	6,962
Americas	4,219	4,252	4,292
Asia	5,884	4,876	3,764
Total continuing operations	17,462	16,302	15,018
Discontinued operations	—	—	846
Total average number of employees	17,462	16,302	15,864
By function:			
Production and communications	10,335	9,438	8,498
Selling and marketing	4,609	4,572	4,179
Support services and administration	2,518	2,292	2,341
Total continuing operations	17,462	16,302	15,018
Discontinued operations	—	—	846
Total average number of employees	17,462	16,302	15,864
The above include:			
Development staff	3,120	2,670	2,332

* 2006 and 2005 have been restated to reflect the way that Reuters was managed in 2007, Transaction Sales and Hosted are now shown within Sales & Trading rather than in Shared divisional resources and Global Sales & Service Organisation, respectively. Chief Technology Office is now included in Corporate Services rather than in Shared Divisional resources.

The average number of employees during 2007 included 167 temporary staff (2006:168, 2005:181).

11 Consolidated reconciliation of changes in equity

	Note	Attributable to equity holders of the parent			Minority interest	Total equity
		Share capital £m	Other reserves £m	Retained earnings £m		
1 January 2005		455	(1,647)	1,690	201	699
Actuarial losses on defined benefit plans	25	—	—	(48)	—	(48)
Exchange differences taken directly to reserves		—	97	—	21	118
Exchange differences taken to the income statement on disposal of assets		—	(2)	—	—	(2)
Fair value losses on available-for-sale financial assets	16	—	(22)	—	7	(15)
Fair value gains on available-for-sale financial assets taken to the income statement on disposal of assets	16	—	(68)	—	(5)	(73)
Fair value losses on net investment hedges	16	—	(39)	—	—	(39)
Fair value gains taken to the income statement on disposal of net investments		—	(14)	—	—	(14)
Taxation on the items taken directly to or transferred from equity		—	4	10	—	14
Net expense recognised directly in equity		—	(44)	(38)	23	(59)
Profit for the year		—	—	456	26	482
Total recognised (expense)/income for 2005		—	(44)	418	49	423
Employee share schemes		—	—	42	7	49
Taxation on employee share schemes		—	—	11	—	11
Repurchase of own shares		—	—	(224)	—	(224)
Shares to be repurchased		—	—	(59)	—	(59)
Proceeds from shares issued to ordinary shareholders	27	12	—	(2)	—	10
Proceeds of shares issued to minority shareholders of Instinet		—	—	—	3	3
Dividends:	32					
Final dividend for 2004		—	—	(86)	—	(86)
Interim dividend for 2005		—	—	(54)	—	(54)
Share of Instinet's dividend paid to minority shareholders		—	—	—	(23)	(23)
Other movements in equity		—	(1)	—	—	(1)
Minority interest in subsidiary disposed in the year		—	—	—	(237)	(237)
31 December 2005		467	(1,692)	1,736	—	511

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	Note	Attributable to equity holders of the parent			Minority interest	Total equity
		Share capital £m	Other reserves £m	Retained earnings £m		
1 January 2006		467	(1,692)	1,736	—	511
Actuarial gains on defined benefit plans	25	—	—	6	—	6
Exchange differences taken directly to reserves		—	(95)	—	—	(95)
Fair value gains on available-for-sale financial assets	16	—	6	—	—	6
Fair value gains on net investment hedges	16	—	34	—	—	34
Tax on items taken directly to or transferred from equity		—	(3)	(1)	—	(4)
Net expense recognised directly in equity		—	(58)	5	—	(53)
Profit for the year		—	—	305	—	305
Total recognised (expense)/income for 2006		—	(58)	310	—	252
Employee share schemes		—	—	30	—	30
Tax on employee share schemes		—	—	1	—	1
Repurchase of own shares		—	—	(467)	—	(467)
Shares to be repurchased		—	—	(53)	—	(53)
Shares allotted during the year	27	41	—	(9)	—	32
Shares cancelled during the year	27	(12)	12	—	—	—
Dividends:	32					
Final dividend for 2005		—	—	(81)	—	(81)
Interim dividend for 2006		—	—	(53)	—	(53)
31 December 2006		496	(1,738)	1,414	—	172

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	Note	Attributable to equity holders of the parent			Minority interest	Total equity
		Share capital £m	Other reserves £m	Retained earnings £m		
1 January 2007		496	(1,738)	1,414	—	172
Actuarial gains on defined benefit plans	25	—	—	98	—	98
Exchange differences taken directly to reserves		—	20	—	—	20
Fair value gains on available-for-sale financial assets	16	—	11	—	—	11
Fair value gains on available-for-sale financial assets taken to the income statement on disposal of assets	16	—	(18)	—	—	(18)
Fair value gains on net investment hedges	16	—	4	—	—	4
Tax on items taken directly to or transferred from equity		—	1	(21)	—	(20)
Net income recognised directly in equity		—	18	77	—	95
Profit for the year		—	—	227	—	227
Total recognised income for 2007		—	18	304	—	322
Employee share schemes		—	—	30	—	30
Tax on employee share schemes		—	—	4	—	4
Repurchase of own shares		—	—	(121)	—	(121)
Shares to be repurchased		—	—	(169)	—	(169)
Shares allotted during the year	27	53	—	(6)	—	47
Shares cancelled during the year	27	(10)	10	—	—	—
Dividends:	32					
Final dividend for 2006		—	—	(86)	—	(86)
Interim dividend for 2007		—	—	(61)	—	(61)
31 December 2007		539	(1,710)	1,309	—	138

Please refer to note 27 and note 28 for more information on the nature of and movements in share capital and other reserves respectively.

Retained earnings is stated after deducting £1,272 million (2006: £1,002 million, 2005: £489 million) in respect of treasury shares. This is composed of a cumulative £924 million (2006: £750 million, 2005: £224 million) which represents the cost of 223 million shares in Reuters Group PLC (2006: 187 million, 2005: 57 million) repurchased in the market as part of the ongoing share buyback programme (see note 27), £169 million (2006: £53 million, 2005: £59 million) which represents the cost of 28 million shares in Reuters Group PLC (2006: 12.0 million, 2005: 13.5 million) that Reuters had an irrevocable commitment to repurchase during the year end close period and £179 million (2006: £199 million, 2005: £206 million) which represents the cost of 27 million shares in Reuters Group PLC (2006: 30 million, 2005: 32 million) purchased in the market and held by Reuters Employee Share Ownership Trusts (ESOTs) to satisfy certain options/awards under the Group's share incentive plans (see note 33).

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During 2007, Reuters cancelled 39 million shares, 37 million of which were repurchased as part of the ongoing share buyback programme. An amount equal to the nominal value of these shares has been transferred from share capital to the capital redemption reserve.

12 Segmental analysis — balance sheet

Primary reportable segments

The tables below show assets, liabilities and other information by business division. The assets and liabilities are attributed to business divisions using methodologies consistent with those used to allocate divisional results (see note 1).

	31 December 2007					
	Sales & Trading £m	Research & Asset Management £m	Enterprise £m	Media £m	Shared £m	Total £m
Assets (excluding investment in associates and joint ventures)	764	271	227	83	621	1,966
Investment in associates and joint ventures	18	4	1	4	—	27
Total assets	782	275	228	87	621	1,993
Total liabilities	(386)	(122)	(112)	(50)	(1,185)	(1,855)
Capital expenditure	160	52	49	11	—	272

Restated
31 December 2006

	Sales & Trading £m	Research & Asset Management £m	Enterprise £m	Media £m	Shared £m	Total £m
Assets (excluding investment in associates and joint ventures)	745	243	182	56	656	1,882
Investment in associates and joint ventures	15	4	1	18	—	38
Total assets	760	247	183	74	656	1,920
Total liabilities	(430)	(116)	(115)	(57)	(1,030)	(1,748)
Capital expenditure	172	32	76	10	—	290

	Sales & Trading £m	Research & Asset Management £m	Enterprise £m	Media £m	Shared £m	Total £m
Assets (excluding investment in associates and joint ventures)	667	246	178	49	961	2,101
Investment in associates and joint ventures	11	5	3	17	—	36
Total assets	678	251	181	66	961	2,137
Total liabilities	(542)	(141)	(150)	(76)	(717)	(1,626)
Capital expenditure*	241	53	38	14	—	346

* Capital expenditure in 2005 excludes Instinct Group, which was classified as a discontinued operation prior to its disposal.

Shared assets consist principally of taxation, hedging derivatives, short-term deposits, cash and borrowings as these are not managed separately by a division.

Capital expenditure includes additions of intangible assets and additions of property, plant and equipment.

Secondary reportable segments

	31 December 2007		31 December 2006		31 December 2005	
	Total assets £m	Capital expenditure £m	Total assets £m	Capital expenditure £m	Total assets £m	Capital expenditure £m
By geographical location						
Europe, Middle East & Africa	710	144	616	124	589	191
Americas	531	89	522	108	520	99
Asia	228	39	194	58	143	56
Central	524	—	588	—	885	—
Total	1,993	272	1,920	290	2,137	346

Central assets consist principally of investments in associates and joint ventures, taxation, hedging derivatives and centrally managed cash and short-term deposits.

13 Intangible assets

	Goodwill £m	Trade names £m	Customer relationships £m	Technology know-how £m	Internally generated software £m	Purchased software £m	Total £m
Cost:							
1 January 2005	209	29	1	144	44	54	481
Exchange differences	24	3	4	6	1	2	40
Additions:							
Acquisition of subsidiaries	103	4	59	4	—	—	170
Other additions	—	—	—	—	29	11	40
Reclassifications**	(9)	(3)	—	(65)	—	(3)	(80)
31 December 2005	327	33	64	89	74	64	651
Exchange differences	(32)	(4)	(7)	(7)	(1)	(2)	(53)
Additions:							
Acquisition of subsidiaries	18	1	11	16	—	—	46
Other additions	—	—	—	—	93	21	114
Adjustments*	2	—	—	—	—	—	2
31 December 2006	315	30	68	98	166	83	760
Exchange differences	(1)	(1)	1	(1)	3	—	1
Additions:							
Acquisition of subsidiaries	13	4	1	10	—	—	28
Other additions	—	—	—	—	90	19	109
31 December 2007	327	33	70	107	259	102	898
Amortisation and impairment:							
1 January 2005	(18)	(11)	—	(66)	(38)	(32)	(165)
Exchange differences	—	(2)	—	(3)	—	(2)	(7)
Charged in the year:							
Amortisation	—	(3)	(4)	(15)	(3)	(10)	(35)
Impairment	—	—	—	—	(1)	—	(1)
Reclassifications**	—	3	—	38	—	3	44
31 December 2005	(18)	(13)	(4)	(46)	(42)	(41)	(164)
Exchange differences	—	2	1	4	—	2	9
Charged in the year:							
Amortisation	—	(4)	(7)	(13)	(10)	(12)	(46)
31 December 2006	(18)	(15)	(10)	(55)	(52)	(51)	(201)
Exchange differences	—	—	—	—	(1)	—	(1)
Charged in the year:							
Amortisation	—	(3)	(7)	(12)	(28)	(11)	(61)
Impairment	—	(9)	—	(9)	(2)	(1)	(21)
31 December 2007	(18)	(27)	(17)	(76)	(83)	(63)	(284)
Carrying amount:							
31 December 2005	309	20	60	43	32	23	487
31 December 2006	297	15	58	43	114	32	559
31 December 2007	309	6	53	31	176	39	614

* Adjustments of £2 million to goodwill in 2006 relate to the finalisation of fair value adjustments in respect of the acquisition of Telerate. Fair value adjustments are based on an independent valuation performed by professionally-qualified valuers.

** Reclassifications in 2005 relate to Instinet Group, which was classified as a discontinued operation prior to its disposal.

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Expenditure related to the development of new products or capabilities that is incurred between establishing technical feasibility and the asset becoming ready for use is capitalised when it meets the criteria outlined in IAS38 'Intangible assets.' Such assets are then systematically amortised over their useful economic life. Additionally, the costs of acquiring software licences and costs incurred in bringing software into use are capitalised, and amortised over the expected life of the licence. There is judgement involved in determining an appropriate framework to consider which expenditure requires capitalisation and which should be expensed.

The carrying amount of intangibles, other than goodwill, internally-generated software and purchased software, at 31 December includes the following balances which are considered to be material to the Group's financial statements:

Arising on acquisition of	Nature (included in category)	Date of acquisition	Carrying amount £m	Remaining amortisation period
Telerate	Customer relationships	June 2005	35	7 years, 5 months
Application Networks	Technology know-how	June 2006	10	3 years, 5 months

Impairment tests of goodwill

No impairment losses in respect of goodwill have been recognised in 2007, 2006 and 2005.

For the purpose of performing impairment reviews, Reuters has identified seven cash generating units (CGUs). In prior years, Reuters identified eight CGUs, but disposed of Bridge Trading Company (BTC) in 2005. Annual impairment reviews are performed as at 1 July for all CGUs, which include goodwill. These reviews compare the carrying value of each CGU with the present value of future cash flows arising from the use of the assets of the unit (value in use). If the value in use is less than the carrying value of the CGU, an impairment loss is recognised immediately in the income statement.

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Business division	Cash Generating Unit	Carrying amount of goodwill at		
		31 December 2007 £m	31 December 2006 £m	31 December 2005 £m
Sales & Trading	Sales & Trading	149	146	157
Research & Asset Management	Investment Banking & Investment Management	93	93	103
	Wealth Management	—	—	—
	Lipper	33	28	31
Enterprise	Enterprise (excluding Risk)	7	3	4
	Risk	22	22	9
Media	Media	5	5	5
Total		309	297	309

Key assumptions used in the value in use calculations are as follows:

Cash flow projections are derived from financial plans approved by the Board and cover a three year period (2006 and 2005: five year period). They reflect management's expectations of revenue growth, operating cost and margin for each CGU based on past experience. Projections exclude the expected revenue and cost synergy benefits arising from the various Core Plus growth strategies not yet underway. Cash flows beyond the three year period have been extrapolated using estimated terminal growth rates.

A pre-tax discount rate of 9% (2006: 9% to 11%, 2005: 9%) has been applied to cash flow projections reflecting management's view that similar risk profiles exist for each CGU. For accounting purposes, impairment testing has been performed using perpetuity growth rate of 3% (2006: 2% to 3%, 2005: 0% to 3%). The rate used has been determined with regard to projected growth for the specific markets in which the CGUs participate. This rate is below the long-term average growth rate for the businesses in which Reuters operates.

The forecasts are most sensitive to changes in projected revenue growth rates in the first three years of the forecast period. However, there is significant headroom and forecast revenues would have to be more than 11% lower than currently projected, before a possible impairment charge would be indicated.

Impairment tests of other intangible assets

Intangible asset impairment losses in the year of £21 million include £18 million in respect of Bridge trade names and technology know-how and £3 million in respect of internally generated and purchased software.

Declining use of the Bridge name in Reuters marketing and Reuters investment in new infrastructure have led management to consider that cash flows generated by the continuing use of these assets no longer support the carrying values of Bridge trade names and technology know-how. The assets were held in Sales & Trading. £3 million of internally generated and purchased software assets have been impaired following management review. Cash inflows forecast to be generated from these assets are not expected to be sufficient to support their carrying values. These assets were held in Sales & Trading and Enterprise.

14 Property, plant and equipment

	Freehold property £m	Leasehold property £m	Computer systems equipment £m	Office equipment and motor vehicles £m	Total £m
Cost:					
1 January 2005	153	187	858	193	1,391
Exchange differences	1	8	36	4	49
Additions	5	41	80	11	137
Acquisitions	—	—	1	1	2
Disposals	—	(8)	(91)	(15)	(114)
Reclassifications*	(1)	(62)	(41)	(36)	(140)
31 December 2005	158	166	843	158	1,325
Exchange differences	(5)	(10)	(57)	(10)	(82)
Additions	9	37	75	9	130
Disposals	—	(4)	(193)	(24)	(221)
31 December 2006	162	189	668	133	1,152
Exchange differences	2	4	16	5	27
Additions	1	44	83	6	134
Acquisitions	—	—	1	—	1
Disposals	(1)	(3)	(53)	(30)	(87)
31 December 2007	164	234	715	114	1,227
Disposals	—	8	89	14	111
Reclassifications*	—	31	33	34	98
31 December 2005	(75)	(70)	(688)	(134)	(967)
Exchange differences	2	4	47	9	62
Charged in the year	(4)	(15)	(67)	(9)	(95)
Disposals	—	3	192	24	219
31 December 2006	(77)	(78)	(516)	(110)	(781)
Exchange differences	(1)	(2)	(14)	(5)	(22)
Charged in the year	(4)	(15)	(69)	(8)	(96)
Acquisitions	—	—	(1)	—	(1)
Disposals	—	2	47	28	77
31 December 2007	(82)	(93)	(553)	(95)	(823)
Carrying amount:					
31 December 2005	83	96	155	24	358
31 December 2006	85	111	152	23	371
31 December 2007	82	141	162	19	404

* Reclassifications in 2005 relate to Instinet Group, which was classified as a discontinued operation prior to its disposal, other assets held for sale at the balance sheet date and depreciation capitalised as intangible assets.

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The carrying amount of computer systems equipment includes an amount of £7 million (2006: £4 million, 2005: £2 million) in respect of subscriber equipment being sourced and managed by IBM on behalf of Reuters. This equipment has been classified as an asset held under finance lease. The agreement for provision of equipment and services by IBM includes a renewal clause and an option to purchase the equipment at fair market value.

The carrying amount of office equipment includes an amount of £3 million (2006: £nil, 2005: £nil) in respect of telephone equipment held under finance lease.

The carrying amount of property, plant and equipment includes £3 million (2006: £16 million, 2005: £nil) in respect of assets in the course of construction.

The carrying amount of leasehold property is analysed as follows:

Carrying amount of leasehold property	2007	2006	2005
	£m	£m	£m
Long-term leaseholds	96	66	33
Short-term leaseholds	45	45	63
Total leasehold property	141	111	96

15 Investments accounted for using the equity method

	Interests in joint ventures £m	Interests in associates £m	Total £m
Net assets/cost:			
1 January 2005	29	5	34
Exchange differences	2	—	2
Arising in year – share of:			
Operating profits	5	—	5
Interest receivable	1	—	1
Taxation	(1)	—	(1)
Additions	1	—	1
Dividends received	(4)	—	(4)
Disposals	(1)	—	(1)
Impairments	—	(2)	(2)
31 December 2005	32	3	35
Reclassifications*	(14)	—	(14)
Exchange differences	(3)	(1)	(4)
Arising in year – share of:			
Operating profits	—	1	1
Interest receivable	1	—	1
Taxation	(2)	—	(2)
Additions	8	—	8
Dividends received	(3)	—	(3)
31 December 2006	19	3	22
Reclassifications**	—	2	2
Exchange differences	—	1	1
Arising in year – share of:			
Operating losses	(5)	(1)	(6)
Additions	9	—	9
Dividends received	(2)	—	(2)
31 December 2007	21	5	26

* Reclassifications in 2006 relate to Reuters' investment in Factiva, which was classified as a non-current asset held for sale and sold during the year.

** Reclassifications in 2007 relate to Reuters' investment in TIMES NOW, which was classified as a non-current asset held for sale, and Pluck which was classified as an available-for-sale asset.

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	Interests in joint ventures £m	Interests in associates £m	Total £m
Goodwill:			
1 January 2005	—	1	1
31 December 2005	—	1	1
Additions	—	15	15
31 December 2006	—	16	16
Additions	—	5	5
Reclassifications**	—	(20)	(20)
31 December 2007	—	1	1
Carrying amount:			
31 December 2005	32	4	36
31 December 2006	19	19	38
31 December 2007	21	6	27

* Reclassifications in 2006 relate to Reuters' investment in Factiva, which was classified as a non-current asset held for sale and sold during the year.

** Reclassifications in 2007 relate to Reuters' investment in TIMES NOW, which was classified as a non-current asset held for sale, and Pluck which was classified as an available-for-sale asset.

The Group holds a 51% interest in AFE Solutions Limited, a 35% holding in 3 Times Square Associates LLC and a 40% holding in Independent Research Network LLC, being other jointly controlled entities accounted for under the equity method of accounting.

In July 2006, Reuters and the Chicago Mercantile Exchange announced the formation of a new joint venture, FXMarketSpace Limited, to create a centrally-cleared, global foreign exchange trading system. Reuters invested £8 million in the joint venture during 2006 and a further £10 million in 2007. The Group holds a 50% interest in this jointly controlled entity.

In October 2006, Reuters acquired a 26% interest in Times Global Broadcasting Company Limited for £11 million relating to the launch of a new Indian TV News Channel, TIMES NOW, in association with the Times of India. Reuters invested £5 million in the associate during 2007. In November 2007 the TIMES NOW investment was classified as a non-current asset held for sale.

In November 2006, Reuters acquired a 17% interest in Pluck Corporation for £4 million. This was classified as an associate and accounted for under the equity method of accounting because Reuters had an option to acquire 100% of the equity and therefore had significant influence over Pluck Corporation. On 31 March 2007 this investment was transferred to available-for-sale assets following expiry of the option to purchase and was sold on 4 March 2008.

On 18 October 2006, Reuters agreed to sell the majority of its investment in Factiva to joint venture partner Dow Jones. In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', Reuters reclassified its investment as a non-current asset held for sale on this date. The sale was completed on 15 December 2006.

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Share of post-taxation (losses)/profits from associate and joint ventures is reconciled to the income statement as follows:

	2007	2006	2005
	£m	£m	£m
Operating profits	(5)	1	5
Interest receivable	—	1	1
Taxation	(1)	(2)	(1)
Set-up costs of FXMarketSpace	—	(4)	—
Share of post-taxation (losses)/profits from associates and joint ventures	(6)	(4)	5

Summarised financial information in respect of the Group's interests in joint ventures at 31 December is as follows:

	2007	2006	2005
	£m	£m	£m
Income	7	63	83
Expenses	(12)	(64)	(78)
(Losses)/profit	(5)	(1)	5
Non-current assets	54	61	76
Current assets	16	18	37
Current liabilities	(41)	(49)	(20)
Non-current liabilities	(8)	(11)	(61)
Carrying value	21	19	32

Summarised financial information in respect of the Group's interests in its principal associates at 31 December is as follows:

	2007	2006	2005
	£m	£m	£m
Revenues	5	10	21
(Loss)/Profit	(1)	1	—
Assets	10	48	19
Liabilities	(4)	(29)	(15)
Carrying value	6	19	4

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16 Other financial assets and liabilities

Other financial assets and liabilities, including derivative financial instruments, are stated at fair value.

Other financial assets include the following:

	2007 £m	2006 £m	2005 £m
Available-for-sale financial assets:			
Equity securities	14	17	13
Other available-for-sale financial assets	4	9	5
Short-term deposits	3	198	1
Derivative financial instruments (see note 17):			
Cross-currency interest rate swaps – fair value hedges < 1 year	14	—	—
Cross-currency interest rate swaps – fair value hedges > 1 year	20	—	14
Cross-currency interest rate swaps – net investment hedges	34	30	—
Forward foreign exchange contracts – held for trading	1	—	—
Embedded derivatives in revenue contracts	—	—	7
Embedded derivatives in supplier contracts	1	3	—
Total	91	257	40
Less: Non-current portion	(62)	(47)	(22)
Current portion	29	210	18

Short-term deposits are managed by the Group's treasury function as part of the Group's overall financing strategy. Movements in short-term deposits are therefore classified within 'financing activities' in the Consolidated cash flow statement.

Movements in the carrying value of available-for-sale financial assets are analysed as follows:

	2007 £m	2006 £m	2005 £m
1 January	26	18	158
Additions	1	—	1
Fair value adjustments transferred to equity	11	6	(50)
Reclassifications*	4	4	(23)
Disposals	(24)	(2)	(68)
31 December	18	26	18

* The reclassification in 2007 relates to the 17% interest in Pluck Corporation reclassified following the expiry of an option to acquire 100% of the equity interest. Reclassifications in 2006 relate to a minority preference share interest in a Factiva entity that Reuters retained following the disposal of the majority of Reuters' investment in Factiva. Reclassifications in 2005 include balances transferred to assets held for sale and liabilities associated with assets held for sale.

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Other financial liabilities include the following:

	2007 £m	2006 £m	2005 £m
Borrowings:			
Bank overdrafts	9	24	25
Term notes and commercial paper	610	632	383
Finance lease payables	12	4	2
Total borrowings	631	660	410
Derivative financial instruments (see note 17)			
Cross-currency interest rate swaps – fair value hedges < 1 year	1	2	—
Cross-currency interest rate swaps – fair value hedges > 1 year	—	7	—
Cross-currency interest rate swaps – net investment hedges	—	—	9
Forward foreign exchange contracts – held for trading	1	—	—
Embedded derivatives in revenue contracts	28	18	—
Embedded derivatives in supplier contracts	1	—	1
Total	662	687	420
Less: Non-current portion	(370)	(521)	(371)
Current portion	292	168	49

The term notes principally relate to a public bond of £364 million which is repayable in November 2010 and incurs interest at a fixed rate of 4.6% and a floating rate note of £184 million repayable in November 2008 and at 31 December 2007 incurs interest at 4.8% . Commercial paper of £58 million incurs interest at 5.8% . All borrowings are unsecured.

The maturity profile of finance lease payables is as follows:

	Minimum lease payments			Present value of minimum lease payments		
	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m
Within one year	6	2	1	5	2	1
One to five years	7	2	1	7	2	1
Total	13	4	2	12	4	2

The fair value of the Group's lease obligations approximates to their carrying amounts.

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Fair value movements on other financial assets and liabilities recognised during 2007, 2006 and 2005 (see note 17) include the following:

	2007		2006		2005
	Fair value gain/(loss) in income statement £m	Fair value gain/(loss) in equity £m	Fair value gain/(loss) in income statement £m	Fair value gain/(loss) equity £m	Fair value gain/(loss) in equity £m
Available-for-sale financial assets	—	11	—	6	(50)
Embedded derivatives in revenue contracts	(10)	—	(24)	—	—
Embedded derivatives in supplier contracts	(3)	—	4	—	—
Hedging instruments:					
Cross-currency interest rate swaps — fair value hedges	50	—	(3)	—	(1)
Cross-currency interest rate swaps — net investment hedges	1	4	1	34	(1)
Other derivatives:					
Gains	—	—	1	—	—
Losses	(1)	—	(1)	—	—
Other financial assets	—	—	—	—	(16)
Total	37	15	(22)	40	(89)

17 Derivatives and other financial instruments

Management of financial risk

The Group's activities expose it to a variety of financial risks. The main risks managed by the Group, under policies approved by the Board, are foreign currency risk, interest rate risk, liquidity risk, counterparty credit risk and price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board periodically reviews Reuters treasury activities, policies and procedures. All treasury activity takes place within a formal control framework.

Details of values of financial assets and liabilities, including derivative financial instruments are shown on pages A-8.48 and A-8.49.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through adequate committed credit facilities, the spreading of debt maturities over a number of years and the ability to close out market positions. Reuters manages its net debt position and interest costs to support its continued access to the full range of debt capital markets. On a regular basis a medium-term forecast of liquidity is reviewed and recommendations made if a safety margin agreed with the Board is not in place over the next 18 months. At 31 December 2007, the Group estimates that, based on forecast cash flows over the following two years the estimated maximum headroom was consistent with maintaining a Baa1/BBB+ credit rating.

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In October 2006, Reuters entered into a committed multicurrency syndicated credit facility for £680 million. This replaced an existing committed syndicated credit facility of £480 million and a bilateral loan facility of £24 million. At 31 December 2007, Reuters had available £623 million under the facility, following utilisation of £57 million in the form of a standby letter of credit relating to an operating lease. A further £100 million was drawn on the facility in September 2007 and repaid in November 2007. The commitment expires, and any final repayment is due in October 2011 unless a one-year extension option is exercised in October 2008 (at the banks' discretion). In this instance, the latest expiry date would be 2012.

In March 1998, Reuters established a Euro commercial paper programme. This provides access to £1.5 billion of uncommitted short-term finance of which £1.4 billion was unused at 31 December 2007 (£1.4 billion was unused at 31 December 2006; £1.5 billion was unused at 31 December 2005). In December 1998, Reuters established a £1 billion Euro medium-term note programme of which £445 million was unused at 31 December 2007 (£490 million was unused at 31 December 2006; £631 million was unused at 31 December 2005).

In addition, at 31 December 2007, the Group had unused, short-term, uncommitted bank borrowing facilities denominated in various currencies, the sterling equivalent of which was approximately £118 million, at money market rates.

The analysis below summarises the maturity profile of the Group's financial assets and liabilities, based on:

- the undiscounted contractual maturities of the financial assets; and
- the undiscounted contractual maturities of the financial liabilities, including interest that will accrue to those liabilities, except where Reuters is entitled and intends to repay the liability before its maturity.

Contractual Maturity Analysis for Financial Assets & Liabilities

	2007						
	Contractual maturity						
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
	£m	£m	£m	£m	£m	£m	£m
Available-for-sale financial assets	18	—	—	—	—	—	18
Short-term investments	3	—	—	—	—	—	3
Cash and cash equivalents	251	—	—	—	—	—	251
Other financial assets	203	—	—	2	—	4	209
Derivative receivable leg, settled							
gross	661	41	693	—	—	—	1,395
Derivative payable leg, settled gross	(632)	(40)	(637)	—	—	—	(1,309)
Financial liabilities							
Borrowings	(284)	(21)	(388)	—	—	—	(693)
Other financial liabilities	(680)	(20)	(12)	(4)	(2)	(2)	(720)
Total	(460)	(40)	(344)	(2)	(2)	2	(846)

	2006						
	Contractual maturity						
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	More than five years	Total
	£m	£m	£m	£m	£m	£m	£m
Available-for-sale financial assets	26	—	—	—	—	—	26
Short-term investments	198	—	—	—	—	—	198
Cash and cash equivalents	129	—	—	—	—	—	129
Other financial assets	224	2	1	—	—	7	234
Derivative receivable leg, settled							
gross	319	331	36	682	—	—	1,368
Derivative payable leg, settled gross	(321)	(334)	(38)	(671)	—	—	(1,364)
Financial liabilities							
Borrowings	(171)	(197)	(16)	(353)	—	—	(737)
Other financial liabilities	(507)	(19)	(7)	(5)	(3)	(5)	(546)
Total	(103)	(217)	(24)	(347)	(3)	2	(692)

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	2005						Total £m
	Within one year £m	One to two years £m	Two to three years £m	Three to four years £m	Four to five years £m	Contractual maturity More than five years £m	
Available-for-sale financial assets	18	—	—	—	—	—	18
Short-term investments	1	—	—	—	—	—	1
Cash and cash equivalents	662	—	—	—	—	—	662
Other financial assets	218	1	3	1	—	7	230
Derivative receivable leg, settled gross	186	34	34	34	687	—	975
Derivative payable leg, settled gross	(183)	(33)	(33)	(33)	(693)	—	(975)
Financial liabilities							
Borrowings	(63)	(16)	(20)	(16)	(360)	—	(475)
Other financial liabilities	(473)	(30)	(8)	(8)	(4)	(7)	(530)
Total	366	(44)	(24)	(22)	(370)	—	(94)

Capital structure

The Group considers capital to be equity as disclosed in note 11 and net debt, which is total borrowings less short-term deposits and cash and cash equivalents. The Group is committed to managing its capital structure with the objective of maintaining the right balance between funding investment opportunities, managing the risk profile of the business and returning surplus cash to shareholders. On 1 March 2007 Reuters communicated that it will actively manage its capital structure to maintain a strong investment grade rating of BBB+/Baa1. Prior to that Reuters had maintained a credit rating of A-/A3 or better. Reuters monitors the capital structure of the company on the basis of the primary debt capacity ratios as defined by our credit rating agencies. The ratios are calculated using an adjusted cash flow measure as a percentage of adjusted net debt. The adjustments take into account items such as pensions and operating leases. The final credit rating is determined as a combination of financial and non-financial criteria, the ratio being just one of those financial criteria.

Rating Agency	Moody's (RCF/Net Debt**)			Standard & Poors (FFO/Net Debt***)		
	2007	2006	2005	2007	2006	2005
Target Credit Rating	Baa1	A3	A3	BBB+	A -	A -
Target % set by Agency	17%*	20%	20%	30%*	35%	35%
Reuters Actual %	39%*	28%	31%	62%	39%	67%

* Percentages based on Reuters estimates

** RCF (Retained Cashflow)

*** FFO (Funds from Operations)

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Certain group companies are subject to minimum capital requirements imposed by regulatory bodies. At 31 December 2007 minimum regulatory capital for those companies amounted to £1m and during the year they complied with externally imposed capital requirements to which they were subject.

Foreign Currency Risk

Foreign exchange risk arises from cash flows relating to commercial transactions, recognised assets and liabilities and net investments in foreign operations. A substantial portion of Reuters revenue is receivable in foreign currencies with terms of payments up to three months in advance. Reuters is exposed to currency risk from committed revenue for periods of up to two years.

Transaction exposure occurs when, as a result of trading activities, an entity receives or pays cash in a currency different to its functional currency. Exposures principally arise in US dollars and Euros. Risk is managed, where opportunities arise, by denominating commercial contracts in currencies which will reduce net currency exposure. Residual exposure may be managed with the use of forward foreign exchange contracts, currency options and foreign exchange swaps.

The conversion of net investments in foreign operations into the Group's reporting currency of sterling creates balance sheet translation exposure. The main currency to which the Group is exposed is the US dollar. To mitigate this effect, to the extent that the Group has core debt, it is held in currencies which approximately match to the currency profile of the Group's net assets. The currency of the debt may be altered by the use of currency swaps. At the end of each quarter the currency profile of net assets and core debt, after the impact of derivatives, are reviewed and adjustments made if appropriate. Issuance of debt in foreign currency also creates translation exposure. This is managed in the form of a fair value hedge which may combine the management of foreign exchange and interest rate risk in one swap transaction.

Hedges of net investment in foreign entity

The Group's €500 million fixed rate bond and the €250 million floating rate note issued respectively in November 2003 and November 2006 were partially swapped into US dollars and Swiss francs by transacting cross-currency interest rate swaps and designated as a hedge of the net investment in the Group's foreign subsidiaries. The resulting debt of \$694 million (2006: \$694 million; 2005: \$498 million) was designated against the foreign investment in US subsidiaries, goodwill arising on acquisitions, and certain intangible assets. The resulting Swiss franc debt which was terminated in January 2007 (2006: 79 million Swiss francs; 2005: 55 million Swiss francs) was designated as a hedge of the foreign investment in Reuters SA. Also a debt of €15 million (2006: €15m, 2005: €nil) was designated against the foreign investment in European subsidiaries.

Ineffectiveness of net investment hedges is recognised in operating profit.

Financial Instrument Sensitivity Analysis

The table below shows how the fair values of Reuters' financial instruments would be impacted by hypothetical changes in foreign currency exchange rates.

	10% weakening in US dollar against £	7% weakening in Euro against £	10% weakening in other currencies against £	Total weakening in all currencies against £
	£ m	£ m	£ m	£ m
2007				
Total change in fair value	38	(12)	(8)	18
Impact recognised in income statement	6	(11)	(8)	(13)
Impact recognised in equity	32	(1)	—	31
2006				
Total change in fair value	36	—	7	43
Impact recognised in income statement	3	1	4	8
Impact recognised in equity	33	(1)	3	35
2005				
Total change in fair value	18	(6)	(6)	6
Impact recognised in income statement	(9)	(4)	(8)	(21)
Impact recognised in equity	27	(2)	2	27

Interest Rate Risk

The Group's interest rate risk arises from interest-bearing assets and from borrowings.

Investments and borrowings subject to variable rates expose the Group to cash flow interest rate risk, which is the risk that future cash flows will fluctuate because of changes in market interest rates. Investments and borrowings subject to fixed rates expose the Group to fair value interest rate risk, as the fair value of the financial instrument fluctuates because of changes in market interest rates.

The Group has no specific requirements on the exact proportion of interest that should be fixed or floating. The position is reviewed periodically on a currency by currency basis. Various factors are considered in the review including forecast core debt levels and prevailing market conditions. Based on this review, the Group manages its cash flow and fair value foreign exchange and interest rate risk by using interest rate swaps. Under interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

An analysis by currency of interest rate swaps held for risk management purposes is shown on pages A-8.46 and A-8.47.

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Hedges of fair values

Currently all long-term debt is held on a floating rate basis after the impact of derivatives. The foreign exchange risk arising from the retranslation of the €500 million fixed rate bond issued by Reuters Finance PLC, the €250 million floating rate note and ¥1 billion fixed rate note issued by Reuters Group PLC was hedged by being swapped into sterling floating rate. The above hedges were executed in the form of cross-currency interest rate swaps.

The weighted average variable rate payable on all interest rate swaps used to alter the currency and interest rate profile of debt issued at 31 December 2007 was 6% (2006: 6%, 2005: 5%). The weighted average variable rate is based on the rate implied in the yield curve at the balance sheet date.

Fair value gains and losses on fair value hedges of foreign exchange and interest rates and their underlying hedged items are recognised in finance costs. The group held no cash flow hedges during the period ended 31 December 2007 (2006: nil, 2005: nil).

The analysis below summarises the sensitivity of the fair value of the Group's net debt to parallel shifts in the currency yield curves. The changes in rates used are deemed by management to be reasonable and are sufficient in size to demonstrate a material impact. Fair values are the present value of future cash flows based on market rates at the valuation date.

The estimated changes in the fair value of financial instruments before tax are based on a reasonably possible increase of 100 basis points in the Euro, US Dollar and Sterling market yield curves from the levels effective at 31 December 2007 with all other variables remaining constant;

	2007 £m	2006 £m	2005 £m
100 basis points increase in US Dollar Interest Rate	(3)	(3)	(3)
100 basis points increase in Sterling Interest Rate	—	—	5
100 basis points increase in Euro Interest Rate	—	—	—
Total	(3)	(3)	2
Impact recognised in income statement	(3)	(3)	2
Impact recognised in equity	—	—	—

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The following tables provide an analysis of the cross-currency interest rate swaps designated as fair value hedges and net investment hedges of foreign exchange and interest rate risk.

Received	Paid	Hedged Risk	Period (Years)	Gross Contract Amount £m
2007 Net investment hedges:				
Sterling floating	US dollar floating	Foreign exchange	2010	280
Sterling floating	US dollar floating	Foreign exchange	2008	102
Sterling floating	Euro floating	Foreign exchange	2010	10
2006 Net investment hedges:				
Sterling floating	US dollar floating	Foreign exchange	2010	280
Sterling floating	US dollar floating	Foreign exchange	2008	102
Sterling floating	Swiss franc floating	Foreign exchange	2010	34
Sterling floating	Euro floating	Foreign exchange	2010	10
2005 Net investment hedges:				
Sterling floating	US dollar floating	Foreign exchange	2010	280
Sterling floating	Swiss franc floating	Foreign exchange	2010	24

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Received	Paid	Hedged Risk	Period (Years)	Gross Contract Amount £m
2007 Fair value hedges:				
Japanese yen fixed	Sterling floating	Interest rate and foreign exchange	2008	5
Euro fixed	Sterling floating	Interest rate	2010	332
Euro fixed	Sterling floating	Interest rate	2010	10
Euro floating	Sterling floating	Foreign exchange	2008	169
2006 Fair value hedges:				
Japanese yen fixed	Sterling floating	Interest rate and foreign exchange	2008	5
Euro fixed	Sterling floating	Interest rate	2010	332
Euro fixed	Sterling floating	Interest rate	2010	10
Euro floating	Sterling floating	Foreign exchange	2008	169
2005 Fair value hedges:				
Japanese yen fixed	Sterling floating	Interest rate and foreign exchange	2008	5
Euro fixed	Sterling floating	Interest rate	2008	351
Euro fixed	Sterling floating	Interest rate	2010	10

Forward foreign exchange contracts held for trading at 31 December 2007 had a gross contract amount £283 million (2006: £242 million, 2005: £131 million) of which the principal currencies were Euros £112 million (2006: £40 million; 2005: £14 million), US dollars £75 million (2006: £60 million; 2005: £22 million) and Swiss francs £20 million (2006: £87 million, 2005: £9 million)

In addition foreign exchange contracts designated as fair value hedges of commercial paper issued in Euros amounted to £23 million (2006: £27 million, 2005: £nil). Foreign exchange contracts held at 31 December 2007 matured in January 2008.

Embedded derivatives

Forward exchange contracts implicitly contained in subscription-based revenue commitments priced in currencies different from both the functional currency of the Reuters entity and that of the customer are separated from their host contracts and held on the balance sheet at fair value. These revenue commitments extend up to two years from the balance sheet date. The majority of embedded derivatives in sales contracts arise through US dollar pricing.

Forward exchange contracts implicitly contained in purchase commitments priced in currencies different from both the functional currency of the Reuters entity and that of the supplier are also separated from their host contracts and held on the balance sheet at fair value. These purchase commitments expire at various times between 2008 and 2012. The majority of embedded derivatives in supplier contracts are US dollar-priced commitments.

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Movements in equity security prices change the carrying value of available-for-sale financial assets, with changes being recorded in equity. On adoption of IAS 39 on 1 January 2005, Reuters designated its investment in Savvis convertible preference shares as being held at fair value through profit or loss, with movements in the fair value being recognised within the income statement. The shares were pledged as part of the consideration for the Telerate acquisition in June 2005 and no further fair value movements were recorded in the income statement after this point.

The Group does not have a material exposure to commodity price risk.

The accounting policies for financial instruments have been applied to the line items below:

	Loans and Receivables £m	Assets a fair value through the profit and loss £m	Liabilities at fair value through the profit and loss £m	Derivatives used for hedging £m	Available for sale £m	Other financial liabilities £m	Total £m
2007							
Financial assets as per balance sheet							
Other financial assets and derivatives	3	2	—	68	18	—	91
Trade and other receivables	255	—	—	—	—	—	255
Cash and cash equivalents (see note 20)	251	—	—	—	—	—	251
Financial liabilities as per balance sheet							
Other financial liabilities and derivatives	—	—	(30)	(1)	—	(631)	(662)
31 December 2007	509	2	(30)	67	18	(631)	(65)
2006							
Financial assets as per balance sheet							
Other financial assets and derivatives	198	3	—	30	26	—	257
Trade and other receivables	258	—	—	—	—	—	258
Cash and cash equivalents (see note 20)	129	—	—	—	—	—	129
Financial liabilities as per balance sheet							
Other financial liabilities and derivatives	—	—	(18)	(9)	—	(660)	(687)
Total	585	3	(18)	21	26	(660)	(43)

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2005	Loans and Receivables £m	Assets a fair value through the profit and loss £m	Liabilities at fair value through the profit and loss £m	Derivatives used for hedging £m	Available for sale £m	Other financial liabilities £m	Total £m
Financial assets as per balance sheet							
Other financial assets and derivatives	1	7	—	14	18	—	40
Trade and other receivables	270	—	—	—	—	—	270
Cash and cash equivalents (see note 20)	662	—	—	—	—	—	662
Financial liabilities as per balance sheet							
Other financial liabilities and derivatives	—	—	(1)	(9)	—	(410)	(420)
Total	933	7	(1)	5	18	(410)	552

There are no material differences between the fair value and carrying value of financial instruments.

Counterparty credit risk

The Group is exposed to concentrations of credit risk, which are managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, available-for-sale assets, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Short-term deposits of £3 million at 31 December 2007 relate to deposits in Brazil with a high quality financial institution, and hence the credit risk is perceived to be low. Short-term deposits of £198 million at 31 December 2006 included £197 million in relation to a single counterparty in respect of which credit protection was arranged in the form of credit default swaps and letters of credit. This investment matured on 7 November 2007. No collateral was held as security in respect of these amounts.

Cash and cash equivalents total £251 million at 31 December 2007 (2006: £129 million; 2005: £662 million). The Group invests and conducts its cash management activities with high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

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Derivative financial instruments with a fair value of £68 million at 31 December 2007 (2006: £30 million; 2005: £14 million) are unsecured. The credit risk attributed to a derivative financial instrument is generally restricted to its fair value and not the principal amount hedged. However, Reuters does not anticipate non-performance by the counterparties which are all banks with recognised long-term credit ratings of 'A3/A-' or higher. Ongoing credit evaluation is performed on the financial condition of accounts receivable and credit terms adjusted if appropriate. For treasury activity, approved counterparty credit limits and their utilisation are monitored and transactions arranged only within agreed limits. Credit risk may be managed by the use of credit default swaps and standby letters of credit.

Available-for-sale financial assets totalled £18 million at 31 December 2007, of which £17 million is held in US dollars and the remainder in Swiss francs. The majority of these assets are in the form of equity holdings, and the carrying value of the assets is considered fully recoverable.

Trade receivables net of impairment of £107 million (2006: £110 million; 2005: £120 million) are concentrated in the financial community, and are managed as one class of receivables. Because of the high proportion of Reuters customers that are banks and other regulated financial institutions, the low historic incidence of customer defaults, and the short-term, recurring nature of Reuters billing and collection arrangements, management assess the credit quality of Reuters customer base as high. A small proportion of new customers are referred to external credit rating agencies before acceptance.

The Group estimates that its subscribers are approximately split as follows:

	2007	2006	2005
	%	%	%
Financial institutions	62	65	72
Corporations in other sectors	21	21	14
Newspapers, broadcast news media & news agencies	14	11	9
Governments, central banks & other organisations	3	3	5
Total	100	100	100

18 Inventories

	2007 £m	2006 £m	2005 £m
Work in progress on contracts	—	1	1

19 Trade and other receivables

	2007 £m	2006 £m	2005 £m
Trade receivables	118	123	138
Less: Provision for impairment	(11)	(13)	(18)
	107	110	120
Amounts owed by associates and joint ventures	1	6	4
Other receivables	57	80	68
Prepayments and accrued income	90	62	78
Total trade and other receivables	255	258	270

The carrying value of trade and other receivables approximates to their fair value based on discounted cash flows using the Group's weighted average cost of capital.

Concentration of credit risk faced by the Group and other relevant risk factors are detailed in note 17.

Provision for doubtful debts

The allowance for doubtful debts is comprised entirely of impairments raised against specific trade receivables balances, which are mainly those greater than 365 days old. Impairments represent the differences between the carrying amount of the specific trade receivable and the present value of the expected recoverable amount. No individual impairment is considered material.

The recognition of provisions, both in terms of timing and quantum, requires the exercise of judgement based on the relevant circumstances, which can be subject to change over time. All debts greater than three months past their due date are reviewed monthly, and impairments raised where appropriate. Examples of events which could give rise to impairment are: news about a customer's financial condition, an account manager's doubt that a customer is able to pay, delinquency in payment (more than 365 days overdue) and known trading or liquidity problems in a particular market sector.

If the final outcome (on the judgement areas) were to differ by 10% from management's estimates, the Group would need to book an adjustment of £1 million to operating costs and to trade receivables.

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Movement in the allowance for doubtful debts:

	2007	2006	2005
	£m	£m	£m
Balance at 1 January	(13)	(18)	(31)
Utilisation of provision	3	4	5
Unused provision released to profit	3	3	4
Increase in provision	(4)	(3)	(5)
Disposals*	—	—	10
Foreign exchange differences	—	1	(1)
Balance at 31 December	(11)	(13)	(18)

* The disposal of £10 million in 2005 relates to Instinet.

Included within trade receivables are amounts past due at the reporting date but not impaired of £64 million. Management believes that these amounts are recoverable as there has been no significant change in the debtors' credit quality, and accordingly has not provided for them. The Group has no collateral over these balances.

The ageing of net trade receivables at the reporting date was:

	2007	2006	2005
	£m	£m	£m
Not overdue	43	52	58
Past due 0-30 days	22	11	18
Past due 31-60 days	22	20	18
Past due 61-90 days	10	16	13
Past due 91-180 days	7	8	8
Past due 181-365 days	3	3	5
	107	110	120

See note 17 for information on credit risk and impairment associated with trade and other receivables.

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Trade and other receivables include amounts denominated in the following major currencies:

	2007	2006	2005
	£m	£m	£m
Canadian Dollar	6	6	3
Swiss Franc	2	3	4
Euro	37	34	36
United Kingdom Pounds Sterling	48	53	65
Japanese Yen	11	13	11
Singapore Dollar	2	3	2
US Dollar	73	95	90
Other	30	26	19
	209	233	230

Prepayments and accrued income include £46 million of prepayments which are non-financial assets (2006: £25 million; 2005: £40million) and which have been excluded from the table above.

20 Cash and cash equivalents

	2007	2006	2005
	£m	£m	£m
Cash:			
Cash in hand and at bank	106	79	98
Unlisted cash equivalents:			
Term deposits — UK	26	2	12
Term deposits — overseas	2	5	3
Other investments — UK	117	37	546
Other investments — overseas	—	6	3
Cash and cash equivalents	251	129	662

The following cash balances are held by subsidiaries in countries where exchange control restrictions are in force, such that cash is not freely transferable around the Group:

	2007	2006	2005
	£m	£m	£m
Brazil	2	1	2
China	—	—	1
Venezuela	4	3	2
Total restricted cash	6	4	5

21 Non-current assets and liabilities held for sale

The following are assets and liabilities classified as held for sale at 31 December:

	2007 £m	2006 £m	2005 £m
Non-current assets classified as held for sale:			
Property, plant and equipment	—	—	1
Assets of associate held exclusively for resale	14	—	—
Total assets classified as held for sale	14	—	1
Liabilities directly associated with non-current assets classified as held for sale:			
Liabilities of associate held exclusively for resale	—	—	—
Total net assets classified as held for sale	14	—	1

On 29 November 2007, the Group classified its investment in TIMES NOW as a non-current asset held for sale.

On 18 October 2006, the Group classified its investment in Factiva as a non-current asset held for sale. The disposal of the majority of this investment was completed on 15 December 2006. Reuters retained a minority preference share interest in a Factiva entity which has been reclassified as an available-for-sale financial asset.

In 2005, a property with a net book value of £1 million was classified as a non-current asset held for sale. The sale of this property was completed in 2006.

22 Trade and other payables

	2007 £m	2006 £m	2005 £m
Trade payables	62	56	14
Accruals	336	276	264
Deferred income	33	31	25
Amounts owed to associates and joint ventures	1	1	11
Other payables	215	94	107
Other taxation and social security	45	33	35
Total trade and other payables	692	491	456

The carrying value of trade and other payables approximates to their fair value based on discounted cash flows using the Group's weighted average cost of capital.

23 Current tax liabilities

	2007 £m	2006 £m	2005 £m
Current tax liabilities	247	196	228

The Group is subject to taxation in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

24 Provisions for liabilities and charges

	2007 £m	2006 £m	2005 £m
Provisions for post-employment benefits (see note 25)	43	145	317
Other provisions for liabilities and charges	96	119	139
Total provisions	139	264	456
Less: Non-current portion	(102)	(204)	(392)
Current portion	37	60	64

The movement in other provisions for liabilities and charges during 2007 was as follows:

	Rationalization £m	Legal/compliance £m	Other property £m	Other £m	Total £m
1 January 2007	95	7	2	15	119
Exchange differences	1	—	—	—	1
Charged in the year	14	3	3	14	34
Utilised in the year	(32)	(2)	(1)	(7)	(42)
Released	(10)	—	—	(7)	(17)
Unwinding of discounts	1	—	—	—	1
31 December 2007	69	8	4	15	96

The recognition of provisions, both in terms of timing and quantum, requires the exercise of judgement based on the relevant circumstances, which can be subject to change over time.

The largest provisions relate to restructuring programmes, which cover primarily leasehold properties and severances. A number of leasehold properties have been identified as surplus to requirements. Although efforts are being made to sub-let this vacant space, management recognises that this may not be possible immediately. Estimates have been made to cover the cost of vacant possession, together with any shortfall arising from sub-leased rental income being lower than lease costs being borne by the Group. A judgement has also been made in

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respect of the discount factor, based on a risk-free rate (4% to 5%), which is applied to the rent shortfalls. For severance provisions, the provision is only recognised where employees have a valid expectation or have already been told of their redundancy. Other provisions are held where the recoverability of amounts is uncertain where the actual outcome may differ from the resulting estimates.

Additionally, the Group is subject to certain legal claims and actions (see note 35). Provision for specific claims or actions are only made when the outcome is considered 'probable' that there will be a future outflow of funds, including any associated legal costs. The level of any provision is inevitably an area of management judgement given the outcome of litigation is difficult to predict. There can be no assurance that there will not be an increase in the scope of these legal matters or that any future lawsuits, claims, proceedings or investigations will not be material.

The rationalisation provisions include the Core Plus programme which was announced in July 2005 and includes headcount reduction, data centre rationalisation and development transformation. These provisions will be primarily utilised over the next three years.

Also included within the rationalisation provision at the end of 2007 are obligations related to the Fast Forward programme which was first announced in 2003 and the Telerate integration programme which began in June 2005. Both programmes included headcount reduction and property rationalisation. Severance related provisions have been substantially utilised by the end of 2007, property-related provisions will be substantially utilised over the remaining lease periods.

Legal/compliance provisions represents the expected cost of settling disputes arising from contractual arrangements with third-party suppliers and individuals and the expected cost of fulfilling indemnities given on the disposal of subsidiaries.

Other property provisions reflect Reuters contractual liability at the balance sheet date to make good dilapidations under ongoing rental agreements outside the rationalisation programmes and will be utilised over the remaining lease periods that extend up to 2010.

25 Retirement benefits

The Group has established various pension arrangements covering the majority of its employees. In all plans, except those which are internally funded, the assets are held separately from those of the Group and are independently administered.

Defined contribution plans

Reuters Group operates 34 defined contribution plans covering approximately 52% of its employees, of which the largest plans are the Reuters Retirement Plan and the Reuters 401(k) Plans. The percentage of total employees covered and the company contribution to these plans were:

	% of employees	Company contribution % of basic salary
Reuters Retirement Plan	16.1	11.0*
Reuters 401(k) Pension Plans	20.0	6.0

* 7.0% plus 4% through salary sacrifice arrangements.

The Group contributed £31 million to defined contribution plans in 2007 (2006: £29 million; 2005: £25 million) and expects to contribute £32 million in 2008.

Defined benefit plans

The Group also operates 29 defined benefit plans and post retirement medical plans covering approximately 16% of employees. All significant plans are valued under IAS 19 'Employee Benefits' by independently qualified actuaries using the Projected Unit Credit Method.

The largest defined benefit plans are the Reuters Pension Fund (RPF) and the Reuters Supplementary Pension Scheme (SPS). The total defined benefit obligation for all significant plans at 31 December 2007 was £1,228 million (2006: £1,417 million, 2005: £1,346 million), of which £907 million (2006: £1,075 million, 2005: £985 million) related to the RPF and £160 million (2006: £158 million, 2005: £162 million) related to the SPS. The RPF is a complex, hybrid pension fund, with both defined company and employee contributions, and defined employee benefits. The SPS is a smaller defined benefit plan with benefits related to final salary and length of service.

Both the RPF and the SPS are set up under trust, and as such are independent of the Company. Both trusts have a single corporate trustee, with the directors of the corporate trustee operating as the managing committee of the pension plan. The RPF and the SPS trustee companies both have directors appointed by the members, and directors, plus the chairman, appointed by the Company. No senior Company officers are directors of the corporate trustees. Both schemes are prohibited from investing directly in the shares or debt of the Company except to the extent that these form part of pooled fund investments.

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	2007	2006	2005
	£m	£m	£m
1 January	(131)	(317)	(263)
Income statement (see note 3):			
Defined benefit plans*	(8)	(30)	(27)
Post-retirement medical benefits	(1)	—	(3)
Actuarial gains and losses taken directly to reserves:			
Defined benefit plans*	97	8	(46)
Post-retirement medical benefits	1	(2)	(2)
Exchange differences			
Defined benefit plans*	—	1	—
Post-retirement medical benefits	—	1	—
Contributions paid	(42)	(339)	(341)
Contributions received	31	208	24
Net scheme surpluses/provisions	(11)	(131)	(317)
Schemes in surplus recognised within non-current assets	(32)	(14)	—
31 December	(43)	(145)	(317)
Composed of:			
Defined benefit plans*	(28)	(129)	(302)
Post-retirement medical benefits	(8)	(9)	(8)
Other	(7)	(7)	(7)
31 December	(43)	(145)	(317)

* The figures for defined benefit plans include a number of immaterial schemes which have not been valued under IAS 19.

Retirement benefit assets

	2007	2006	2005
	£m	£m	£m
Schemes in surplus	32	14	—
Reimbursement rights	7	4	—
Total retirement benefit assets	39	18	—

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Amounts recognised in respect of material defined benefit plans

The following disclosures only refer to the Group's material defined benefit plans:

Defined benefit assets/(liabilities) recognised in the balance sheet

	UK Plans			Overseas Plans			Post retirement medical benefits			Total		
	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m
Present value of funded obligations	(1,067)	(1,233)	(1,148)	(133)	(157)	(167)	—	—	—	(1,200)	(1,390)	(1,315)
Fair value of plan assets	1,202	1,158	902	143	140	139	—	—	—	1,345	1,298	1,041
	135	(75)	(246)	10	(17)	(28)	—	—	—	145	(92)	(274)
Present value of unfunded obligations	(16)	(15)	(19)	(4)	(3)	(4)	(8)	(9)	(8)	(28)	(27)	(31)
	119	(90)	(265)	6	(20)	(32)	(8)	(9)	(8)	117	(119)	(305)
Plan asset not recognised in the balance sheet	(111)	—	—	(8)	(3)	(3)	—	—	—	(119)	(3)	(3)
IAS 19 deficit recognised in the balance sheet	(16)	(102)	(265)	(10)	(25)	(35)	(8)	(9)	(8)	(34)	(136)	(308)
IAS 19 surplus recognised in the balance sheet	24	12	—	8	2	—	—	—	—	32	14	—
Fair value of reimbursement rights not recognised as pension plan assets	1	—	—	4	4	4	—	—	—	5	4	4

The assets and obligations reported under UK plans include the RPF, the SPS and a number of smaller unfunded early retirement, ill health and retirement benefit schemes.

Plan assets not recognised in the balance sheet represent the scheme surplus deemed irrecoverable as the Group cannot unilaterally reduce future contributions.

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The reimbursement rights reported relate to insurance policies held by Reuters in respect of plans in the UK and Germany which do not meet the definition of plan assets under IAS19. These are recognised in non-current assets.

Amounts recognised in the income statement

	UK Plans			Overseas Plans			Post retirement medical benefits			Total		
	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m
Current service cost	20	23	19	8	10	11	—	—	—	28	33	30
Interest cost	61	55	52	5	5	5	1	—	—	67	60	57
Expected gain on plan assets	(72)	(61)	(51)	(6)	(6)	(7)	—	—	—	(78)	(67)	(58)
Past service cost	—	6	1	—	—	—	—	—	2	—	6	3
Gains on curtailments	(1)	(3)	(2)	(7)	—	(3)	—	—	—	(8)	(3)	(5)
Gains on settlements	—	—	(1)	—	—	—	—	—	—	—	—	(1)
Total recognised in the income statement	8	20	18	—	9	6	1	—	2	9	29	26
Included within:												
Operating profit	8	22	20	—	9	6	1	—	2	9	31	28
Profit on disposal of associates, joint ventures and available-for-sale financial assets	—	(2)	—	—	—	—	—	—	—	—	(2)	—
Profit for the year from discontinued operations	—	—	(2)	—	—	—	—	—	—	—	—	(2)
Total recognised in the income statement	8	20	18	—	9	6	1	—	2	9	29	26
Actual return on plan assets	50	92	146	5	10	18	—	—	—	55	102	164

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Further amounts recognised in the statement of recognised income and expense

	UK Plans			Overseas Plans			Post retirement medical benefits			Total		
	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m
Actuarial losses/(gains)	(192)	5	46	(20)	(13)	(3)	(2)	2	2	(214)	(6)	45
Effect of asset ceiling	111	—	—	5	—	3	—	—	—	116	—	3
	(81)	5	46	(15)	(13)	—	(2)	2	2	(98)	(6)	48
Deferred taxation impact of actuarial gains and losses recognised in the statement of recognised income and expense	18	(1)	(10)	3	3	—	—	(1)	—	21	1	(10)
Total recognised in the statement of recognised income and expense	(63)	4	36	(12)	(10)	—	(2)	1	2	(77)	(5)	38

Cumulative amounts recognised in the statement of recognised income and expense

	UK Plans			Overseas Plans			Post retirement medical benefits			Total		
	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m
Balance of actuarial losses at 1 January	246	241	195	(6)	7	10	4	2	—	244	250	205
Net actuarial losses/(gains) recognised in year	(192)	5	46	(20)	(13)	(3)	(2)	2	2	(214)	(6)	45
Balance of actuarial losses/(gains) at 31 December	54	246	241	(26)	(6)	7	2	4	2	30	244	250
Balance of asset limit effects at 1 January	—	—	—	3	3	—	—	—	—	3	3	—
Effects of the asset ceiling in the year	111	—	—	5	—	3	—	—	—	116	—	3
Balance of asset limit effects at 31 December	111	—	—	8	3	3	—	—	—	119	3	3

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Changes in the present value of the defined benefit obligation

	UK Plans			Overseas Plans			Post retirement medical benefits			Total		
	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m
Opening defined benefit obligation	(1,248)	(1,167)	(995)	(160)	(171)	(160)	(9)	(8)	(3)	(1,417)	(1,346)	(1,158)
Current service cost	(20)	(23)	(19)	(8)	(10)	(11)	—	—	—	(28)	(33)	(30)
Past service cost	—	(6)	(1)	—	—	—	—	—	(2)	—	(6)	(3)
Interest cost	(61)	(55)	(52)	(5)	(5)	(5)	(1)	—	—	(67)	(60)	(57)
Gains on curtailments	1	3	2	7	—	3	—	—	—	8	3	5
Liabilities extinguished on settlements	2	—	8	3	1	—	—	—	—	5	1	8
Actuarial gains/(losses)	214	(36)	(141)	21	9	(8)	2	(2)	(2)	237	(29)	(151)
Contributions by employees	—	(1)	(3)	(3)	(4)	(4)	—	—	—	(3)	(5)	(7)
Benefits paid	29	37	34	14	8	14	—	—	—	43	45	48
Exchange differences on overseas plans	—	—	—	(6)	12	—	—	1	(1)	(6)	13	(1)
Closing defined benefit obligation	(1,083)	(1,248)	(1,167)	(137)	(160)	(171)	(8)	(9)	(8)	(1,228)	(1,417)	(1,346)

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Changes in the fair value of plan assets

	UK Plans			Overseas Plans			Post retirement medical benefits			Total		
	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m	2007 £m	2006 £m	2005 £m
Opening fair value of plan assets	1,158	902	781	140	139	124	—	—	—	1,298	1,041	905
Expected return	72	61	51	6	6	7	—	—	—	78	67	58
Assets transferred on settlements	(2)	—	(7)	(3)	(1)	—	—	—	—	(5)	(1)	(7)
Actuarial gains/(losses)	(22)	31	95	(1)	4	11	—	—	—	(23)	35	106
Contributions by employer	25	200	13	6	7	6	—	—	—	31	207	19
Contributions by employees	—	1	3	3	4	4	—	—	—	3	5	7
Benefits paid	(29)	(37)	(34)	(14)	(8)	(14)	—	—	—	(43)	(45)	(48)
Exchange differences on overseas plans	—	—	—	6	(11)	1	—	—	—	6	(11)	1
Closing fair value of plan assets	1,202	1,158	902	143	140	139	—	—	—	1,345	1,298	1,041

The weighted average duration of the scheme obligations were 25 years and 14 years for the RPF and the SPS respectively.

Following discussions with Trustees of the RPF and SPS, a special contribution of £3.5 million was made to the SPS in 2007, with £36.2 million due to the RPF in 2008. In addition, payments of £1.5 million per year are due to the SPS in each of the years from 2008 until 2010. In addition to these special contributions, employer's contribution rates have been agreed at between 19.0% and 25.8% of pensionable salary (including 6% and 9% respectively through salary sacrifice arrangements) from 1 April 2007 for RPF members and 34.2% for SPS members (including 6% through salary sacrifice arrangements).

The Group expects to contribute £66 million to its defined benefit schemes in 2008, including the special contributions referred to above.

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Major categories of plan assets as a percentage of total plan assets

	UK Plans			Overseas Plans			Post retirement medical benefits			Total		
	2007 %	2006 %	2005 %	2007 %	2006 %	2005 %	2007 %	2006 %	2005 %	2007 %	2006 %	2005 %
Equities	43	44	55	44	45	46	—	—	—	43	44	54
Bonds	44	45	36	48	47	45	—	—	—	44	45	37
Property	6	7	7	—	—	—	—	—	—	5	6	6
Cash	—	1	2	3	4	5	—	—	—	1	2	2
Other	7	3	—	5	4	4	—	—	—	7	3	1

The trustees of the RPF and SPS have responsibility for the operation of the fund including strategic decision making on investment matters. A statement of investment principles has been made by the trustee.

The Strategic asset allocation of the fund is driven by the financial characteristics of the fund, in particular the fund's liabilities and the risk tolerance of the trustees. In setting the Investment policy, the trustees of the RPF and SPS sought the views of the Company.

Principal actuarial assumptions at the balance sheet date (expressed as a weighted average)

	UK Plans			Overseas Plans			Post retirement medical benefits		
	2007 %	2006 %	2005 %	2007 %	2006 %	2005 %	2007 %	2006 %	2005 %
Discount rate	5.80	4.93	4.75	4.11	3.49	3.29	6.50	6.00	5.50
Inflation assumption	3.30	3.00	2.75	1.77	1.57	1.47	—	—	—
Rate of increase in salaries	4.55	4.25	4.00	2.82	2.61	2.39	—	—	—
Rate of increase in pensions in payment	3.00	3.00	2.75	1.54	1.38	1.38	—	—	—
Medical cost trend	—	—	—	—	—	—	5.00	5.00	5.50
Expected rate of return on reimbursement rights	—	5.10	—	—	4.75	4.25	—	—	—
Expected rate of return on assets:									
Equities	8.20	8.10	8.00	6.18	6.42	7.10	—	—	—
Bonds	5.80	4.49	4.00	3.53	3.14	2.92	—	—	—
Property	6.40	6.20	6.00	—	—	—	—	—	—
Cash	4.50	4.25	4.00	2.68	2.28	2.44	—	—	—
Other	4.50	4.25	—	2.10	6.05	5.47	—	—	—

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For the RPF and SPS, the two largest schemes, a 0.25% increase in the discount rate would result in a £49 million decrease in the defined benefit obligation at the balance sheet date. A 0.25% decrease in the discount rate would result in a £53 million increase in the defined benefit obligation at the balance sheet date. The effects of such a change are partially hedged by the schemes' asset portfolio.

The expected return on plan assets reflects the investments currently held to provide for the pension benefit obligations as at the balance sheet date. Plan assets primarily consist of equity instruments and fixed income investments. The expected rate of return on equities was based on expected market conditions in each of the territories in which plans operate. The expected return on assets is stated net of investment expenses. The expected return on assets for the UK plans at 31 December 2007, 31 December 2006 and 31 December 2005 is stated gross of the expected levy to the UK Pension Protection Fund.

UK mortality assumptions

The mortality assumptions used to assess the defined benefit obligation for the RPF and the SPS, the largest plans, at 31 December 2007 are based on the 00 series tables issued by the Continuous Mortality Investigation Bureau with allowance for projected longevity improvements and adjustment for the medium cohort effect. At 31 December 2006 and 31 December 2005 the 92 series short cohort tables were used, also with allowance for projected longevity improvements to calendar year 2025 and adjustment for the short cohort effect.

The following table illustrates the expectation of life of an average member reaching age 65 at the balance sheet date and member reaching 65 at the same date plus 25 years under the assumptions used at 31 December 2007, and under those used at 31 December 2006 and 31 December 2005.

	Life expectation in years	
	Male	Female
31 December 2007		
Retiring at reporting date at age 65	22	24
Retiring at reporting date + 25 years at age 65	23	25
<hr/>		
	Life expectation in years	
	Male	Female
31 December 2006		
Retiring at reporting date at age 65	21	24
Retiring at reporting date + 25 years at age 65	22	24

For the RPF and the SPS, an increase in life expectancy of 1 year across all age groups would result in a £20 million increase in the defined benefit obligation.

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History of experience gains and losses

	2007				2006				2005			
	UK Plans £m	Overseas Plans £m	Post retirement medical benefits £m	Total £m	UK Plans £m	Overseas Plans £m	Post retirement medical benefits £m	Total £m	UK Plans £m	Overseas Plans £m	Post retirement medical benefits £m	Total £m
Defined benefit obligation	(1,083)	(137)	(8)	(1,228)	(1,248)	(160)	(9)	(1,417)	(1,167)	(171)	(8)	(1,346)
Plan assets	1,202	143	—	1,345	1,158	140	—	1,298	902	139	—	1,041
Deficit	119	6	(8)	117	(90)	(20)	(9)	(119)	(265)	(32)	(8)	(305)
Experience adjustments on plan liabilities	(81)	(11)	(1)	(93)	14	(3)	3	14	(16)	6	(1)	(11)
Experience adjustments on plan assets	22	1	—	23	31	4	—	35	95	11	—	106

26 Deferred tax

The movement on the deferred tax account is as shown below:

	2007 £m	2006 £m	2005 £m
1 January 2007	171	210	247
Acquisitions/disposals	(4)	(11)	(46)
Income statement (credit)/charge	21	(18)	(19)
Equity (charge)/credit	(21)	(1)	10
Exchange differences	—	(10)	8
Stock options deferred tax in equity	4	1	10
31 December 2007	171	171	210

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, no deferred tax asset has been recognised in respect of unused tax losses of £121 million carried forward at the balance sheet date. The deferred tax asset not recognised in respect of these losses is £45 million.

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Deferred tax assets of £185 million have been recognised in respect of tax losses and other deductible temporary differences arising in certain jurisdictions where losses were incurred in the current or preceding period. Recognition of these assets is based on all relevant factors including their expected recovery measured using Group profit forecasts.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures as the Group is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future. If the earnings were remitted, tax of £978 million would be payable.

The movements of deferred tax assets and liabilities are shown below:

Deferred tax liabilities

	Fixed Assets £m	Other £m	Total £m
1 January 2007	(12)	(98)	(110)
Acquisitions/Disposals	—	(4)	(4)
Exchange differences	—	—	—
Charged to income statement	(1)	—	(1)
31 December 2007	(13)	(102)	(115)

Deferred tax assets

	Fixed Assets £m	Losses £m	Stock options £m	Other £m	Total £m
1 January 2007	62	111	17	91	281
Credited/ (charged) to income statement	13	(15)	5	19	22
Credited/(charged) in equity	—	15	4	(36)	(17)
Realisation of stock option deductions	—	8	(8)	—	—
Exchange differences	—	—	—	—	—
31 December 2007	75	119	18	74	286
Net Deferred Tax Asset					
31 December 2006					171
31 December 2007					171

The deferred tax asset expected to be recovered after more than one year is £219 million (2006: £183 million, 2005: £135 million).

27 Share capital

Movements in share capital during the year ended 31 December were as below:

	Called up share capital £m	Share premium £m	Share capital £m
1 January 2005	359	96	455
Shares allotted during the year	1	11	12
31 December 2005	360	107	467
Shares allotted during the year	7	34	41
Shares cancelled during the year	(12)	—	(12)
31 December 2006	355	141	496
Shares allotted during the year	5	48	53
Shares cancelled during the year	(10)	—	(10)
31 December 2007	350	189	539

An analysis of called up share capital is set out below:

	2007 £m	2006 £m	2005 £m
Authorised:			
One Founders Share of £1	—	—	—
2,100 million ordinary shares of 25p each	525	525	525
	525	525	525
Allotted, called up and fully paid:			
One Founders Share of £1	—	—	—
Ordinary shares of 25p each	350	355	360
	350	355	360
Number of ordinary shares of 25p each (millions)	1,401	1,422	1,441
Shares allotted during the year in millions			
18,557,662 shares in Reuters Group PLC were issued under employee share schemes at prices ranging from £nil to 630p per share. Transaction costs incurred on issue of shares amounted to £nil (2006: £nil, 2005: £nil)	19	29	6

Proceeds from the issue of shares for the year ended 31 December 2007 totalled £47 million (2006: £32 million, 2005: £10 million).

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During 2007, Reuters cancelled 39 million shares, 37 million of which were repurchased as part of the ongoing share buyback programme.

Called up share capital includes £1 million for shares granted to employees on exercise of share option/awards in respect of which no cash had been received at the balance sheet date (2006: £1 million, 2005, £1 million).

The following table provides a summary of the shares bought under the buyback programme, from its announcement in July 2005 until May 2007, and then December 2007.

Month	Total number of shares purchased as part of publicly announced programme	Average price paid per share (£)	Approximate value of shares that may be purchased under the programme (£m)
2005 :			
July	1,500,000	3.89	994
August	8,500,000	3.70	962
September	7,150,000	3.73	936
October	2,800,000	3.53	926
November	22,800,000	3.89	836
December	14,650,000	4.08	776
2006 :			
January	10,500,000	4.32	731
February	18,450,000	4.06	655
March	13,725,000	3.89	601
April	6,000,000	3.98	577
May	9,435,000	3.86	541
June	17,750,000	3.67	475
July	6,770,000	3.75	450
August	13,000,000	3.89	399
September	9,750,000	4.11	358
October	8,725,000	4.43	319
November	9,500,000	4.57	276
December	5,594,000	4.55	250
2007 :			
January	5,700,000	4.43	225
February	6,300,000	4.32	197
March	11,850,000	4.41	145
April	7,675,000	4.85	107

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The share buyback programme to return £1 billion to shareholders was announced on 26 July 2005 and was due to run for two years to July 2007. Reuters determined to terminate the above £1 billion buyback programme in May 2007 prior to its expiration. No other programme has expired during the period covered by the table.

The following table provides a summary of the shares bought under the buyback programme, from its announcement on 13 December 2007 until 31 December 2007.

Month	Total number of shares purchased as part of publicly announced programme	Average price paid per share (£)	Total cost of shares purchased (£m)
2007 :			
December	5,050,000	6.14	31

The current share buyback programme was announced on 13 December 2007 with the intention of repurchasing up to 50 million shares. Regulatory approval was granted for the Thomson-Reuters transaction, subject to certain conditions, on 19 February 2008, at which date the current share buyback programme was suspended. The share buyback programme resumed on 10 March 2008.

28 Other reserves

An analysis of the movement in other reserves is set out below:

	Capital redemption reserve £m	Other reserve £m	Available for-sale reserve £m	Hedging reserve £m	Translation reserve £m	Total other reserves £m
1 January 2005	1	(1,718)	94	30	(54)	(1,647)
Exchange differences taken directly to reserves	—	—	—	—	97	97
Exchange differences taken to the income statement on disposal of assets	—	—	—	—	(2)	(2)
Fair value losses on available-for-sale financial assets	—	—	(22)	—	—	(22)
Fair value gains on available-for-sale financial assets taken to the income statement on disposal of assets	—	—	(68)	—	—	(68)
Fair value losses on net investment hedges	—	—	—	(39)	—	(39)
Fair value gains taken to the income statement on disposal of net investments	—	—	—	(14)	—	(14)
Other movements	—	(1)	—	—	—	(1)
Tax on items taken directly to or transferred from reserves	—	—	—	16	(12)	4
31 December 2005	1	(1,719)	4	(7)	29	(1,692)
Exchange differences taken directly to reserves	—	—	—	—	(95)	(95)
Fair value gains on available-for-sale financial assets	—	—	6	—	—	6
Fair value gains on net investment hedges	—	—	—	34	—	34
Redemption of share capital	12	—	—	—	—	12
Tax on items taken directly to or transferred from reserves	—	—	—	(10)	7	(3)
31 December 2006	13	(1,719)	10	17	(59)	(1,738)
Exchange differences taken directly to reserves	—	—	—	—	20	20
Fair value gains on available-for-sale financial assets	—	—	11	—	—	11
Fair value gains on available-for-sale financial assets taken to the income statement on disposal of assets	—	—	(18)	—	—	(18)
Fair value gains on net investment hedges	—	—	—	4	—	4
Redemption of share capital	10	—	—	—	—	10
Tax on items taken directly to or transferred from reserves	—	—	—	(1)	2	1
31 December 2007	23	(1,719)	3	20	(37)	(1,710)

In 1998, a court approved capital reorganisation took place. In exchange for every 15 ordinary shares in Reuters Holdings PLC, shareholders received pro-rata 13 ordinary shares in Reuters Group PLC plus £13.60 in cash. The difference between the proforma nominal value of shares in issue of Reuters Group PLC immediately prior to the reorganisation and the previously reported capital and reserves of Reuters Holdings PLC, excluding retained earnings, represents the merger difference which has since been recorded in the other reserve.

The capital redemption reserve is used to record an amount equal to the nominal value of treasury shares that have been cancelled.

The available-for-sale reserve is used to record the cumulative fair value gains and losses on available-for-sale financial assets. The cumulative gain or loss is recognised in the income statement on disposal of the asset.

The hedging reserve is used to record the cumulative gains and losses on hedges of the Group's net investment in foreign operations, providing that the hedges were effective. The cumulative gain or loss is recognised in the income statement on disposal of the foreign operation.

The translation reserve is used to record cumulative exchange differences on the assets and liabilities of foreign operations. The cumulative exchange difference is recognised in the income statement disposal of the foreign operation.

29 Net cash flow from operating activities

Profit for the year is reconciled to cash generated from operations as follows:

	2007 £m	2006 £m	2005 £m
Profit for the year from continuing operations	213	293	229
Adjustments for:			
Depreciation	96	95	99
Impairment of associates and joint ventures	—	—	2
Impairment of intangibles	21	—	1
Amortisation of intangibles	61	46	33
Profit on disposal of property, plant and equipment	(10)	(2)	—
Employee share scheme charges	34	30	30
Foreign exchange losses/(gains)	18	(14)	(8)
Fair value movements on derivatives	13	19	(18)
Fair value movements on other financial assets	—	—	16
Profits on disposals	(24)	(80)	(42)
Income from investments	(1)	—	(1)
Share of post-taxation losses/(profits) of associates and joint ventures	6	4	(5)
Finance income	(117)	(72)	(41)
Finance costs	151	87	53
Taxation	60	20	9
Movements in working capital:			
Decrease in inventories	1	—	2
(Increase)/decrease in trade and other receivables	(12)	23	3
Increase/(decrease) in trade and other payables	75	51	(52)
(Decrease)/increase in pensions deficit	(26)	(176)	9
Decrease in provisions	(25)	(13)	(27)
Decrease in amounts payable to discontinued operations	—	—	(24)
Cash generated from continuing operations	534	311	268
Profit for the year from discontinued operations	14	12	253
Adjustments for:			
Depreciation	—	—	4
Amortisation of intangibles	—	—	2
Loss on disposal of property, plant and equipment	—	—	4
Employee share scheme charges	—	—	18
Profits on disposals	(14)	(12)	(278)
Finance income	—	—	(13)
Taxation	—	—	20
Movements in working capital:			
Increase in trade and other receivables	—	—	(28)
Decrease in trade and other payables	—	—	(17)
Increase in provisions	—	—	14
Decrease in amounts receivable from continuing operations	—	—	24
Cash generated from discontinued operations	—	—	3
Cash generated from operations	534	311	271

30 Cash flow from acquisitions and disposals

	2007 £m	2006 £m	2005 £m
Acquisitions (including joint ventures and associates):			
Subsidiary undertakings (see note 36)	(23)	(32)	(135)
Joint ventures and associates	(14)	(27)	(1)
Deferred payments for acquisitions in prior years	(4)	(9)	(8)
	(41)	(68)	(144)
Less: cash acquired	2	1	20
Acquisitions, net of cash acquired	(39)	(67)	(124)
Disposals (including joint ventures and associates):			
Subsidiary undertakings*	24	(15)	824
Joint ventures and associates	(1)	80	1
Instinet (deemed disposal)	—	—	3
	23	65	828
Add: cash disposed	—	—	(582)
Disposals, net of cash disposed	23	65	246

* The cash inflow of £24 million for subsidiary undertakings principally consists of a tax settlement on disposal of Instinet Group which was completed in December 2005. (2006 outflow of £15 million for subsidiary undertakings represents transaction fees on the disposal of Instinet Group).

31 Reconciliation of cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2007 £m	2006 £m	2005 £m
Cash and cash equivalents (see note 20)	251	129	662
Bank overdrafts	(9)	(24)	(25)
Total cash and cash equivalents	242	105	637

32 Dividends

	2007	2006	2005
	£m	£m	£m
Prior year final paid	86	81	86
Current year interim paid	61	53	54
	147	134	140
Per ordinary share	Pence	Pence	Pence
Prior year final paid	6.90	6.15	6.15
Current year interim paid	5.00	4.10	3.85

A further interim dividend in respect of 2007 of 7p per ordinary share will amount to an approximate total dividend of £87million. These financial statements do not reflect this proposed dividend payable.

At 31 December 2007, 27 million shares representing 2% of Reuters Group PLC's shares, were held by Reuters Employee Share Ownership Trusts in respect of which dividend rights have been waived until Reuters receives written confirmation of cancellation from Computershare Trustees (CI) Limited.

33 Employee share plans

The Group operates a number of share incentive plans for the benefit of employees. The scheme rules of each of these plans contain change of control clauses, which, under certain circumstances, allow for the early vesting of the plans in the event that Reuters is acquired by a third party. The nature of each plan including general terms and conditions and the methods of settlement is set out below:

Long-Term Incentive Plan (LTIP): Since 1993, Reuters has operated an LTIP that seeks to encourage and reward long-term growth in shareholder value. It is Reuters practice to make an annual award of contingent share rights to executive directors and to those senior managers most able to influence corporate performance.

For awards prior to 2006, performance is assessed by reference to the company's relative total shareholder return (TSR) measured against the FTSE 100 over the performance period and awards vest and are released after 3 years subject to the performance conditions attached. For awards made prior to 2004 that do not vest or only partially vest after three years, the plan permits the measurement period to be extended by up to two years under a re-testing provision. For awards made from 2004 onwards, the re-testing provision does not apply.

50% of the 2006 and 2007 awards had TSR performance conditions attached. However, the remaining 50% have performance conditions based on PBT targets.

From 2003, charges for these awards have been based on the fair market value per share using option pricing methodology. The fair market value ascribed to each TSR LTIP award in 2007 was 43.6% (2006: 55.9%) of the market value at the date of grant. The fair market value ascribed to each PBT LTIP award in 2007 was 92.9% (2006: 93.9%).

All of the LTIP awards are settled in equity.

Discretionary Share Option Plan (DSOP): The global DSOP was adopted by the Remuneration Committee in October 2000 and approved by shareholders in April 2001. It aims to reward growth in earnings and in the share price. The options were normally granted with a four year vesting period, shares vesting 25% each year.

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With effect from 2004, to reduce the dilutive impact DSOPs have on shareholders' interests and to allow the introduction of a plan better targeted at the general employee population, the number of participants was reduced significantly. Participation will normally be confined to executive directors and members of the GLT (prior to 2006, the GMC). Other employees may be eligible to participate in the Restricted Share Plan (see below).

For awards granted from 2005 onwards, full vesting is achieved if adjusted EPS growth exceeds the percentage growth in the retail price index (RPI) by an average of 9% each year over the three year performance period. For awards granted in 2006 and 2007, 50% of the awards vest if adjusted EPS growth exceeds RPI growth by an average of 6% each year over three years, with 9% average growth per year required for full vesting, and awards vesting proportionally for average growth of between 6% and 9%. Of those options which vest under the 2006 and 2007 plans, only 50% can be exercised immediately. A further 25% can be exercised after one year, and another 25% can be exercised after two years.

All options are subject to a maximum 10 year life and are typically settled in equity.

Save-as-you-Earn (SAYE) Plan: An all-employee international savings-related share option plan is offered in which the executive directors are also eligible to participate. Participants save a fixed monthly amount of up to £250 (subject to a maximum, established annually for each offer) for three years and are then able to use their savings to buy shares at a price set at a 20% discount to the market value at the start of the savings period. In line with market practice, no performance conditions are attached to options granted under this plan.

Options are subject to a maximum life of three years and six months and are settled in equity.

Annual Bonus Profit Sharing Plan (ABPSP): In December 2003, Reuters announced its intention to introduce a new profit-sharing plan across the all-employee population. This plan was introduced to focus employees on reward for profit growth. In 2006, this plan was operated as a cash-only plan and no shares will be issued to employees. Executive directors and members of the GLT have not participated in this plan. A decision is taken on an annual basis to operate the plan for the year.

Restricted Share Plan (RSP): In April 2004, at the AGM, the shareholders approved the introduction of the RSP. Currently restricted shares will not normally be granted for long-term incentive purposes to executive directors or members of the GLT* (prior to 2006, the GMC). It is intended that, other than for executive directors and GLT* members, employees will be eligible to participate in this plan instead of the DSOP. Other than in 2004, the year of introduction, employees would generally not be eligible to participate in the DSOP and the RSP in the same year. The RSP is normally granted with a four year vesting period, shares vesting 25% each year.

Awards are typically settled in equity.

The following plans are legacy plans which are no longer operated by the Group:

Performance related share plan (PRSP): This plan operated from 1995 to 2001 and targeted senior executives not participating in the LTIP. All outstanding awards have now lapsed. The performance condition was the same as for the LTIP, although vested shares could be released three years after grant.

Plan 2000: A one-off all-employee option grant was made in 1998 in order to support the retention of employees over the millennium period. In common with such all-employee plans, there is no performance condition to be satisfied. All employees, including the executive directors, were given the opportunity to apply for an option to acquire 2,000 shares at an exercise price of £5.50 per share. These options became exercisable in September 2001 and expired in September 2005. A small supplementary grant was made to new employees in March 1999, at an option price of £8.14, and these expired in March 2006.

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Activity relating to share options for the year ended 31 December 2005, 31 December 2006 and 31 December 2007 was as follows:

	SAYE Plan	Plan 2000	DSOP & RSP	ABSP	LTIP & PRSP	Total	Weighted average exercise price for option plans £
Ordinary shares under option in millions (including ADSs):							
At 31 January 2005	29.9	11.4	59.2	—	14.6	115.1	2.71
Granted	3.4	—	7.5	2.3	2.2	15.4	2.07
Forfeited	(2.5)	(0.4)	(2.5)	(0.1)	(0.4)	(5.9)	4.60
Exercised	(1.2)	—	(4.8)	(0.1)	(0.7)	(6.8)	1.66
Expired or lapsed	(1.4)	(10.3)	(4.0)	—	(4.4)	(20.1)	3.88
31 December 2005	28.2	0.7	55.4	2.1	11.3	97.7	2.70
Granted	5.3	—	9.0	—	2.8	17.1	1.68
Forfeited	(0.9)	—	(1.6)	(0.1)	(0.2)	(2.8)	1.64
Exercised	(20.7)	—	(7.7)	(2.0)	—	(30.4)	1.08
Expired or lapsed	(0.6)	(0.7)	(4.1)	—	(0.6)	(6.0)	4.12
31 December 2006	11.3	—	51.0	—	13.3	75.6	2.56
Granted	4.4	—	8.3	—	3.1	15.8	2.14
Forfeited	(1.2)	—	(3.5)	—	(0.5)	(5.2)	3.18
Exercised	(3.6)	—	(15.5)	—	(2.4)	(21.5)	2.29
Expired or lapsed	—	—	—	—	(8.5)	(8.5)	—
31 December 2007	10.9	—	40.3	—	5.0	56.2	2.84
Of which exercisable	0.2	—	19.6	—	—	19.8	—
Number of participants at 31 December 2007	6,558	—	5,102	—	135	—	—

Expense included in the income statement for year ended

	£m	£m	£m	£m	£m	£m
31 December 2005	5	—	18	2	5	30
31 December 2006	6	—	16	1	7	30
31 December 2007	5	—	25	—	6	36

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The expense included in the income statement in respect of DSOP and RSP was £25 million (2006: £16 million, 2005: £18 million), of which £4 million (2006: £nil, 2005: £nil) related to cash-settled share options.

Options were exercised on a regular basis throughout the year at the average share price of £5.74 (2006: £3.96, 2005: £3.92) .

The following table summarises information relating to the number of shares under option and those which were exercisable at 31 December 2007:

Range of exercise prices	Total shares under option (million)	Weighted average remaining contractual life (months)	Options exercisable at 31 December 2007 (million)	Options exercisable at 31 December 2006 (million)	Options exercisable at 31 December 2005 (million)	Exercisable weighted average exercise price for options exercisable at 31 December 2007
Ordinary shares						
£0.00 — £2.00	18.5	31	2.6	6.8	2.5	£ 1.32
£2.01 — £5.00	29.0	59	10.6	17.1	12.0	£ 2.89
£5.01 — £7.00	4.8	67	3.6	5.7	5.1	£ 5.69
£7.01 — £9.00	3.0	42	3.0	3.6	4.6	£ 8.62
£9.01 — £11.00	—	—	—	—	0.4	£ 0.00
ADSs*						
\$10.01 — \$30.00	—	—	—	—	0.1	\$ 0.00
\$30.01 — \$50.00	0.6	19	—	—	—	\$42.86
\$50 +	0.3	35	—	—	—	\$51.09
	56.2	—	19.8	33.2	24.7	

* One ADS is equivalent to six ordinary shares.

The fair values of options granted during the period were determined using options pricing models.

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The following tables summarise the models and key assumptions used for grants made during 2007, 2006 and 2005:

	2007			
	SAYE Plan	DSOP	RSP	LTIP
Weighted average fair value (£)	1.67	1.14	4.25	2.95
Options pricing model used	Black Scholes options pricing model	Black Scholes options pricing model	Black Scholes options pricing model	Monte Carlo simulation based customised options pricing model
Key assumptions used:				
Weighted average share price (£)	4.82	5.04	4.50	4.33
Range of exercise prices (£)	3.53	4.42-6.19	Nil	Nil
Range of expected volatility (%)	27%	22%-46%	22%-34%	26%
Range of risk-free rates (%)	6%	5%-6%	5%-6%	6%
Range of expected option term (life)	3 years	0.5 to 7 years	0.5 to 4 years	3 years
Range of expected dividend yields	2.5%	2.1%-2.5%	2.1%-2.5%	2.5%
	2006			
	SAYE Plan	DSOP	RSP	LTIP
Weighted average fair value (£)	1.17	1.73	3.65	3.39
Options pricing model used	Black Scholes options pricing model	Black Scholes options pricing model	Black Scholes options pricing model	Monte Carlo simulation based customised options pricing model
Key assumptions used:				
Weighted average share price (£)	3.77	4.20	3.88	4.53
Range of exercise prices (£)	3.14	3.93	Nil	Nil
Range of expected volatility (%)	35%	23%-48%	25%-41%	36%
Range of risk-free rates (%)	5%	4%-5%	5%	5%
Range of expected option term (life)	3 years	4 to 7 years	1 to 4 years	3 years
Expected dividends (per year)	10p	10p-10.65p	10p-10.65p	10p
	2005			
	SAYE Plan	DSOP	RSP	LTIP
Weighted average fair value (£)	1.61	1.30	3.81	2.49

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Options pricing model used	Black Scholes options pricing model	Black Scholes options pricing model	Black Scholes options pricing model	Monte Carlo simulation based customised options pricing model
Key assumptions used:				
Weighted average share price (£)	4.12	3.97	4.04	4.05
Range of exercise prices (£)	3.33	3.89-4.05	Nil	Nil
Range of expected volatility (%)	47%	28%-54%	28%-54%	48%
Range of risk-free rates (%)	5%	4%-5%	4%-5%	5%
Range of expected option term (life)	3 years	4 to 7 years	1 to 4 years	3 years
Expected dividends (per year)	10p	10p	10p	10p

Assumptions on expected volatility and expected option term have been made on the basis of historical data, wherever available, for the period corresponding with the vesting period of the option. Volatility is based on daily observations. Best estimates have been used where historical data is not available in this respect.

Market-related performance conditions, which are used to determine the vesting pattern on the LTIP options, are built into the Monte Carlo simulation based options pricing model used to determine fair value of these options.

The Group reported a provision for National Insurance and other social security taxes of £10 million (2006: £7 million, 2005: £11 million) in respect of share-based payment transactions.

The Group recorded a liability for cash settled share options of £5 million (2006: £nil, 2005: £nil), based on current fair values. The intrinsic value of the liability has been measured at £4 million.

34 Related party transactions

The parent company of the Group is Reuters Group PLC (incorporated in the United Kingdom). Reuters Group PLC owns 9.7% of its own shares, relating to the ongoing share buyback programme (see note 27). In addition, 2.0% of Reuters Group PLC is owned by Reuters Employee Share Ownership Trusts (ESOTs).

The ESOTs were established by Reuters in August 1990, January 1994 and August 2004. The ESOTs established in August 1990 and January 1994 are funded by Reuters Group PLC. The ESOT established in August 2004 is funded by Reuters SA. The trustee of the ESOTs is an offshore independent professional trustee. Shares purchased by the ESOTs, which are deducted from shareholders' equity on the consolidated balance sheet, are used to satisfy certain options/awards under the Group's share incentive plans.

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Key management personnel compensation, including the Group's directors, is shown in the table below:

	2007 £m	2006 £m	2005 £m
Salaries and short-term employee benefits	16	12	8
Post-employment benefits	1	1	1
Termination benefits	—	—	1
Share-based payments	9	8	6
Total	26	21	16

More details of directors' remuneration and senior management compensation are given in the 'Directors' remuneration for 2007' section of the Remuneration report, details of which form part of these financial statements.

During the year, the Group carried out a number of transactions with related parties, mainly being relationships where the Group holds investments in associates and joint ventures. These transactions involved supply of services and were entered into in the normal course of business and on an arm's length basis.

Details of these transactions are shown below:

	31 December 2005 £m	Amounts invoiced £m	Amounts collected £m	31 December 2006 £m	Amounts invoiced £m	Amounts collected £m	31 December 2007 £m
Amounts receivable:							
Joint ventures:							
Factiva*	4	30	(33)	1	—	(1)	—
FXMarketSpace	—	6	—	6	10	(15)	1
Other	—	1	(1)	—	1	(1)	—
Associates	—	—	—	—	1	(1)	—
Total amounts receivable	4	37	(34)	7	12	(18)	1
Amounts payable:							
Joint ventures:							
Factiva	1	4	(5)	—	—	—	—
3 Times Square Associates	—	19	(19)	—	16	(16)	—
Associates	—	2	(2)	—	5	(4)	1
Total amounts payable	1	25	(26)	—	21	(20)	1

* Reuters disposed of the majority of its investment in Factiva in December 2006. Consequently, the £1 million receivable from Factiva at 31 December 2006 has been presented within other receivables (see note 19).

No amounts were provided for or written off in the income statement in respect of amounts receivable from related parties.

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The above amounts relate to the rendering or receiving of services between both parties, including agency agreements and licence agreements. Detailed summaries of key transactions in respect of the Group's related parties are set out below.

During 2007, Reuters paid £64 million (2006: £237 million, 2005: £47 million) to the Group's pension funds, including £4 million (2006: £187 million) towards funding the deficit in the Reuters Supplementary Pension Scheme (2006: Reuters Pension Fund and the Reuters Supplementary Pension Scheme).

FXMarketSpace

On 4 May 2006, Reuters and the Chicago Mercantile Exchange (CME) entered into an agreement to form FXMarketSpace, a 50/50 joint venture to create a centrally-cleared, global foreign exchange trading system. Following shareholder approval, the joint venture was formed on 20 July 2006. Reuters has entered into agreements to provide trading access to and trade notification services for, and distribute market data from, FXMarketSpace, among various other services and arrangements. The total cost of these services provided by Reuters to FXMarketSpace in 2007 was £10 million (2006: £6 million).

3 Times Square Associates LLC ('3XSQ Associates')

Reuters is party to a lease entered into in 1998 with 3XSQ Associates, an entity owned by Reuters and Rudin Times Square Associates LLC formed to acquire, develop and operate the 3 Times Square property and building. Pursuant to the lease, which has been amended from time to time, Reuters leases approximately 692,000 square feet for a remaining term of approximately 15 years expiring in 2021, with an option to terminate 10 years early as to 77,000 square feet and three successive ten-year renewal options as to the entirety of the space. Reuters made payments to 3XSQ Associates of £16 million during 2007 (2006: £19 million, 2005: £18 million) in respect of rent, operating expenses, taxes, insurance and other obligations.

Factiva

On 15 December 2006, Reuters disposed of the majority of its investment in Factiva. Prior to this disposal, Factiva and Reuters each provided a variety of services to the other through a number of commercial arrangements. Factiva hosted and maintained Reuters pictures archiving service, permitted Reuters to incorporate Factiva content in certain Reuters products, and permitted Reuters staff to access Factiva content. The total cost of the services provided by Factiva to Reuters in 2007 was £nil (2006: £4 million, 2005: £4 million).

Reuters provided Factiva with technical and administrative support services, including use of Reuters premises, facilities, finance and payroll services, provided content, primarily its newswires, to Factiva for incorporation in certain Factiva services, and granted Factiva a trademark licence permitting Factiva to use Reuters name. The total value of the services provided by Reuters to Factiva in 2007 was £nil (2006: £30 million, 2005: £39 million).

Following the disposal of the majority of the investment in Factiva, Reuters will continue to supply content to Factiva under an agreement as a paid supplier and has entered into or continued a number of commercial arrangements with Factiva and Dow Jones, including some of those described above.

In addition to the above amounts, Reuters held a loan payable to Factiva of £10 million at the start of 2006, on which interest was payable at LIBOR. This loan was increased to £12 million during the year and it was all repaid prior to the disposal of the majority of Reuters investment in Factiva.

35 Contingencies and commitments

Contingent liabilities and contingent assets

Except as described below, neither the Group, nor any of its directors, members of senior management or affiliates, is subject to any legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Group's financial performance or profitability.

The Group has no contingent assets.

Douglas Gilstrap and Myron Tataryn v. Radianz Ltd., Radianz Americas, Inc., Reuters Limited, Blaxmill (Six) Limited, Reuters C LLC, Reuters America LLC, and British Telecommunications PLC

On 12 September 2005, Radianz's former CEO Douglas Gilstrap filed a class action lawsuit purportedly on behalf of Radianz option holders against Radianz, Radianz Americas, Inc., Reuters Limited, Blaxmill (Six) Limited, Reuters C LLC, Reuters America LLC and BT in the United States District Court, Southern District of New York, relating to the cash cancellation of Radianz options, in conjunction with Reuters' sale of Radianz to BT. The complaint does not specify the amount of damages sought. Under the claims and indemnification provision of the Radianz Sale Agreement between BT and Reuters, Reuters elected to take control of the defence of this litigation as to all defendants. On 15 December 2005, a First Amended Complaint was filed which, among other things, added Myron Tataryn, a former Radianz employee based in the UK, as an additional named plaintiff and purported class representative. On 30 January 2006, the defendants filed a motion to dismiss the case in its entirety on forum non conveniens grounds. On 27 July 2006, the United States District Court dismissed the complaint as England is the proper forum for this matter. On 25 August 2006, plaintiffs filed an appeal of the dismissal with the US Court of Appeals for the Second Circuit. Separately, on 7 December 2006 Douglas Gilstrap, along with former Radianz executives Brian Dillon and John Madigan, filed a new lawsuit in the US District Court, Southern District of New York in their individual capacities against Radianz Limited and Radianz Americas for essentially the same claims asserted in the dismissed class action complaint. On 25 May 2007, plaintiffs' appeal of the dismissal of the class action lawsuit was denied. Then on 10 August 2007 Gilstrap, Dillon and Madigan voluntarily dismissed their lawsuit in the Southern District of New York. On 11 August 2007, Gilstrap filed a new lawsuit in an individual capacity with former Radianz employees Thomas McCabe and Myron Tataryn, against Radianz Limited and Radianz Americas, Inc. in Texas state court in Dallas, Texas for essentially the same claims asserted in the federal court. On 22 October 2007, Radianz Limited filed a special appearance in order to preserve its objections to personal jurisdiction and Radianz Americas filed a motion to dismiss the complaint on the basis of forum non conveniens on behalf of Radianz Americas. On 14 January 2008, the Texas state court granted the motion to, pending a decision on whether to make such dismissal conditional upon Radianz Americas waiving a right to recover legal fees against plaintiffs in any action brought in England upon these claims. Subsequently the parties agreed to make the waiver of the right to recover legal fees and costs reciprocal and Radianz Limited agreed to waive its objections to jurisdiction so it could be included within the scope of any dismissal order. Subsequently, on 5 February 2008, the Texas state court entered a judgment dismissing the action as to Radianz Americas and Radianz Limited. Gilstrap, McCabe and Tataryn served Radianz Limited and Radianz Americas with a notice of appeal on 3 March 2008. The Group believes this appeal is without merit and will defend against it vigorously.

Ariel (UK) Limited v. Reuters Group PLC, Reuters C LLC, Reuters Transactions Services Limited, Instinet Group, Incorporated, the NASDAQ Stock Market Inc. and Silver Lake Partners LP

On 16 November 2005, Ariel (UK) Limited brought an action in the United States District Court, Southern District of New York against Reuters Group PLC, Reuters C LLC, Reuters Transactions Services Limited, Instinet Group, NASDAQ and Silver Lake Partners LP, seeking a declaration that a 1975 Agreement between Ariel and Instinet permits Ariel to licence Reuters current patent portfolio to others. The complaint, as amended on 28 February 2006, also claims breach of contract, copyright infringement and requests for declaratory relief. Ariel seeks \$50 million compensatory damages from Reuters and Instinet. Reuters answered the complaint and filed a motion to dismiss the case, which was granted on 31 October 2006, dismissing the copyright claims with prejudice and the state law contract claims for lack of jurisdiction. Ariel has filed a notice of appeal to the US Court of Appeals for the Second Circuit. The Group believes the claims are without merit and intends to defend them vigorously.

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Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2007	2006	2005
	£m	£m	£m
Property, plant and equipment	14	10	16
Intangible assets	26	9	13
Total capital commitments	40	19	29

Group's share of contingent liabilities and commitments in respect of associates and joint ventures

The Group's share in contingent liabilities and commitments in relation to its interest in associates and joint ventures was £nil (2006: £nil, 2005: £nil).

Warranties and indemnities

During 2005, the Group has disposed of a number of its investments and provided standard warranties and indemnities as part of the sale and purchase agreements. The likelihood of the Group incurring any liability in relation to these is considered remote, therefore no provisions have been recorded and no disclosure is presented in the financial statements.

Operating lease payables

Minimum payments for non-cancellable operating leases for terms in excess of one year from 31 December are as follows:

	2007	2006	2005
	£m	£m	£m
Year ended 31 December			
2006	—	—	79
2007	—	88	74
2008	94	79	63
2009	85	70	54
2010	73	60	51
2011	62	55	47
2012 (and thereafter for 2005 comparatives)	56	51	305
2013 and thereafter	280	249	—
Total operating lease payables	650	652	673

At the inception of each arrangement involving use of an asset, an assessment is made to establish whether the arrangement contains a lease. Once established, the lease is assessed to classify as either an operating lease or finance lease. This involves making an assessment concerning whether the arrangement substantially transfers the risks and rewards of asset ownership to the Group, in which case it would be treated as a finance lease (refer note 14). Where the arrangement does not result in the transfer of substantially all of the risks and rewards, the arrangement is classified as an operating lease.

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At 31 December 2007, future minimum sublease payments expected to be received under non-cancellable subleases were £2 million (2006: £96 million, 2005: £114 million).

The Group leases various facilities under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases equipment under non-cancellable operating lease agreements.

During the year, Reuters entered into an outsourcing arrangement with Fujitsu Services Limited for the provision of IT services over 10 years for approximately £530 million. Over the life of the contract, it is expected that £72 million will be paid in respect of leasing arrangements, of which £14 million is committed to as at 31 December 2007.

36 Acquisitions

Acquisition of Feri Fund Market Information Limited

On 31 July 2007, a Group company acquired Feri Fund Market Information Limited and its wholly owned subsidiary FI Datenservice GmbH. In accordance with IFRS 3 'Business Combinations', this transaction has been accounted for as an acquisition.

	Book value £m	Fair value adjustments £m	Provisional fair value £m
Non-current assets:			
Intangible assets	—	8	8
Current assets:			
Cash and cash equivalents	2	—	2
Current liabilities	(2)	—	(2)
Non-current liabilities			
Deferred tax	—	(2)	(2)
Net (liabilities)/assets acquired	—	6	6
Total consideration			12
Consideration satisfied by:			
Cash			12

Goodwill represents the value of synergies arising from the acquisition.

The net assets of the company have been incorporated into the Research & Asset Management division.

The outflow of cash and cash equivalents on the acquisition can be calculated as follows:

	£m
Cash consideration	12
Cash acquired	(2)
Total outflow of cash and cash equivalents	10

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Acquisition of ClearForest Limited

On 6 June 2007, a Group company acquired ClearForest Limited and its wholly owned subsidiary ClearForest Corp. In accordance with IFRS 3 'Business Combinations', this transaction has been accounted for as an acquisition.

	Book value £m	Fair value adjustments £m	Provisional fair value £m
Non-current assets:			
Intangible assets	—	6	6
Current assets:			
Other current assets	1	—	1
Current liabilities	(2)	—	(2)
Non-current liabilities			
Deferred tax	—	(2)	(2)
Net liabilities acquired	(1)	4	3
Goodwill			7
Total consideration			10
Consideration satisfied by:			
Cash			10

Goodwill represents the value of synergies arising from the acquisition. Net assets of the company have been incorporated into the Sales & Trading and Enterprise divisions.

The outflow of cash and cash equivalents on the acquisition can be calculated as follows:

	£m
Cash consideration	10
Total outflow of cash and cash equivalents	10

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Other acquisitions

Reuters acquired certain trade and assets from Thomas Weisel Partners LLC and Anián LLC on 28 February 2007, and Stylianou LLC in May 2007. The Group also purchased the share capital of EnergyBankLink Pty on 21 September 2007.

	Book value £m	Fair value adjustments £m	Provisional fair value £m
Non-current assets:			
Intangible assets	—	1	1
Net assets acquired	—	1	1
Goodwill			—
Total consideration			1

The fair value adjustments in respect of intangible assets are due to the recognition of £1 million in respect of intellectual property of the Anián product.

The outflow of cash and cash equivalents on the acquisitions can be calculated as follows:

	£m
Cash consideration	1
Total outflow of cash and cash equivalents	1

From the date of acquisition to 31 December 2007, the acquisitions contributed £2.2 million to revenue, £1.4 million profit before interest and amortisation of intangibles and incurred a £1.3 million profit before amortisation, but after interest.

If the acquisitions had been made at the beginning of the financial year, they would have contributed £5 million to revenue and £1.7 million to profit. This information takes into account the amortisation of acquired intangible assets and the effect of taxation.

37 Disposals

Realised net gains, all of which were recorded in the income statement within continuing operations, were:

	2007 £m	2006 £m	2005 £m
On disposal of subsidiary undertakings	3	4	4
On disposal of associates, joint ventures and available-for-sale financial assets	21	76	38
Recorded in the income statement	24	80	42

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In 2007, gains on disposal of associates, joint ventures and available-for-sale financial assets relate to the Group's disposal of its investment in Intralinks Inc (£18 million) and further gains relating to the sale of Factiva (£3 million) in 2006. Gains on disposal of subsidiary undertakings relate to a number of small disposals and include £2 million deferred proceeds on the disposal of RVC in 2004.

In 2006, gains on disposal of associates, joint ventures and available-for-sale financial assets principally relate to the Group's disposal of the majority of its holding in Factiva. Gains on disposal of subsidiary undertakings relate to a number of small disposals and include £2 million deferred proceeds from the disposal of RVC in 2004.

In 2005, gains on disposal of associates, joint ventures and available-for-sale financial assets include £4 million arising from the Group's disposal of its holding in Quick Corporation and £33 million in respect of the part-disposal of shares in TSI. Gains on disposal of subsidiary undertakings mainly comprise an £8 million gain on disposal of a number of UK entities partly offset by a £6 million loss on disposal of the Reuters Portfolio Management System (RPMS) business. In 2005, Reuters also disposed of its holdings in Radianz and Instinet Group. These subsidiaries were treated as discontinued operations in accordance with IFRS 5 and are therefore disclosed separately in note 7.

38 Post balance sheet events

During the period 1 January 2008 to 14 March 2008, Reuters purchased 31 million shares for total consideration of £188 million, as part of the share buy-back programme announced in December 2007.

The following table provides a summary of the shares bought back during this period:

Month	Total number of shares purchased as part of publicly announced programme	Average price paid per share (£)	Total cost of shares purchased (£m)
January	20,975,000	5.99	127
February	6,965,000	6.03	42
March	3,100,000	6.00	19

Included above are 28 million shares which the Group has irrevocable commitments to purchase at 31 December 2007. In accordance with the Group's accounting policy, the cost of these shares (£169 million) has been recorded in the balance sheet at 31 December 2007 and reported as a current liability with a corresponding deduction from shareholders' equity.

On 19 February 2008, regulatory approval was granted for the Thomson-Reuters transaction, subject to certain conditions, at which date the current share buyback programme was suspended. On 10 March 2008, the resumption of the share buyback programme was announced with the intention of repurchasing up to 17 million shares, representing the balance of the 50 million programme, between 10 March 2008 and the closing of the transaction.

On 31 January 2008, Reuters acquired 100% of the share capital of Starmine Corporation, a provider of proprietary web-based products to assist financial analysts and portfolio managers manage research and value stocks, for consideration of \$97 million payable in cash. The purchase price allocation has yet to be finalised.

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On 15 May 2007, Reuters and Thomson entered into a definitive agreement (the “Implementation Agreement”) under which Reuters agreed to be acquired by Thomson by implementing a dual listed company (“DLC”) structure (the “Transaction”). Under the DLC structure, Thomson Reuters will have two parent companies, both of which will be publicly listed: Thomson Reuters PLC, a new English company in which existing Reuters Shareholders will receive shares as part of their consideration in the Transaction (together with £3.525 in cash per Reuters ordinary share), and The Thomson Corporation, a Canadian company which will be renamed Thomson Reuters Corporation. Those companies will operate as a unified group pursuant to contractual arrangements as well as provisions in their organisational documents. Under the DLC structure, shareholders of Thomson Reuters Corporation and Thomson Reuters PLC will both have a stake in Thomson Reuters, with cash dividend, capital distribution and voting rights that are comparable to the rights they would have if they were holding shares in one company carrying on the Thomson Reuters business. The transaction is expected to complete on 17 April 2008, subject to shareholder consent, court approvals and other customary closing conditions.

39 Significant subsidiary undertakings, joint ventures and associates

The principal subsidiary undertakings, joint ventures and associates at 31 December 2007, all of which are included in the consolidated financial statements, are shown below:

Subsidiary undertakings	Country of incorporation	Principal area of operation	Percentage of equity shares held
Reuters AG	Germany	Germany	100
Reuters America Holdings Inc*	USA	Worldwide	100
Reuters America LLC	USA	USA	100
Reuters Australia Pty Limited	Australia	Australia	100
Reuters BV	Netherlands	Netherlands	100
Reuters Canada Limited	Canada	Canada/USA	100
Reuters Europe SA	Switzerland	Spain/Portugal	100
Reuters France SAS	France	France	100
Reuters Finance PLC*	UK	UK	100
Reuters Group Overseas Holdings (UK) Ltd*	UK	Worldwide	100
Reuters Holdings Limited*	UK	UK	100
Reuters Hong Kong Limited	Cook Islands	Hong Kong	100
Reuters International Holdings SARL*	Switzerland	Worldwide	100
Reuters Investments Limited*	UK	UK	100
Reuters Italia SpA	Italy	Italy	100
Reuters Japan Kabushiki Kaisha	Japan	Japan	100
Reuters Limited	UK	Worldwide	100
Reuters Middle East Limited	Cook Islands	Middle East	100
Reuters Nederland BV*	Netherlands	Netherlands	100
Reuters Research Inc	USA	USA	100
Reuters SA	Switzerland	Worldwide	100
Reuters Singapore Pte Limited	Singapore	Singapore	100
Reuters Svenska AB	Sweden	Sweden	100
Reuters Transaction Services Limited	UK	Worldwide	100
Joint ventures	Country of incorporation	Principal area of operation	Percentage of equity shares held
3 Times Square Associates LLC	USA	USA	50**
FXMarketSpace Limited	UK	Worldwide	50

* Denotes investment companies. All other entities are operating companies.

** The Group has an equity shareholding of 50% in 3 Times Square Associates LLC. However, Reuters has an effective economic interest of 35% at 31 December 2007.

The financial years for all of the above undertakings end on 31 December, except for Times Global Broadcasting Company Limited whose financial year ends on 31 March.

3 Times Square Associates LLC is a joint venture with Rudins Times Square Associates LLC formed to acquire, develop and operate the 3 Times Square property and building.

FXMarketSpace Limited is a joint venture with the Chicago Mercantile Exchange formed to create a centrally-cleared, global foreign exchange trading system.

Reuters has a 26% holding in Times Global Broadcasting Company Limited. This was reclassified as held for sale in 2007.

No. 6141013

THE COMPANIES ACT 1985 AND 2006

A PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

THOMSON REUTERS PLC

(incorporating all amendments to 27 February 2008)

Incorporated on 6 March 2007

THE COMPANIES ACT 1985 AND 2006

A PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

THOMSON REUTERS PLC

1. The company's name is **Thomson Reuters PLC**.¹
2. The company is to be a public limited company.²
3. The company's registered office is to be situated in England and Wales.
4. The company's objects are:³
 - (A) To enter into, operate and carry into effect an Equalization and Governance Agreement made between the company and Thomson Reuters Corporation, a corporation incorporated and existing in accordance with the laws of the Province of Ontario (**TR Corporation**); a Special Voting Share Agreement by and among Thomson Reuters Corporation Special Voting Share Trustee, Thomson Reuters PLC Special Voting Share Trustee, the company and TR Corporation; a Deed of Guarantee made between the company and TR Corporation in favour of certain creditors of TR Corporation and a Deed of Guarantee made between TR Corporation and the company in favour of certain creditors of the company, all such agreements to be entered into on or before the proposed scheme of arrangement to be made under section 425 of the Companies Act 1985 in connection with the offer made on behalf of the company to acquire Reuters Group PLC (the **Scheme**) becoming effective and each as described in the prospectus of the company dated on or around 29 February 2008, with full power to:
 - (i) agree any amendment or termination of all or any of the terms of the said agreements or the said deeds in accordance with the terms thereof;

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- 1 The name of the company was changed from Alnery No. 2689 Limited to Thomson-Reuters Limited by way of special resolution dated 9 May 2007 and from Thomson-Reuters Limited to Thomson Reuters PLC by way of special resolution dated 28 January 2008.
 - 2 This clause was inserted and the subsequent clauses renumbered accordingly by special resolution passed on 28 January 2008.
 - 3 This clause was inserted in place of the existing clause 4 (previously clause 3) by special resolution passed on 27 February 2008.
-

- (ii) enter into, operate and carry into effect any further or other agreements or arrangements with or in connection with TR Corporation; and
 - (iii) do all such things as in the opinion of the directors are necessary or desirable for the furtherance of this object constituted by or arising out of any agreement, deed or other arrangement mentioned in or made in accordance with this sub-clause.
- (B) To carry on business as a general commercial company and to carry on any trade or business whatsoever.
 - (C) To carry on, acquire, obtain and supply wireless, telegraphic, telephonic, telex or other news and intelligence, and to issue, publish and circulate, and otherwise utilise, with a view of the profit or advantage of the company, the same news and intelligence.
 - (D) To construct, purchase, hire or otherwise acquire or work, wireless installations, satellites and other electronic equipment, telegraphs, telex, telephones and other means of communications and telecommunications.
 - (E) To acquire any estate or interest in and to take options over, construct, develop or exploit any property, real or personal, and rights of any kind and the whole or any part of the undertaking, assets and liabilities of any person and to act as a holding company.
 - (F) To provide services of all descriptions.
 - (G) To lend money and grant or provide credit and financial accommodation to any person and to deposit money with any person.
 - (H) To invest money of the company in any investments and to hold, sell or otherwise deal with investments or currencies or other financial assets.
 - (I) To enter into any arrangements with any government or authority or person and to obtain from any government or authority or person any legislation, orders, rights, privileges, franchises and concessions.
 - (J) To borrow and raise money and accept money on deposit and to secure or discharge any debt or obligation in any manner and in particular (without prejudice to the generality of the foregoing) by mortgages of or charges upon all or any part of the undertaking, property and assets (present and future) and uncalled capital of the company or by the creation and issue of securities.
 - (K) To enter into any guarantee, contract of indemnity or suretyship and in particular (without prejudice to the generality of the foregoing) to guarantee, support or secure, with or without consideration, whether by personal obligation or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the company or by both such methods or in any other manner,

the performance of any obligations or commitments of, and the repayment or payment of the principal amounts of and any premiums interest dividends and other moneys payable on or in respect of any securities or liabilities of, any person, including (without prejudice to the generality of the foregoing) any company which is at the relevant time a subsidiary or a holding company of the company or another subsidiary of a holding company of the company or otherwise associated with the company.

- (L) To amalgamate or enter into partnership or any profit-sharing arrangement with, or to co-operate or participate in any way with, or to take over or assume any obligation of, or to assist or subsidise any person.
- (M) To sell, exchange, mortgage, charge, let, grant licences, easements, options and other rights over, and in any other manner deal with, or dispose of, all or any part of the undertaking, property and assets (present and future) of the company for any or for no consideration and in particular (without prejudice to the generality of the foregoing) for any securities or for a share of profit or a royalty or other periodical or deferred payment.
- (N) To issue and allot securities of the company for cash or in payment or part payment for any real or personal property purchased or otherwise acquired by the company or any services rendered to the company or as security for any obligation or amount (even if less than the nominal amount of such securities) or for any other purpose, and to give any remuneration or other compensation or reward for services rendered or to be rendered in placing or procuring subscriptions of, or otherwise assisting in the issue of, any securities of the company or in or about the formation of the company or the conduct or course of its business.
- (O) To establish or promote, or concur or participate in establishing or promoting, any company, fund or trust and to subscribe for, underwrite, purchase or otherwise acquire securities of any company, fund or trust and to act as director of and as secretary, manager, registrar or transfer agent for any other company and to act as trustee of any kind and to undertake and execute any trust and any trust business (including the business of acting as trustee under wills and settlements and as executor and administrator).
- (P) To pay all the costs, charges and expenses preliminary or incidental to the promotion, formation, establishment and incorporation of the company, and to procure the registration or incorporation of the company in or under the laws of any place outside England.
- (Q) To the extent permitted by law, to give financial assistance for the purpose of the acquisition of shares of the company or any company which is at the relevant time the company's holding company or subsidiary or another subsidiary of any such holding company or for the purpose of reducing or discharging a liability incurred for the purpose of such an acquisition.

- (R) To grant or procure the grant of donations, gratuities, pensions, annuities, allowances or other benefits, including benefits on death, to, or purchase and maintain any type of insurance for or for the benefit of, any directors, officers or employees or former directors, officers or employees of the company or any company which at any time is or was a subsidiary or a holding company of the company or another subsidiary of a holding company of the company or otherwise associated with the company or of any predecessor in business of any of them, and to the relations, connections or dependants of any such persons, and to other persons whose service or services have directly or indirectly been of benefit to the company or whom the board of directors of the company considers have any moral claim on the company or to their relations, connections or dependants, and to establish or support any funds, trusts, insurances or schemes or any associations, institutions, clubs or schools, or to do any other thing likely to benefit any such persons or otherwise to advance the interests of such persons or the company or its members, and to subscribe, guarantee or pay money for any purpose likely, directly or indirectly, to further the interests of such persons or the company or its members or for any national, charitable, benevolent, educational, social, public, political, general or useful object.
- (S) To enter into a Deed of Mutual Covenant with Reuters Founders Share Company Limited and others, and thereafter to agree to and become a party to such alterations of and additions to such Deed of Mutual Covenant as may be made in accordance with its terms or as the company may thereafter think fit to approve, and to exercise and enforce such powers and rights and to perform and to discharge such obligations as shall be conferred or (as the case may be) imposed upon the company by such Deed of Mutual Covenant, whether in its original form or with and subject to any such alterations and additions as aforesaid.
- (T) To give guarantees and indemnities of all kinds, and to make payments of all kinds, to or in favour of Reuters Founders Share Company Limited and/or all or any one or more of its directors and members for the time being.
- (U) To cease carrying on or to wind up any business or activity of the company, and to cancel any registration of and to wind up or procure the dissolution of the company in any state or territory.
- (V) To distribute any of the property of the company among its creditors and members or any class of either in cash, specie or kind.
- (W) To do all or any of the above things or matters in any part of the world and either as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others.
- (X) To carry on any other activity and do anything of any nature which in the opinion of the board of directors of the company is or may be capable of being conveniently carried on or done in connection with the above, or likely directly or indirectly to enhance the value of or render more profitable all or any part of the company's undertaking property or assets or otherwise to advance the interests of the company or of its members.

- (Y) To do any other thing which in the opinion of the board of directors of the company is or may be incidental or conducive to the attainment of the above objects or any of them.
- (Z) In this clause **company**, except where used in reference to this company, shall include any partnership or other body of persons, whether incorporated or not incorporated, and whether formed, incorporated, domiciled or resident in the United Kingdom or elsewhere, a company **associated with the company** shall include TR Corporation and its subsidiaries, **person** shall include any company as well as any other legal or natural person, **securities** shall include any fully, partly or nil paid or no par value share, stock, unit, debenture, debenture or loan stock, deposit receipt, bill, note, warrant, coupon, right to subscribe or convert, or similar right or obligation, **and** and **or** shall mean **and/or** where the context so permits, **other** and **otherwise** shall not be construed ejusdem generis where a wider construction is possible, and the objects specified in the different paragraphs of this clause shall not, except where the context expressly requires, be in any way limited or restricted by reference to or inference from the terms of any other paragraph or the name of the company or the nature of any trade or business carried on by the company, or by the fact that at any time the company is not carrying on any trade or business but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of those paragraphs defined the objects of a separate distinct and independent company.
5. The liability of each member is limited.
6. The company's share capital is £100, divided into 100 shares of £1 each.⁴

⁴ The capital of the company has been increased and reorganised as follows:

- (a) by written special resolutions passed on 21 December 2007:
- (i) the authorised share capital was increased to £50,010 comprising 50,010 ordinary shares of £1 each; and
 - (ii) the authorised share capital was then consolidated into 3,334 ordinary shares of £15 each;
- (b) by ordinary and special resolutions passed on 22 February 2008:
- (i) the issued 3,334 ordinary shares in the company of £15 each were consolidated to 1,667 ordinary shares of £30 each;
 - (ii) the issued 1,667 ordinary shares of £30 each (after the consolidation referred to in paragraph (i) above) were subdivided into 5,001 ordinary shares of £10 each;
 - (iii) conditional upon the Scheme becoming effective, the authorised share capital of the company was increased by £3,999,949,991 to £4,000,000,001 by the creation of:
 - (A) an additional 399,944,999 ordinary shares of £10 each, ranking *pari passu* in all respects with the existing issued ordinary share capital of the company;
 - (B) one Special Voting Share of £500,000; and
 - (C) one Reuters Founders Share of £1.

I, the subscriber to this memorandum of association, wish to form a company pursuant to this memorandum; and I agree to take the number of shares shown opposite my name.

Name and address of subscriber	Number of shares taken by subscriber
Alnery Incorporations No.1 Limited One Bishops Square London E1 6AO	1

C.A.J. Morris for and on behalf of Alnery Incorporations No.1 Limited	
Total shares taken	<u>1</u>

Dated: 26 February 2007.

Witness to the above signature:

J. Khoo
One Bishops Square
London E1 6AO

No. 6141013

THE COMPANIES ACT 1985 AND 2006

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

THOMSON REUTERS PLC

(adopted by special resolution in writing passed on 22 February 2008, and amended by special resolution in writing dated 10 April 2008, to take effect from the Effective Date (17 April 2008))

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THE COMPANIES ACT 1985 AND 2006

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

THOMSON REUTERS PLC

(adopted by special resolution in writing passed on 22 February 2008 and amended by special resolution in writing passed on 10 April 2008, to take effect from the Effective Date (17 April 2008))

1. EXCLUSION OF OTHER REGULATIONS

No regulations set out in any Applicable Laws, or in any statutory instrument or other subordinate legislation made under any Applicable Laws, concerning companies shall apply as the regulations or articles of the Company.

2. DEFINITIONS AND INTERPRETATION

2.1 Headings

Headings are for convenience only and are not to affect the meaning or construction of any of the provisions of these Articles.

2.2 References to Articles

References to "**these Articles**", "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to these Articles, as amended or supplemented from time to time, and not to any particular Article, paragraph, subparagraph, clause or other portion hereof and include any and every instrument supplemental or ancillary hereto.

2.3 References to shareholders

References to shareholders of the Company are to members of the Company, as that term is defined in the CA 1985 as in force from time to time.

2.4 Definitions

2.4.1 For the purposes of these Articles, the following terms shall have the following meanings:

- (a) **“Acquiring Person”** means, at any particular time, any Person, other than an Approved Person or a member of the TR Group, who (i) is or becomes Interested in 15% or more of the outstanding Voting Shares or (ii) is deemed to be an Acquiring Person pursuant to paragraph 7.3 or paragraph 7.4; provided, however, that, for the purpose of calculating whether or not any Person is Interested in 15% or more of the outstanding Voting Shares, shares of such class held by the Company as treasury shares shall be disregarded;
- (b) **“Action”** means, in relation to the Company or TR Corporation, any Distribution or action affecting the amount or nature of issued share capital of the Company or TR Corporation, including any offer by way of rights, bonus issue, sub-division or consolidation, repurchase or buy-back, or offer to purchase, or amendment of the rights of any Shares, or a series of one or more such actions;
- (c) **“ADR Custodian”** means a custodian (or depositary), approved by the Company, under arrangements whereby such custodian (or depositary) holds shares in the Company and either itself or some other person issues American Depositary Receipts evidencing American Depositary Shares which represent such shares in the Company (or evidence of a right to receive the same);
- (d) **“Applicable Laws”** means:
 - (i) any applicable law, statute, rule or regulation and any judgment, order, decree, licence, permit, directive or requirement of any Governmental Agency having jurisdiction over the Company and/or TR Corporation; and
 - (ii) the rules, regulations and guidelines of:
 - (A) any stock exchange or other trading market on which any shares or other securities or

depository receipts representing such shares or securities of either the Company or TR Corporation are listed, traded or quoted; and

- (B) any other body with which entities with securities listed or quoted on such exchanges customarily comply, (but, if not having the force of law, only if compliance with such directives, requirements, rules, regulations or guidelines is in accordance with the general practice of Persons to whom they are intended to apply), in each case for the time being in force and taking account of all exemptions, waivers or variations from time to time applicable (in particular situations or generally) to the Company or TR Corporation, as the case may be;
- (e) “**Approved Person**” means, at any particular time, any Person who has been designated as such for the purposes of these Articles by the holder of the Reuters Founders Share, in its sole and absolute discretion, by notice given in writing to the Company, unless such designation has been revoked in accordance with the Terms of Approval;
- (f) “**Board of Directors**” or “**Board**” means the board of directors of the Company (or a duly authorised committee of the board of directors of the Company) from time to time;
- (g) “**CA 1985**” means the Companies Act 1985 as in force from time to time;
- (h) “**CA 2006**” means the Companies Act 2006 as in force from time to time;
- (i) “**Certificated Share**” means a share which is recorded in the Register as being held in certificated form;
- (j) “**Class Rights Action**” means each of the following actions if proposed to be taken by either the Company or TR Corporation:
- (i) the voluntary Liquidation of such company;
 - (ii) any adjustment to the Equalization Ratio other than an adjustment made pursuant to Section 3.1.1(C) of the Equalization and Governance Agreement;

- (iii) any amendment to, or termination of (including, for the avoidance of doubt, the voluntary termination of), the Equalization and Governance Agreement, the Special Voting Share Agreement, the TR Corporation Guarantee or the TR PLC Guarantee, other than any amendment which is formal or technical in nature and which is not materially prejudicial to the interests of the shareholders of the Company or TR Corporation or is necessary to correct any inconsistency or manifest error as may be agreed by the TR Board;
- (iv) any amendment to, removal or alteration of the effect of (which shall include the ratification of any breach of) any of the TR PLC Entrenched DLC Provisions or the TR Corporation Entrenched DLC Provisions;
- (v) a change in the corporate status of the Company from a public limited company incorporated in England and Wales with its primary listing on the Official List of the UK Listing Authority or of TR Corporation from a corporation existing under the OBCA with its primary listing on the TSX or the NYSE (unless such change occurs in connection with a termination of the Equalization and Governance Agreement in accordance with Section 11.1.1 or Section 11.1.2(B) thereof);
- (vi) any other action or matter the TR Board determines (either in a particular case or generally), should be approved as a Class Rights Action; and
- (vii) any Action to be approved as a Class Rights Action pursuant to Section 3.1.1(C) of the Equalization and Governance Agreement;

provided, however, that if a particular matter constitutes both a Joint Electorate Action and a Class Rights Action, it shall be treated as a Class Rights Action;

- (k) **“Company”** means Thomson Reuters PLC, a public limited company incorporated in England and Wales;
- (l) **“Control”** means, save for the purposes of paragraphs 12.4 to 12.9:
 - (i) when applied to the relationship between a Person and a corporation, the beneficial ownership by such Person (in the case of the Company or TR Corporation, either

alone or together with the other corporation) at the relevant time of shares of such corporation carrying more than the greater of (A) 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation and (B) the percentage of voting rights ordinarily exercisable at meetings of shareholders of such corporation that are sufficient to elect a majority of the directors of such corporation; and

- (ii) when applied to the relationship between a Person and a partnership, joint venture or other unincorporated entity, the beneficial ownership by such Person (in the case of the Company or TR Corporation, either alone or together with the other corporation) at the relevant time of more than 50% of the ownership interests of the partnership, joint venture or other unincorporated entity in circumstances where it can reasonably be expected that such Person directs or has the power to direct the affairs of the partnership, joint venture or other unincorporated entity;

and the words “**Controlled by**”, “**Controlling**” and “**under common Control with**” and similar words have corresponding meanings; provided that a Person who Controls a corporation, partnership, joint venture or other unincorporated entity (the “**second-mentioned Person**”) shall be deemed to Control a corporation, partnership, joint venture or other unincorporated entity which is Controlled by the second-mentioned Person and so on;

- (m) “**Cross-Guarantees**” means, collectively, the TR Corporation Guarantee and the TR PLC Guarantee, and “**Cross-Guarantee**” means either one of them;
- (n) “**Directors**” means those individuals appointed or elected to the Board of Directors from time to time and “**Director**” means any one of them;
- (o) “**Distribution**” means, in relation to the Company or TR Corporation, any dividend or other distribution, whether of income or capital, and in cash or any other form, made by such company or any of its Subsidiaries to the holders of Ordinary Shares, in the case of the Company, or TR Corporation Common Shares, in the case of TR Corporation;
- (p) “**Disclosure and Transparency Rules**” means the disclosure and transparency rules for the time being in force, as published

by the Financial Services Authority in its Handbook of Rules and Guidance;

- (q) “**DLC Equalization Principle**” means the principles set out in Section 3 of the Equalization and Governance Agreement, in particular, Section 3.1;
- (r) “**DLC Structure**” means the dual listed company structure effected pursuant to the Equalization and Governance Agreement and the transactions contemplated thereby, including the Special Voting Share Agreement, these Articles, the Memorandum of Association, the TR Corporation Articles, the TR Corporation By-Laws and the Cross-Guarantees;
- (s) “**Effective Date**” means the date on which the proposed Scheme of Arrangement to be made under section 425 of the CA 1985 in connection with the offer made on behalf of the Company to acquire Reuters Group PLC becomes effective;
- (t) “**electronic form**” has the same meaning as in the CA 2006;
- (u) “**electronic means**” has the same meaning as in the CA 2006;
- (v) “**electronic signature**” has the meaning given in section 7 of the Electronic Communications Act 2000;
- (w) “**Equalization and Governance Agreement**” means the Equalization and Governance Agreement, to be entered into on or before the Effective Date, between the Company and TR Corporation, as the same may be amended or modified from time to time in accordance with its terms;
- (x) “**Equalization Ratio**” means, at any time, the ratio of (i) one to (ii) the TR PLC Equivalent Number at such time;
- (y) “**Equivalent Distribution**” has the meaning attributed thereto in subparagraph 41.1.1;
- (z) “**Equivalent Resolution**” means, in relation to a resolution of the Company, a resolution of TR Corporation that is certified by a duly authorised officer of TR Corporation as equivalent in nature and effect to such resolution of the Company;
- (aa) “**Governmental Agency**” means a court of competent jurisdiction, any government or any governmental, regulatory, self-regulatory or administrative authority, agency, commission, body or other governmental entity and shall include any relevant competition authorities, the UK Panel on

Takeovers and Mergers, the European Commission, the London Stock Exchange, the UK Listing Authority, the Canadian securities regulatory authorities, the TSX, the U.S. Securities and Exchange Commission, the NYSE and NASDAQ;

- (bb) “**holder**”, with respect to any shares in the capital of the Company or TR Corporation, means the registered holder of such shares;
- (cc) “**Interest**” means, save for the purposes of Article 19, and subject to paragraphs 7.13 and 39.4, in relation to shares, an interest in shares as defined in Part 22 of the CA 2006 and the words “**Interested in**” and similar words have corresponding meanings;
- (dd) “**Joint Electorate Action**” means any action put to shareholders of either the Company or TR Corporation, except for a Class Rights Action or a Procedural Resolution. For the avoidance of doubt, each of the following actions, if put to the holders of Ordinary Shares or the holders of TR Corporation Common Shares, shall be put to the TR Shareholders as a Joint Electorate Action:
 - (i) the appointment, election, re-election or removal of any director of the Company or TR Corporation;
 - (ii) to the extent such receipt or adoption is required by Applicable Laws, the receipt or adoption of the financial statements or accounts of the Company or TR Corporation, or financial statements or accounts prepared on a consolidated basis, other than any financial statements or accounts in respect of the period(s) ended prior to April, 2008;
 - (iii) a change of name of the Company or TR Corporation; and
 - (iv) the appointment or removal of the auditors of the Company or TR Corporation;
- (ee) “**Liquidation**” means, with respect to either the Company or TR Corporation, any liquidation, winding up, receivership, dissolution, insolvency or equivalent or analogous proceedings pursuant to which the assets of such company will be liquidated and distributed to creditors and other holders of provable claims against such company;

- (ff) **"London Stock Exchange"** means the London Stock Exchange plc or any successor thereto;
- (gg) **"Matching Action"** means, in relation to an Action of TR Corporation (the **"Primary Action"**), an Action by the Company the overall effect of which, as determined by the TR Board, is such that, when taken together with the Primary Action, the economic benefits and voting rights in relation to Joint Electorate Actions of a holder of an Ordinary Share relative to the rights of a holder of a TR Corporation Common Share are maintained in proportion to the then prevailing Equalization Ratio;
- (hh) **"Memorandum of Association"** means the Memorandum of Association of the Company;
- (ii) **"month"** means a calendar month;
- (jj) **"NASDAQ"** means the National Association of Security Dealers, Inc. Automated Quotations System or any successor thereto;
- (kk) **"NYSE"** means the New York Stock Exchange, Inc. or any successor thereto;
- (ll) **"OBCA"** means the *Business Corporations Act* (Ontario), as it may be amended from time to time and any successor legislation thereto;
- (mm) **"Office"** means the registered office of the Company from time to time;
- (nn) **"Operator"** has the meaning given to that expression in the Uncertificated Securities Regulations;
- (oo) **"Ordinary Resolution"** has the meaning attributed thereto in section 282 of the CA 2006;
- (pp) **"Ordinary Shares"** means the issued ordinary shares in the Company (including the underlying ordinary shares to each TR PLC ADS);
- (qq) **"Parallel Shareholder Meeting"**, in relation to a meeting of shareholders of the Company, means any meeting of the shareholders of TR Corporation which is:
 - (i) nearest in time to, or is contemporaneous with, such meeting of the shareholders of the Company and at

which some or all of the same resolutions or some or all Equivalent Resolutions are to be considered; or

- (ii) designated by the TR Corporation Board as the parallel meeting of shareholders of TR Corporation of such meeting of shareholders of the Company;
- (rr) "**Participating Issuer**" means a participating issuer, as defined in the Uncertificated Securities Regulations;
- (ss) "**Participating Security**" means a share or class of shares or a renounceable right of allotment of a share, title to which is permitted to be transferred by means of a Relevant System in accordance with the Uncertificated Securities Regulations;
- (tt) "**Permitted Bid Acquisition**" has the meaning attributed thereto in subparagraph 19.2.1(d);
- (uu) "**Person**" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organisation, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative;
- (vv) "**Procedural Resolution**" means a resolution of a procedural or technical nature put to shareholders at any meeting of the Company or TR Corporation, whether annual, general or otherwise, including, without limitation, any resolution:
 - (i) that certain Persons be allowed to attend or be excluded from attending the meeting;
 - (ii) that discussion be closed and the question put to the vote (provided no amendments have been raised);
 - (iii) that the question under discussion not be put to the vote;
 - (iv) to proceed with matters in an order other than that set out in the notice of the meeting;
 - (v) to adjourn the debate (for example, to a subsequent meeting); and
 - (vi) to adjourn the meeting;
- (ww) "**Qualifying Takeover Bid**" has the meaning attributed thereto in subparagraph 19.2.1(e);

- (xx) **"Redemption Price"** in relation to the Special Voting Share, means the amount for the time being paid up on the Special Voting Share together with all unpaid dividends on the Special Voting Share, whether or not such dividends have been earned or declared, calculated down to the redemption date;
- (yy) **"Register"** means, unless the context otherwise requires, the register of shareholders kept pursuant to section 352 of the CA 1985 and any successive legislation and any register maintained by the Company of persons holding any renounceable right of allotment of a share;
- (zz) **"Relevant System"** means a relevant system, as defined in the Uncertificated Securities Regulations;
- (aaa) **"Requisite Majority"** means, in the case of an Ordinary Resolution, a majority or, in the case of a Special Resolution, 75%;
- (bbb) **"Rescission Notice"** has the meaning attributed thereto in paragraph 12.7;
- (ccc) **"Reuters Founders Share"** has the meaning attributed thereto in paragraph 3(c);
- (ddd) **"Reuters Founders Share Company"** means Reuters Founders Share Company Limited, a company incorporated and existing in accordance with the laws of England and Wales;
- (eee) **"Reuters Founders Share Control Notice"** has the meaning attributed thereto in paragraph 12.6;
- (fff) **"Reuters Founders Share Provisions"** means paragraphs 4.1 to 4.3, Article 5, paragraphs 6.1 and 6.2, Article 7, paragraph 9.1, Article 12, paragraphs 21.1 to 21.3, paragraphs 22.2 to 22.7, paragraph 22.10, paragraphs 23.4 to 23.15, Article 24, Article 25, Article 30, paragraph 31.11, Article 39, paragraphs 42.2, 42.3, 42.10 and 42.13, paragraph 47.1, paragraph 49.1 and Article 50 of these Articles and the definitions of any defined terms incorporated therein;
- (ggg) **"Reuters Trust Principles"** has the meaning attributed thereto in Article 30;
- (hhh) **"Reuters Trustees"** means the members and directors from time to time of Reuters Founders Share Company;

- (iii) “**Securities Intermediary**” means:
- (i) a clearing house; or
 - (ii) a person, including a broker, bank, or trust company, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity;
- (jjj) “**Shareholder Rights Plan**” means a plan adopted by the Company which provides for a distribution to all holders of its Shares and/or Shares of TR Corporation (other than a Person in respect of whom the Company and TR Corporation are taking actions to procure a Qualifying Takeover Bid pursuant to subparagraph 19.1.2) of rights which entitle such holders to subscribe for or purchase Shares at a price which is substantially less than the respective market values thereof;
- (kkk) “**Shares**” means, in relation to the Company, the Ordinary Shares and, in relation to TR Corporation, the TR Corporation Common Shares;
- (lll) “**Special Resolution**” has the meaning attributed thereto in section 283 of the CA 2006;
- (mmm) “**Special Voting Share**” has the meaning attributed thereto in paragraph 3(b);
- (nnn) “**Special Voting Share Agreement**” means the Special Voting Share Agreement, to be entered into on or before the Effective Date, by and among the Company, TR Corporation, the TR PLC Special Voting Share Trustee and the TR Corporation Special Voting Share Trustee, as the same may be amended or modified from time to time in accordance with its terms;
- (ooo) “**Subsidiary**” with respect to any Person, means a Person Controlled by such Person;
- (ppp) “**Takeover Bid Thresholds**” has the meaning attributed thereto in subparagraph 19.2.1(f);
- (qqq) “**Tax**” or “**Taxes**” means any taxes, levies, imposts, deductions, charges, withholdings or duties levied by any authority (including goods and services taxes, value added taxes and any other stamp and transaction duties) (together with any related interest, penalties, fines and expenses in connection with them);

- (rrr) "**Tax Benefit**" means any credit, rebate, exemption, deduction or benefit in respect of Tax available to any Person;
- (sss) "**Terms of Approval**" means, in relation to an Approved Person, an agreement or undertaking, if any, entered into by that Approved Person with the holder of the Reuters Founders Share in connection with being designated as an Approved Person;
- (ttt) "**Thomson Reuters News Services**" means any news services which may from time to time be supplied by the Company or any of its Subsidiaries;
- (uuu) "**TR Board**" means each of the Board of Directors and the TR Corporation Board;
- (vvv) "**TR Corporation**" means Thomson Reuters Corporation, a corporation incorporated and existing in accordance with the laws of the Province of Ontario;
- (www) "**TR Corporation Acquiring Person**" means a Person who is an "Acquiring Person" for the purposes of the TR Corporation Articles;
- (xxx) "**TR Corporation Articles**" means the articles of incorporation of TR Corporation, as amended or supplemented from time to time;
- (yyy) "**TR Corporation By-Laws**" means the by-laws of TR Corporation, as amended or supplemented from time to time;
- (zzz) "**TR Corporation Board**" means the board of directors of TR Corporation (or a duly authorised committee of the board of directors of TR Corporation) from time to time;
- (aaaa) "**TR Corporation Common Shares**" means the issued and outstanding common shares of TR Corporation from time to time, as the same may be subdivided or consolidated from time to time and any capital shares into which such common shares may be reclassified, converted or otherwise changed;
- (bbbb) "**TR Corporation Entrenched DLC Provisions**" has the meaning attributed thereto in the TR Corporation Articles;
- (cccc) "**TR Corporation Group**" means, collectively, TR Corporation and its Subsidiaries from time to time, and a member of the TR Corporation Group means any one of them;

- (dddd) **"TR Corporation Guarantee"** means the deed of guarantee to be entered into on or before the Effective Date between TR Corporation and the Company whereby TR Corporation agrees to guarantee certain obligations of the Company for the benefit of creditors of the Company, as the same may be amended or modified from time to time in accordance with its terms;
- (eeee) **"TR Corporation Reuters Founders Share"** means the Reuters founders share in TR Corporation;
- (ffff) **"TR Corporation Special Voting Share"** means the special voting share in the capital of TR Corporation;
- (gggg) **"TR Corporation Special Voting Share Trust"** means the trust created by the TR Corporation Special Voting Share Trust Deed;
- (hhhh) **"TR Corporation Special Voting Share Trust Deed"** means the agreement to be entered into on or before the Effective Date between Thomson Reuters Corporation, as settlor, and the TR Corporation Special Voting Share Trustee;
- (iiii) **"TR Corporation Special Voting Share Trustee"** means Computershare Trust Company of Canada as initial trustee of TR Corporation Special Voting Share Trust, and includes any successor trustee of TR Corporation Special Voting Share Trust;
- (jjjj) **"TR Group"** means, collectively, the TR PLC Group and the TR Corporation Group operating as a unified group pursuant to the DLC Structure;
- (kkkk) **"TR PLC ADS"** means an American Depositary Share of the Company listed on NASDAQ, each of which represents six Ordinary Shares;
- (llll) **"TR PLC Entrenched DLC Provisions"** means Article 11, Article 19, Article 25, subparagraph 27.1.2, subparagraph 27.2.2, subparagraph 27.2.3, Article 29, Article 39, Article 41 and Article 48 and the definitions of any defined terms incorporated therein;
- (mmmm) **"TR PLC Equivalent Number"** means the number of TR PLC Ordinary Shares that enjoy equivalent rights to Distributions (calculated having regard to Section 3.2(A) of the Equalization and Governance Agreement) and voting rights in relation to Joint Electorate Actions as one TR Corporation Common Share. Initially, the TR PLC Equivalent Number shall be one

but shall be adjusted as provided in Section 3 of the Equalization and Governance Agreement. In all cases, the TR PLC Equivalent Number shall be rounded to four decimal places;

- (nnnn) **"TR PLC Group"** means, collectively, the Company and its Subsidiaries from time to time, and a member of the TR PLC Group means any one of them;
- (oooo) **"TR PLC Guarantee"** means the deed of guarantee to be entered into on or before the Effective Date between the Company and TR Corporation whereby the Company agrees to guarantee certain obligations of TR Corporation for the benefit of creditors of TR Corporation, as the same may be amended or modified from time to time in accordance with its terms;
- (pppp) **"TR PLC Special Voting Share Trust"** means the trust created by the TR PLC Special Voting Share Trust Deed;
- (qqqq) **"TR PLC Special Voting Share Trust Deed"** means the agreement to be entered into on or before the Effective Date between Thomson Reuters Corporation, as settlor, and the TR PLC Special Voting Share Trustee;
- (rrrr) **"TR PLC Special Voting Share Trustee"** means Computershare Trust Company of Canada, as initial trustee of TR PLC Special Voting Share Trust, and includes any successor trustee of TR PLC Special Voting Share Trust;
- (ssss) **"TR Shareholders"** means, collectively, the holders of Ordinary Shares and the holders of TR Corporation Common Shares;
- (tttt) **"Transfer Office"** means the place where the Register is situate from time to time;
- (uuuu) **"Triggering Event"** has the meaning attributed thereto in subparagraph 19.1.2;
- (vvvv) **"TSX"** means the Toronto Stock Exchange or any successor thereto;
- (wwww) **"Uncertificated Securities Regulations"** means the Uncertificated Securities Regulations 2001 including any modification thereof or any regulations in substitution thereof;
- (xxxx) **"Uncertificated Share"** means a share title to which is recorded in the Register as being held in uncertificated form

and title to which may, by virtue of the Uncertificated Securities Regulations, be transferred by means of a Relevant System;

(yyy) **"UK Listing Authority"** means the Financial Services Authority in its capacity as competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000 or any successor thereto;

(zzzz) **"Voting Shares"** means:

- (i) in relation to the Company, Ordinary Shares and, at any particular time, any other securities of the Company (excluding debt securities, the Special Voting Share and the Reuters Founders Share) carrying at that time a voting right ordinarily exercisable at meetings of shareholders either under all circumstances or under some circumstances that have occurred and are continuing; and
- (ii) in relation to the TR Corporation, TR Corporation Common Shares and, at any particular time, any other securities of TR Corporation (excluding debt securities, the TR Corporation Special Voting Share and the TR Corporation Reuters Founders Share) carrying at that time a voting right ordinarily exercisable at meetings of shareholders either under all circumstances or under some circumstances that have occurred and are continuing;

(aaaaa) **"Wholly-Owned Subsidiary"**, with respect to any Person, means any Subsidiary of which that Person at the time of determination, directly and/or indirectly, through one or more other Subsidiaries, Beneficially Owns (as defined in subparagraph 19.2.1(a)) and/or is Interested in 100% of the Voting Shares of such Subsidiaries; and

(bbbb) **"year"** means a calendar year.

2.4.2 In these Articles (if not inconsistent with the subject or context):

- (a) the expression "employees' share scheme" shall have the meaning given to it by section 1166 of the CA 2006;
- (b) the word "Secretary" shall include any person appointed by the Directors to perform any of the duties of the Secretary, and where two or more persons are appointed to act as Joint Secretaries shall include any one or more of those persons;

- (c) the expression “debenture” shall include debenture stock;
- (d) the expressions “recognised clearing house” and “recognised investment exchange” shall mean any clearing house or investment exchange (as the case may be) granted recognition under the Financial Services and Markets Act 2000;
- (e) the word “company” shall include any body corporate incorporated or registered in any part of the world and the expressions “subsidiary undertaking” and “parent undertaking” shall have the respective meanings given to them by section 1162 of the CA 2006;
- (f) any reference to a signature or to something being signed or executed includes a signature printed or reproduced by mechanical or other means or any stamp or other distinctive marking made by or with the authority of the person required to sign the document to indicate it is approved by such person, or in respect of communications in electronic form only any other means of verifying the authenticity of a communication in electronic form which the Board of Directors may from time to time specify or, where no means has otherwise been specified by the Board of Directors, an electronic signature (which shall for the purposes of the CA 2006 be a manner of authentication specified by the Company for the purposes of section 1146(3)(a) of the CA 2006), provided that the Company has no reason to doubt the authenticity of that electronic signature;
- (g) any reference to a document being sealed or executed under seal or under the common seal of any body corporate (including the Company) or any similar expression includes a reference to its being executed in any other manner which has the same effect as if it were executed under seal;
- (h) references to “writing” and to any form of “written” communication include references to any method of representing or reproducing words in a legible and non-transitory form including by way of electronic form or electronic means where specifically provided in a particular Article or where permitted by the Directors in their absolute discretion but exclude such method in respect of consent or notices given to or by the holder of the Reuters Founders Share;
- (i) such of the provisions of these Articles as apply to paid-up shares shall apply to stock, and the words “share” and “shareholder” shall be construed accordingly;

- (j) words denoting the singular shall include the plural and vice versa; words denoting the masculine gender shall include the feminine gender; and words denoting persons shall include bodies corporate;
- (k) any reference to any statute or statutory provision shall be construed as including a reference to any statutory modification or re-enactment thereof from time to time in force;
- (l) references to a Relevant System shall be deemed to relate to the Relevant System on which the particular share or class of shares or renounceable right of allotment of a share concerned in the capital of the Company is a Participating Security for the time being and any references in these Articles to the giving of an instruction by means of a Relevant System shall be deemed to relate to a properly authenticated dematerialised instruction given in accordance with the Uncertificated Securities Regulations. Such instructions shall only be given to the extent:
 - (i) permitted by the Uncertificated Securities Regulations;
 - (ii) permitted by and practicable under the rules and practices from time to time of the Operator of the Relevant System; and
 - (iii) practicable under and in accordance with the facilities and requirements of the Relevant System;
- (m) subject as aforesaid or as otherwise expressly provided by these Articles any words or expressions defined in the CA 2006 or in the Uncertificated Securities Regulations shall (if not inconsistent with the subject or context) bear the same meanings in these Articles;
- (n) a Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Articles; and
- (o) any determinations or decisions made by the Board of Directors pursuant to these Articles shall be final and binding.

3. SHARE CAPITAL

The share capital of the Company at the date of adoption of these Articles will be £4,000,000,001 divided into:

- (a) 399,950,000 Ordinary Shares of £10 each;

- (b) one special voting share of £500,000 (the “**Special Voting Share**”); and
- (c) one Reuters founders share of £1 (the “**Reuters Founders Share**”).

4. VARIATION OF RIGHTS

4.1 Consents required for variation

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Applicable Laws, be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either while the Company is a going concern or during or in contemplation of a winding-up but so that the rights attached to the Reuters Founders Share shall not be capable of being varied or abrogated in any respect whatsoever without the prior written consent of the holder of the Reuters Founders Share. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company and to the proceedings thereat shall apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) (but that at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall, subject as otherwise provided by these Articles, on a poll have one vote for every share of the class held by him. The foregoing provisions of this Article shall, subject to paragraph 4.2 below, apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

4.2 When shares not a separate class

Shares of a class shall not be treated as forming a separate class from other shares of that class merely because any of the following apply to them:

- 4.2.1 the restrictions set out in section 454 of the CA 1985;
- 4.2.2 suspension of voting rights or rights to receive dividends or other distributions pursuant to these Articles;
- 4.2.3 any requirement pursuant to these Articles that a person dispose of such shares or any Interest in them;
- 4.2.4 any provisions of these Articles enabling the Directors to dispose of such shares or requiring the Directors not to register transfers of such shares;

4.2.5 they are enabled or permitted in accordance with the Uncertificated Securities Regulations to become a Participating Security, or cease to be a Participating Security; or

4.2.6 any shares of that class are from time to time held in uncertificated form.

4.3 Rights not varied by issue of further shares or permission to hold or transfer Uncertificated Shares; exception for Reuters Founders Share

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto, or by the Company permitting, in accordance with the Uncertificated Securities Regulations, the holding and transfer of shares of any class in uncertificated form by means of a Relevant System. The special rights attached to the Reuters Founders Share shall be deemed to be varied by the creation or issue of any further Reuters Founders Share.

5. ALTERATION OF SHARE CAPITAL

5.1 Company may increase capital; consent of the holder of the Reuters Founders Share required for creation of shares with voting rights not identical to those of Ordinary Shares

The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares created on any such increase of capital shall be subject to the provisions of the Applicable Laws and of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise. No such new share shall, without the prior written consent of the holder of the Reuters Founders Share, have attached thereto (either at the time of the creation thereof or at any subsequent time) any rights in respect of voting which are not identical in all respects with those attached to the Ordinary Shares.

5.2 Company may consolidate, cancel and subdivide shares (other than the Reuters Founders Share)

The Company may by Ordinary Resolution:

5.2.1 consolidate and divide all or any of its capital (other than the Reuters Founders Share) into shares of larger amounts than its existing shares;

5.2.2 cancel any shares (other than the Reuters Founders Share) which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;

5.2.3 sub-divide its shares, or any of them (other than the Reuters Founders Share), into shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Applicable Laws), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares.

5.3 Fractional entitlements to shares

If, as the result of consolidation and division or sub-division of shares, shareholders become entitled to fractions of a share, the Directors may on behalf of the shareholders deal with the fractions as they think fit. In particular, the Directors (treating holdings of the same shareholder or shareholders of Certificated Shares and Uncertificated Shares of the same class as if they were separate holdings, unless the Directors otherwise determine) may:

- 5.3.1 sell fractions of a share to a person (including, subject to the Applicable Laws, to the Company) for the best price reasonably obtainable and distribute the net proceeds of sale in due proportion amongst the persons entitled (except that if the amount due to a person is less than £3, or such other sum as the Board of Directors may decide, the sum may be retained for the benefit of the Company). To give effect to a sale the Directors may authorise a person to execute an instrument of transfer of Certificated Shares or, in respect of Uncertificated Shares, the Directors may exercise any of the powers conferred on the Company by Article 9 to effect transfer of the shares to the purchaser or his nominee to be entered in the Register as the holder of the shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee to the shares is not affected by an irregularity or invalidity in the proceedings connected with the sale; or
- 5.3.2 subject to the Applicable Laws, issue to a shareholder credited as fully paid by way of capitalisation the minimum number of shares required to round up his holding of shares to a number which, following consolidation and division or sub-division, leaves a whole number of shares (such issue being deemed to have been effected immediately before consolidation or sub-division, as the case may be). The amount required to pay up those shares may be capitalised as the Directors think fit out of amounts standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, and applied in paying up in full the appropriate number of shares. A resolution of the Directors capitalising part of the reserves has the same effect as if the capitalisation had been declared by Ordinary Resolution of the Company pursuant to Article 43. In relation to the capitalisation the Board of Directors may exercise all the powers conferred

on it by Article 43 without an Ordinary Resolution of the Company.

5.4 Company may purchase its own shares (other than the Reuters Founders Share)

Subject to the provisions of the Applicable Laws, the Company may purchase, or enter into a contract under which it may become entitled or obliged to purchase, any of its own shares (including any redeemable shares) other than the Reuters Founders Share. Every contract for the purchase by the Company of, or under which it may become entitled or obliged to purchase, its own shares shall, in addition to such authorisation as may be required by the Applicable Laws, be sanctioned by a Special Resolution passed at a separate general meeting of the holders of each class of shares in issue convertible into equity share capital of the Company.

5.5 Company may reduce its capital — exception regarding the Reuters Founders Share

The Company may reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law but this Article shall not apply in any way whatsoever to the Reuters Founders Share.

6. SHARES

6.1 Company may issue shares with whatever rights or restrictions, but consent of the holder of the Reuters Founders Share required for issue of shares not identical to Ordinary Shares

Except as otherwise provided by these Articles and without prejudice to the rights attached to any shares or class of shares from time to time issued, any share in the Company may be allotted or issued with or have attached thereto such preferred, deferred or other special rights, or be issued subject to or have attached such restrictions, whether as regards dividend, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Applicable Laws the Company may issue any shares which are, or at the option of the Company or the holders are liable, to be redeemed. Provided always that, without the prior written consent of the holder of the Reuters Founders Share, no share shall be capable of being issued having attached thereto any rights which are not identical in all respects with those attached to the Ordinary Shares.

6.2 Directors may issue shares, but consent of the holder of the Reuters Founders Share required for issue of shares not identical to Ordinary Shares

Subject to the provisions of the Applicable Laws, of these Articles and of any resolution of the Company in general meeting passed pursuant thereto, all unissued

shares and shares held as treasury shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper. Provided always that, without the prior written consent of the holder of the Reuters Founders Share, the Directors shall not allot, grant any option over or otherwise dispose of any share having attached thereto any rights in respect of voting which are not identical in all respects with those attached to the Ordinary Shares.

6.3 **Section 80 authority for allotments of relevant securities**

The Directors have general and unconditional authority, pursuant to section 80 of the CA 1985, to exercise all powers of the Company to allot relevant securities up to an aggregate nominal amount equal to the section 80 amount, for each prescribed period.

6.4 **Disapplication of section 89(1) (pre-emption) for allotments under section 80 authority**

6.4.1 The Directors have general power for each prescribed period to allot equity securities pursuant to the authority conferred by paragraph 6.3 above and to sell treasury shares wholly for cash:

- (a) in connection with a rights issue; and
- (b) otherwise than in connection with a rights issue, up to an aggregate nominal amount equal to the section 89 amount; as if section 89(1) of the CA 1985 does not apply to any such allotment or sale.

6.4.2 By the authority and power conferred by paragraph 6.3 and subparagraph 6.4.1 above, the Board of Directors may during a prescribed period make an offer or agreement which would or might require equity securities or other relevant securities to be allotted after the prescribed period and may allot securities in pursuance of that offer or agreement.

6.4.3 In paragraphs 6.3 and 6.4:

- (a) **"equity securities"** has the meaning given in section 94(2) of the CA 1985;
- (b) **"prescribed period"** means any period for which the authority conferred by paragraph 6.3 above is given by Ordinary or Special Resolution stating the section 80 amount and/or the power conferred by subparagraph 6.4.1 above is given by Special Resolution stating the section 89 amount;

- (c) “**rights issue**” means an offer of equity securities open for acceptance for a period fixed by the Directors to holders (other than the Company) of equity securities on the Register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory);
- (d) “**section 80 amount**” means, for any prescribed period, the amount stated in the relevant Ordinary or Special Resolution or, in either case, another amount fixed by resolution of the Company;
- (e) “**section 89 amount**” means, for any prescribed period, the amount stated in the relevant Special Resolution; and
- (f) the nominal amount of securities is, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of shares which may be allotted pursuant to those rights.

6.5 **Company may pay commissions and brokerages**

The Company may exercise the powers of paying commissions conferred by the Applicable Laws to the full extent thereby permitted. The Company may also on any issue of shares or sale of shares in the Company (if, immediately before the sale, the shares were held by the Company as treasury shares) pay such brokerage as may be lawful.

6.6 **Company may recognise renunciations of allotments**

The Directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

6.7 **Company not bound to recognise trusts of shares**

Except as required by Applicable Laws, or pursuant to any of the provisions of these Articles, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial Interest in any shares, or any Interest in any fractional part of a share, or (except only as by these Articles or by

Applicable Laws otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder.

7. RIGHTS IN RELATION TO AN ACQUIRING PERSON

7.1 Service of notice on Acquiring Person

In the event that any Person has become or becomes an Acquiring Person, the Directors shall as soon as practicable thereafter cause the Company to give notice of such fact to such Person and the holder of the Reuters Founders Share. Such notice shall state the number of Voting Shares in which the Board of Directors has determined such Person is or may be Interested and the names of any entities through which the Board of Directors has determined such Person is Interested in those Voting Shares. If at any time the Board of Directors subsequently determines that any such Person is not or is no longer an Acquiring Person, it shall without delay inform such Person and the holder of the Reuters Founders Share of such fact, upon which such Person shall cease to be an Acquiring Person.

7.2 Voting rights of the holder of the Reuters Founders Share

Subject to paragraph 7.14 below, from and after the time that any Person has become or becomes an Acquiring Person until such time as such Person ceases to be an Acquiring Person, the holder of the Reuters Founders Share shall be entitled to vote, together with (except at meetings of the holder of the Reuters Founders Share required by Applicable Laws to be held as a separate class meeting) the holders of Ordinary Shares, on all matters submitted to a vote of the shareholders of the Company at any general meeting of the Company. On each such matter, the holder of the Reuters Founders Share shall be entitled, in its sole and absolute discretion, to exercise the following voting rights:

7.2.1 in relation to a resolution of the Company to approve a Joint Electorate Action, the rights:

- (a) to cast such number of votes in favour of and against such resolution, to withhold such number of votes from such resolution and to abstain from voting such number of votes in respect of such resolution as were cast in favour of and against such resolution, withheld therefrom or recorded as abstentions in respect thereof, respectively, by the holder of the Special Voting Share pursuant to subparagraph 11.1.1;
- (b) to cast such number of votes in favour of such resolution as were cast in favour of such resolution by holders of Voting Shares other than any Voting Shares in which an Acquiring Person is Interested;
- (c) to cast such number of votes against such resolution as were cast against such resolution by holders of Voting Shares other

than any Voting Shares in which an Acquiring Person is Interested;

- (d) to withhold such number of votes from such resolution as were withheld from such resolution by holders of Voting Shares other than any Voting Shares in which an Acquiring Person is Interested; and
- (e) to abstain from voting such number of votes in respect of such resolution as were recorded as abstentions in respect of such resolution by holders of Voting Shares other than any Voting Shares in which an Acquiring Person is Interested;

in each case multiplied by one hundred, and provided that, for greater certainty, if the holder of the Reuters Founders Share exercises its voting rights in relation to any such resolution, it shall be required to exercise all, but not less than all, of such voting rights;

7.2.2 in relation to a resolution of the Company to approve a Class Rights Action:

- (a) if the Equivalent Resolution is approved by the requisite number (as determined in accordance with the TR Corporation Articles, the TR Corporation By-Laws and Applicable Laws) of the holders of TR Corporation Common Shares at the Parallel Shareholder Meeting, the rights:
 - (i) to cast such number of votes in favour of such resolution as were cast in favour of such resolution by holders of Voting Shares other than any Voting Shares in which an Acquiring Person is Interested;
 - (ii) to cast such number of votes against such resolution as were cast against such resolution by holders of Voting Shares other than any Voting Shares in which an Acquiring Person is Interested;
 - (iii) to withhold such number of votes from such resolution as were withheld from such resolution by holders of Voting Shares other than any Voting Shares in which an Acquiring Person is Interested; and
 - (iv) to abstain from voting such number of votes in respect of such resolution as were recorded as abstentions in respect of such resolution by holders of Voting Shares other than any Voting Shares in which an Acquiring Person is Interested;

in each case multiplied by one hundred, and provided that, for greater certainty, if the holder of the Reuters Founders Share exercises its voting rights in relation to any such resolution, it shall be required to exercise all, but not less than all, of such voting rights; and

- (b) if the Equivalent Resolution is not approved by the requisite number (as determined in accordance with the TR Corporation Articles, the TR Corporation By-Laws and Applicable Laws) of the holders of TR Corporation Common Shares at the Parallel Shareholder Meeting, no right to cast any vote;

7.2.3 in relation to a Procedural Resolution, the rights:

- (a) to cast such number of votes in favour of such Procedural Resolution as were cast in favour of such Procedural Resolution by holders of Voting Shares other than any Voting Shares in which an Acquiring Person is Interested;
- (b) to cast such number of votes against such Procedural Resolution as were cast against such Procedural Resolution by holders of Voting Shares other than any Voting Shares in which an Acquiring Person is Interested;
- (c) to withhold such number of votes from such Procedural Resolution as were withheld from such Procedural Resolution by holders of Voting Shares other than any Voting Shares in which an Acquiring Person is Interested; and
- (d) to abstain from voting such number of votes in respect of such Procedural Resolution as were recorded as abstentions in respect of such Procedural Resolution by holders of Voting Shares other than any Voting Shares in which an Acquiring Person is Interested;

in each case multiplied by one hundred, and provided that, for greater certainty, if the holder of the Reuters Founders Share exercises its voting rights in relation to any such Procedural Resolution, it shall be required to exercise all, but not less than all, of such voting rights; and

7.2.4 in respect of any resolution pertaining to any matter on which the holder of the Reuters Founders Share is required by Applicable Laws or otherwise entitled to vote separately as a class, the right to cast one vote.

7.3 Directors' resolution as to a person being Acquiring Person conclusive

If the Directors resolve that they have reasonable cause to believe that a Person is or may be an Acquiring Person and that they have made reasonable enquiries

(whether by way of notices under section 793 of the CA 2006 or otherwise) to establish whether such Person is or is not an Acquiring Person but that such enquiries have not been answered or fail to establish whether such Person is or is not an Acquiring Person, such Person shall for all the purposes of this Article be deemed to be an Acquiring Person from the date of such resolution until any such time as the Directors resolve that they are satisfied that such Person is not an Acquiring Person. The Board of Directors shall as soon as practicable thereafter give notice of such fact to such Person and the holder of the Reuters Founders Share in accordance with paragraph 7.1.

7.4 Directors' resolution as to shares being shares of an Acquiring Person conclusive

If the Directors resolve that they have reasonable cause to believe that any Voting Shares are or may be Voting Shares in which an Acquiring Person is Interested (whether such Person is an Acquiring Person by virtue of paragraph 7.3 above or otherwise) and that they have made reasonable enquiries (whether by way of notices under section 793 of the CA 2006 or otherwise) to establish whether such Person is or is not an Acquiring Person but that such enquiries have not been answered or fail to establish whether such Person is or is not an Acquiring Person, such Voting Shares shall for all the purposes of this Article be deemed to be Voting Shares in which such Person is Interested from the date of such resolution until any such time as the Directors resolve that they are satisfied that such Person is not Interested in such Voting Shares. The Board of Directors shall as soon as practicable thereafter give notice of such fact to such Person and the holder of the Reuters Founders Share in accordance with paragraph 7.1.

7.5 Notices under Article 7 to be in writing

All notices provided for by this Article 7 shall be in writing.

7.6 No obligation to serve notice if address unknown

Neither the Company nor the Directors shall be obliged to serve any notice provided for by this Article 7 on any Person if they do not know either the identity or address of such Person. Subject as aforesaid, the Directors shall give notice of any resolutions referred to in paragraphs 7.3 and 7.4 above to the Acquiring Person concerned.

7.7 Articles on notices to apply

Paragraphs 47.1, 47.3 and 47.4 shall apply to the service of any notice required by this Article to be served by the Company on any shareholder of the Company.

7.8 Service of notices on non-shareholders

Any notice required by this Article 7 to be served by the Company on any person who is not a shareholder of the Company may be served on or delivered to such

Person either personally or by placing it in the post in the United Kingdom in a pre-paid cover addressed to such Person at such address as the Directors believe to be such Person's address or by delivering it to such address. Where such notice is served or sent by post as aforesaid, service or delivery shall be deemed to be effected at the time when the same would be received in the ordinary course of post and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.

7.9 Directors' decisions conclusive

All actions, calculations and determinations which are done or made by the Board of Directors in good faith in connection with the provisions of this Article 7 and Article 12 shall be conclusive, final and binding on all Persons concerned, and the validity of any act or thing which is done or caused to be done by the Board of Directors in furtherance or purported furtherance of any such provisions shall not be capable of being impeached by anyone on the ground that there was not any basis or reasonable basis upon which the Board of Directors could have arrived at any such calculation or determination, or on the ground that any conclusion of fact on which the Board of Directors relied or might have relied for the purposes of arriving at any such calculation or determination or taking any such action was incorrect, or on any other ground whatsoever.

7.10 Company register of share interests

Without prejudice to the provisions of the Applicable Laws, the Board of Directors is entitled to rely without further enquiry on the information contained in the Register kept by the Company under section 808 of the CA 2006 in determining whether a Person is or is not an Acquiring Person unless it has reason to believe otherwise, in which case the Board of Directors shall make reasonable enquiries to determine whether a Person is an Acquiring Person.

7.11 Directors to inform other Directors regarding Acquiring Persons

If any Director has reason to believe that any Person is an Acquiring Person or has ceased to be an Acquiring Person, that Director shall without delay inform the other Directors and the holder of the Reuters Founders Share of that fact, including the number of Voting Shares in which the Director believes such Person is or may be Interested.

7.12 ADR Custodians and ADS holders

An ADR Custodian in its capacity as such shall not be an Acquiring Person. A Person who has an interest in American Depositary Shares evidenced by an American Depositary Receipt representing shares held by an ADR Custodian shall be treated for all the purposes of this Article as being Interested in the number and class of shares in the Company represented by such American Depositary Shares and evidenced by such American Depositary Receipt and not (in the absence of any

other reason why such Person should be so treated) in the remainder of the shares in the Company held by the ADR Custodian.

7.13 Interests in shares — exclusions

For the purposes of this Article 7 and Article 12 below, a Person will not be deemed to be Interested in any securities because:

7.13.1 such Person is the registered holder of such securities as a result of carrying on the business of or acting as a nominee of a securities depository;

7.13.2 such Person is an underwriter or member of a banking group or selling group acting in such capacity that has become Interested in such securities in connection with a distribution of securities pursuant to a prospectus or by way of private placement provided such Person is not Interested in such securities for a period in excess of one year;

7.13.3 such Person holds such securities in its capacity as trustee of a trust under which such Person has no independent powers, discretions or responsibilities and must act on the instructions of the beneficiaries; or

7.13.4 such Person is acting as a Securities Intermediary in relation to such securities and does not exercise independent control or direction over such securities.

7.14 Suspension of voting rights

The right of the holder of the Reuters Founders Share to vote at any meeting of shareholders of the Company pursuant to this Article 7 shall be suspended from and after the delivery to the Company of a Reuters Founders Share Control Notice until the delivery to the Company of a Rescission Notice in respect of such Reuters Founders Share Control Notice.

7.15 Calculation of votes

Prior to the exercise by the holder of the Reuters Founders Share of its voting rights pursuant to paragraphs 7.2 and 12.8, the Board of Directors shall calculate the number of votes entitled to be cast upon such exercise and shall deliver to the holder of the Reuters Founders Share a certificate, signed by a duly authorised officer of the Company, confirming the number of votes so calculated.

8. UNCERTIFICATED SHARES

8.1 Directors may permit shares to be a Participating Security

Subject to the Applicable Laws and the rules of any Relevant System, the Directors may permit the holding and transfer of any class of shares in uncertificated form by

means of a Relevant System and, subject as aforesaid, the Directors may at any time determine that any class of shares shall cease to be a Participating Security.

8.2 Shares may be changed from uncertificated to certificated form and vice versa

Where any class of shares in the capital of the Company is a Participating Security, any share in such class may be changed from an Uncertificated Share to a Certificated Share and from a Certificated Share to an Uncertificated Share in accordance with and subject to the provisions of the Uncertificated Securities Regulations and the rules and procedures of the Relevant System.

8.3 Uncertificated Shares are not a separate class

Subject to the Applicable Laws, Uncertificated Shares shall not be regarded as forming a separate class of shares from Certificated Shares of the same class.

8.4 Disapplication of inconsistent Articles

In relation to any class of shares which is a Participating Security, and for so long as that class of shares or any part of that class of shares remains a Participating Security, these Articles shall (notwithstanding anything contained in these Articles) only apply to Uncertificated Shares to the extent that they are consistent with:

8.4.1 the holding of shares in that class in uncertificated form;

8.4.2 the transfer of title to shares in that class by means of a Relevant System; and

8.4.3 the Uncertificated Securities Regulations.

9. POWER OF SALE OF UNCERTIFICATED SHARES

9.1 Powers of Company in respect of procuring sales of Uncertificated Shares

Where any class of shares in the capital of the Company is a Participating Security and the Company is entitled under any provisions of the Applicable Laws or the rules of any Relevant System or under these Articles to dispose of, forfeit, enforce a lien over or sell or procure the sale of any shares of such class which are held in uncertificated form, the Directors shall have the power (to the extent permitted by and subject to the provisions of the Uncertificated Securities Regulations and the rules and procedures of the Relevant System) to take such steps as may be required, by instruction given by means of a Relevant System or otherwise, to effect such disposal, forfeiture, enforcement or sale and such powers shall (subject as aforesaid) include, but shall not be limited to, the power to:

9.1.1 request or require the deletion of any computer-based entries in the Relevant System relating to such shares;

- 9.1.2 alter such computer-based entries so as to divest the registered holder of such shares of the power to transfer them to any person other than a transferee identified by the Company;
- 9.1.3 require by notice in writing any holder of such shares:
- (a) to change his holding of such shares into certificated form within such period as may be specified in the notice; or
 - (b) direct the holder to take such steps as may be necessary to sell or transfer such shares;
- 9.1.4 appoint any person to take such steps in the name of the holder of such shares as may be required to effect transfer of such shares and such steps shall be as effective as if they had been taken by the registered holder of the shares concerned.

In this Article references to notice and to in writing include the use of electronic form and electronic means subject to any terms and conditions decided on by the Directors.

10. ORDINARY SHARES

The rights, privileges, restrictions and conditions attaching to the Ordinary Shares are as follows:

10.1 Notice of meetings and voting rights

Except for meetings of holders of a particular class or series of shares other than the Ordinary Shares required by Applicable Laws to be held as a separate class or series meeting, the holders of the Ordinary Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Company and at any such meeting to vote, together with (except at meetings of holders of Ordinary Shares required by Applicable Laws to be held as a separate class meeting) the holder of the Special Voting Share, on all matters submitted to a vote on the basis of one vote for each Ordinary Share held.

10.2 Dividends

Subject to Applicable Laws, the holders of the Ordinary Shares shall be entitled to receive and the Company shall pay thereon, if, as and when declared by the Board of Directors out of the assets of the Company properly applicable to the payment of dividends, dividends in such amounts and payable in such manner as the Board of Directors may from time to time determine rateably according to the number of such shares held by the holders respectively.

10.3 Liquidation, dissolution and winding up

Subject to any provision made under section 719 of the CA 1985 and any special rights which may be attached to any other class of shares, upon the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or in the event of any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Ordinary Shares shall be entitled to share equally, according to the number of Ordinary Shares held by them, in all remaining property and assets of the Company.

11. SPECIAL VOTING SHARE

The rights, privileges, restrictions and conditions attaching to the Special Voting Share are as follows:

11.1 Notice of meetings and voting rights

Subject to paragraph 11.2, except for meetings of the holders of a particular class or series of shares other than the Special Voting Share required by Applicable Laws to be held as a separate class meeting, the holder of the Special Voting Share shall be entitled to receive notice of and to attend (through a representative appointed in accordance with section 323(1) of the CA 2006) or be represented by proxy at all meetings of the shareholders of the Company and at any such meeting to vote, together with (except at meetings of the holder of the Special Voting Share required by Applicable Laws to be held as a separate class meeting) the holders of the Ordinary Shares, on all matters submitted to a vote. On each such matter, the holder of the Special Voting Share shall be entitled to exercise the following voting rights:

11.1.1 in relation to a resolution of the Company to approve a Joint Electorate Action, the rights:

- (a) to cast such number of votes in favour of such resolution as were cast in favour of the Equivalent Resolution by holders of TR Corporation Common Shares at the Parallel Shareholder Meeting;
- (b) to cast such number of votes against such resolution as were cast against the Equivalent Resolution by holders of TR Corporation Common Shares at the Parallel Shareholder Meeting;
- (c) to withhold such number of votes from such resolution as were withheld from the Equivalent Resolution by holders of TR Corporation Common Shares at the Parallel Shareholder Meeting; and

(d) to abstain from voting such number of votes in respect of such resolution as were recorded as abstentions in respect of the Equivalent Resolution by holders of TR Corporation Common Shares at the Parallel Shareholder Meeting;

in each case divided by the Equalization Ratio in effect at the time such rights are exercised and rounded up to the nearest whole number, and provided that, for greater certainty, if the holder of the Special Voting Share exercises its voting rights in relation to any such resolution, it shall be required to exercise all, but not less than all, of such voting rights;

11.1.2 in relation to a resolution of the Company to approve a Class Rights Action:

(a) if the Equivalent Resolution was approved by the requisite number (as determined in accordance with the TR Corporation Articles, the TR Corporation By-Laws and Applicable Laws) of the holders of TR Corporation Common Shares at the Parallel Shareholder Meeting, no right to cast any vote; and

(b) if the Equivalent Resolution was not approved by the requisite number (as determined in accordance with the TR Corporation Articles, the TR Corporation By-Laws and Applicable Laws) of the holders of TR Corporation Common Shares at the Parallel Shareholder Meeting, the right to cast such number of votes against such resolution as would be sufficient to defeat it;

11.1.3 in respect of any Procedural Resolution, no right to cast any vote; and

11.1.4 in respect of any resolution pertaining to any matter on which the holder of the Special Voting Share is required by Applicable Laws to vote separately as a class, the right to cast one vote.

11.2 Adjustments

11.2.1 For the purposes of determining the number of votes the holder of the Special Voting Share is entitled to cast pursuant to subparagraphs 11.1.1(a) to (d), in the event that the holder of the TR Corporation Reuters Founders Share has exercised its voting rights pursuant to Section 1.6.6(b) of the TR Corporation Articles in relation to an Equivalent Resolution, each vote cast in favour of or against that Equivalent Resolution, withheld therefrom or recorded as an abstention in respect thereof at the Parallel Shareholder Meeting by a TR Corporation Acquiring Person shall be divided by one hundred.

11.2.2 At all times when the holder of the TR Corporation Reuters Founders Share is entitled to exercise voting rights pursuant to Section 1.6.7(d) of the TR Corporation Articles, the holder of the Special Voting Share shall be entitled, in relation to a resolution of the Company to approve a Joint

Electorate Action, to exercise the right to cast such number of votes in favour of and against such resolution, to withhold such number of votes therefrom and to abstain from voting such number of votes in respect thereof as were cast in favour and against the Equivalent Resolution, withheld therefrom or recorded as abstentions in respect thereof, respectively, by the holder of the TR Corporation Reuters Founders Share at the Parallel Shareholder Meeting. For avoidance of doubt, the rights of the holder of the Special Voting Share pursuant to this subparagraph 11.2.2 are in addition to, and shall be deemed to be exercised by the holder of the Special Voting Share upon the exercise of, its other rights pursuant to subparagraph 11.1.1.

11.3 Dividends

- 11.3.1 Subject to Applicable Laws, the holder of the Special Voting Share shall be entitled to receive a fixed cumulative dividend (the "**Special Voting Share dividend**") at the annual rate of 6% on the amount for the time being paid up on the Special Voting Share.
- 11.3.2 The Special Voting Share dividend is payable yearly on 31 December in each year (the "**dividend payment date**") (or if the dividend payment date is a Saturday, a Sunday or a day which is a public holiday in England, on the next date which is not such a day) in respect of the year ending on that date, except that the first Special Voting Share dividend is payable on the dividend payment date next following the date of allotment of the Special Voting Share and is payable on a pro rata basis in respect of the period from the date of its allotment to that dividend payment date (both dates inclusive).
- 11.3.3 If any Special Voting Share dividend is not paid in full on the relevant dividend payment date then, to the extent unpaid, the amount of such dividend shall be increased at the annual rate of 6% calculated on a daily basis (and compounded annually) from the date on which the relevant dividend was to have been paid to the date of payment.
- 11.3.4 The Special Voting Share shall not entitle the holder to any further rights of participation in the profits of the Company.

11.4 Liquidation, dissolution and winding up

- 11.4.1 Subject to any provision made under section 719 of the CA 1985 and any special rights which may be attached to any other class of shares, the holder of the Special Voting Share shall have rights on a return of assets on a winding-up to be repaid in priority to any payment to the holders of the Ordinary Shares and the holder of the Reuters Founders Share a sum equal to the Redemption Price.
- 11.4.2 Except as provided in paragraph 11.5 below, the Special Voting Share does

not entitle the holder to any further rights of participation in the capital of the Company.

11.5 Redemption

11.5.1 The Company shall (subject to Applicable Laws and unless earlier redeemed) redeem the Special Voting Share:

- (a) on presentation to the Board of Directors of a notice or instrument of transfer purporting to require or demand registration or acknowledgement of the transfer of the Special Voting Share by the TR PLC Special Voting Share Trustee out of the TR PLC Special Voting Share Trust to (or at the direction of) the Beneficiaries (as defined in the TR PLC Special Voting Share Trust Deed) of the TR PLC Special Voting Share Trust; or
- (b) on the TR PLC Special Voting Share Trust being terminated in respect of the Special Voting Share or the Special Voting Share becoming held by the TR PLC Special Voting Share Trustee on terms other than as set out in the TR PLC Special Voting Share Trust Deed (as it may be amended from time to time in accordance with its terms).

11.5.2 If the Company is not permitted by Applicable Laws or some other provision of these Articles to redeem the Special Voting Share on a date determined in accordance with the foregoing provisions, it shall redeem the Special Voting Share as soon after that date as it shall be permitted to do so.

11.5.3 If any redemption date would otherwise fall on a Saturday, a Sunday or a day which is a public holiday in England, then the redemption date shall be the next date which is not such a day.

11.5.4 On the redemption date the Company shall redeem the Special Voting Share and pay to the holder the Redemption Price.

11.5.5 As from the relevant redemption date of the Special Voting Share the Special Voting Share dividend shall cease to accrue on the Special Voting Share.

11.5.6 If the Company redeems the Special Voting Share without having received the certificate therefore, the holder shall deliver the certificate to the Company as soon as practicable after the redemption date.

11.6 No transfer of Special Voting Share

The holder of the Special Voting Share may not transfer the Special Voting Share without the prior approval of the Board of Directors, to be expressed either by a

resolution passed at a meeting of the Board of Directors or by an instrument or instruments in writing signed by all of the Directors.

11.7 Amendment of rights and obligations

The rights and obligations attaching to the Special Voting Share may be amended or modified only by a resolution of the Company approved as a Class Rights Action and with the prior written consent of the holder of the Special Voting Share.

12. THE REUTERS FOUNDERS SHARE

12.1 Reuters Founders Share may defeat resolution to vary or abrogate its rights

Without prejudice to paragraph 4.1, on any poll on any resolution of the Company in general meeting, being a resolution the passing of which by the Requisite Majority of votes would be, or be deemed to be, a variation or abrogation of the rights attached to the Reuters Founders Share, the holder of the Reuters Founders Share, if it opposes such resolution, shall have the right to cast such number of votes as shall be necessary to ensure the defeat of such resolution, and such right may be exercisable either by a representative appointed by the holder of the Reuters Founders Share in accordance with section 323(1) of the CA 2006, or by a proxy for the holder of the Reuters Founders Share.

12.2 Deemed variations or abrogations of Reuters Founders Share rights

For all of the purposes of these Articles the passing by the Requisite Majority of any of the following kinds of resolution by the Company in general meeting shall be deemed to be a variation or abrogation of the rights attached to the Reuters Founders Share:

- 12.2.1 any Special Resolution the effect of which, if duly passed, would be to amend, remove or alter the effect of (which shall include the ratification of any breach of) any of the Reuters Founders Share Provisions;
- 12.2.2 any resolution to wind up the Company voluntarily or pursuant to paragraph (a) of section 122 of the Insolvency Act 1986;
- 12.2.3 any resolution for, or approving or sanctioning, any reconstruction of the Company (other than an internal reorganisation involving the Company and its Subsidiaries);
- 12.2.4 any resolution the effect of which, if duly passed, would be to attach or to authorise the attachment to any share (whether issued or unissued) of any voting rights which are not identical in all respects with those attached to the Ordinary Shares;
- 12.2.5 any resolution to amend any such resolution as is described in any of the preceding subparagraphs of this paragraph 12.2.

12.3 **Action without consent of the holder of the Reuters Founders Share a deemed variation or abrogation**

For all of the purposes of these Articles, the doing of any act or thing which, in accordance with any provision of these Articles, requires the prior written consent of the holder of the Reuters Founders Share shall be deemed to be a variation or abrogation of the rights attached to the Reuters Founders Share.

12.4 **Definition and interpretation as regards "Control" of Company**

For the purposes of paragraphs 12.4 to 12.9:

- 12.4.1 where a person is Interested in shares in which another person is Interested or would be taken to be Interested, such other person shall be deemed to be his associate;
- 12.4.2 in addition, two or more persons shall be deemed to be associates if there are, in the opinion of the holder of the Reuters Founders Share, reasonable grounds for believing that they have or are attempting to obtain Control pursuant (either wholly or in part) to some arrangement between them;
- 12.4.3 arrangement means any agreement, understanding or arrangement of any kind, whether formal or tacit, and whether or not legally binding, other than the Deed of Mutual Covenant;
- 12.4.4 "**Control**" means the ability to control the exercise of 30% or more of the voting rights ordinarily exercisable at meetings of shareholders of the Company (disregarding the rights of the holder of the Reuters Founders Share and the holder of the Special Voting Share and disregarding any suspension of the voting rights of any shares pursuant to the Applicable Laws or these Articles).
- 12.4.5 "**Deed of Mutual Covenant**" means the deed of mutual covenant to be entered into on or before the Effective Date among PA Group Limited, NPA Nominees Limited, Australian Associated Press Pty Limited, New Zealand Press Association Limited, Reuters Founders Share Company, TR Corporation, the Company and Reuters Group PLC, as the same may be amended or modified from time to time in accordance with its terms;

12.5 **Directors to inform other Directors (and Directors to inform the holder of the Reuters Founders Share) of attempts to gain Control**

If any Director becomes aware of any facts which might lead to the Directors and/or the holder of the Reuters Founders Share taking the view that any Person, other than an Approved Person or a member of the TR Group, and his associates (if any) has or have obtained or is or are attempting to obtain, directly or indirectly, Control, he shall without delay inform the other Directors of such facts and the Directors

shall forthwith give written notice of such facts to the holder of the Reuters Founders Share.

12.6 Reuters Founders Share Control Notices

If, in the opinion of the holder of the Reuters Founders Share, there are reasonable grounds for believing that any Person, other than an Approved Person or a member of the TR Group, and his associates (if any) has or have obtained or is or are attempting to obtain, directly or indirectly, Control and the holder of the Reuters Founders Share has concluded, in its sole and absolute discretion, that the exercise of the voting rights attached to the Reuters Founders Share pursuant to Article 7 is insufficient in the circumstances to enable the holder of the Reuters Founders Share to uphold the Reuters Trust Principles, the holder of the Reuters Founders Share, whether it has received any notice pursuant to paragraph 12.5 above or not, shall be entitled in its sole and absolute discretion to serve or cause to be served at the Office a notice in writing (hereinafter called a "**Reuters Founders Share Control Notice**"), if at that time Reuters Founders Share Company is the holder of the Reuters Founders Share, signed by any one or more of the Reuters Trustees, to the effect that the holder of the Reuters Founders Share is of that opinion.

12.7 Rescission of Reuters Founders Share Control Notice

If at any time after the service of a Reuters Founders Share Control Notice, the holder of the Reuters Founders Share becomes of the opinion that no Person, other than an Approved Person or a member of the TR Group, and his associates (if any) has or have obtained or is or are attempting to obtain, directly or indirectly, Control, then the holder of the Reuters Founders Share shall as soon as practicable thereafter (provided that it is still of that opinion) serve or cause to be served at the Office a notice in writing, if at that time Reuters Founders Share Company is the holder of the Reuters Founders Share, signed by any one or more of the Reuters Trustees, rescinding such Reuters Founders Share Control Notice, but the service of any such notice in writing pursuant to and in accordance with this paragraph 12.7 (in this Article called a "**Rescission Notice**") shall be without prejudice to the entitlement of the holder of the Reuters Founders Share subsequently to serve or cause to be served at the Office another Reuters Founders Share Control Notice pursuant to and in accordance with paragraph 12.6 above.

12.8 Voting rights of Reuters Founders Share whilst Reuters Founders Share Control Notice in force

At all times after the service at the Office of any Reuters Founders Share Control Notice and prior to the service at the Office of a Rescission Notice in respect of such Reuters Founders Share Control Notice, the holder of the Reuters Founders Share shall be entitled to vote, together with (except at meetings of the holder of the Reuters Founders Share required by Applicable Laws to be held as a separate class meeting) the holders of Ordinary Shares, on all matters submitted to a vote of the shareholders of the Company at any general meeting of the Company. On each

such matter, the holder of the Reuters Founders Share shall be entitled, in its sole and absolute discretion, to exercise the following voting rights:

12.8.1 in relation to a resolution of the Company to approve a Joint Electorate Action, the rights:

- (a) if, at the time such votes are cast, there are no Approved Persons or Approved Persons are Interested in such number of outstanding Ordinary Shares and/or TR Corporation Common Shares to which are attached, in the aggregate (after giving effect to the Equalization Ratio), the right to cast not more than 35% of all votes entitled to be cast on that Joint Electorate Action by all shareholders of the Company and TR Corporation (excluding the holder of the Special Voting Share and the holder of the TR Corporation Special Voting Share), to cast such number of votes as would be sufficient to approve or defeat such resolution;
- (b) if, at the time such votes are cast, Approved Persons are Interested in such number of outstanding Ordinary Shares and/or TR Corporation Common Shares to which are attached, in the aggregate (after giving effect to the Equalization Ratio), the right to cast more than 35% but less than the Requisite Majority of all votes entitled to be cast on that Joint Electorate Action by all shareholders of the Company and TR Corporation (excluding the holder of the Special Voting Share and the holder of the TR Corporation Special Voting Share), to cast the greater of:
 - (i) such number of votes as is equal to the sum of (x) the number of votes attached to all Voting Shares in which Acquiring Persons are Interested and (y) one vote; and
 - (ii) such number of votes as will cause the votes attached to all Voting Shares in which Approved Persons are Interested, and which are cast in accordance with the relevant Terms of Approval, when combined with the votes entitled to be cast by the holder of the Reuters Founders Share, to constitute the Requisite Majority of all votes entitled to be cast on such resolution by all shareholders of the Company (including the holder of the Special Voting Share); and
- (c) if, at the time such votes are cast, Approved Persons are Interested in, and cast in accordance with the relevant Terms of Approval the votes attached to, such number of outstanding Ordinary Shares and/or TR Corporation Common Shares to which are attached, in the aggregate (after giving effect to the

Equalization Ratio), the right to cast at least the Requisite Majority of all votes entitled to be cast on that Joint Electorate Action by all shareholders of the Company and TR Corporation (excluding the holder of the Special Voting Share and the holder of the TR Corporation Special Voting Share), no right to cast any vote;

12.8.2 in relation to a resolution of the Company to approve a Class Rights Action:

- (a) if the Equivalent Resolution is approved by the requisite number (as determined in accordance with the TR Corporation Articles, the TR Corporation By-Laws and Applicable Laws) of the holders of TR Corporation Common Shares at the Parallel Shareholder Meeting, the rights:
 - (i) if, at the time such votes are cast, there are no Approved Persons or Approved Persons are Interested in such number of outstanding Ordinary Shares to which are attached, in the aggregate, the right to cast not more than 35% of all votes entitled to be cast on such resolution by all shareholders of the Company (excluding the holder of the Special Voting Share), to cast such number of votes as would be sufficient to approve or defeat such resolution;
 - (ii) if, at the time such votes are cast, Approved Persons are Interested in such number of outstanding Ordinary Shares to which are attached, in the aggregate, the right to cast more than 35% but less than the Requisite Majority of all votes entitled to be cast on such resolution by all shareholders of the Company (excluding the holder of the Special Voting Share), to cast the greater of:
 - (A) such number of votes as is equal to the sum of (x) the number of votes attached to all Voting Shares in which Acquiring Persons are Interested and (y) one vote; and
 - (B) such number of votes as will cause the votes attached to all Voting Shares in which Approved Persons are Interested, and which are cast in accordance with the relevant Terms of Approval, when combined with the votes entitled to be cast by the holder of the Reuters Founders Share, to constitute the Requisite Majority of all votes entitled to be cast on such resolution by all shareholders of the Company

(excluding the holder of the Special Voting Share); and

- (iii) if, at the time such votes are cast, Approved Persons are Interested in, and cast in accordance with the relevant Terms of Approval the votes attached to, such number of outstanding Ordinary Shares to which are attached, in the aggregate, the right to cast at least the Requisite Majority of all votes entitled to be cast on such resolution by all shareholders of the Company (excluding the holder of the Special Voting Share), no right to cast any vote;
- (b) if the Equivalent Resolution is not approved by the requisite number (as determined in accordance with the TR Corporation Articles, the TR Corporation By-Laws and Applicable Laws) of the holders of TR Corporation Common Shares at the Parallel Shareholder Meeting, no right to cast any vote;

12.8.3 in relation to a Procedural Resolution, the rights:

- (a) if, at the time such votes are cast, there are no Approved Persons or Approved Persons are Interested in such number of outstanding Ordinary Shares to which are attached, in the aggregate, the right to cast not more than 35% of all votes entitled to be cast on that Procedural Resolution by all shareholders of the Company (excluding the holder of the Special Voting Share), to cast such number of votes as would be sufficient to approve or defeat such Procedural Resolution;
- (b) if, at the time such votes are cast, Approved Persons are Interested in such number of outstanding Ordinary Shares to which are attached, in the aggregate, the right to cast more than 35% but less than the Requisite Majority of all votes entitled to be cast on that Procedural Resolution by all shareholders of the Company (excluding the holder of the Special Voting Share), to cast the greater of:
 - (i) such number of votes as is equal to the sum of (x) the number of votes attached to all Voting Shares in which Acquiring Persons are Interested and (y) one vote; and
 - (ii) such number of votes as will cause the votes attached to all Voting Shares in which Approved Persons are Interested, and which are cast in accordance with the relevant Terms of Approval, when combined with the votes entitled to be cast by the holder of the Reuters Founders Share, to constitute the Requisite Majority of

all votes entitled to be cast on that Procedural Resolution by all shareholders of the Company (excluding the holder of the Special Voting Share); and

- (c) if, at the time such votes are cast, Approved Persons are Interested in, and cast in accordance with the relevant Terms of Approval the votes attached to, such number of outstanding Ordinary Shares to which are attached, in the aggregate, the right to cast at least the Requisite Majority of all votes entitled to be cast on that Procedural Resolution by all shareholders of the Company (excluding the holder of the Special Voting Share), no right to cast any vote; and

12.8.4 at any meeting of the holder of the Reuters Founders Share at which the holder of the Reuters Founders Share is entitled to vote separately as a class, the right to cast one vote.

12.9 Opinions of the holder of the Reuters Founders Share conclusive

Any opinion of the holder of the Reuters Founders Share, which is expressed in and for the purposes of any Reuters Founders Share Control Notice, or which is manifested by any Rescission Notice, shall be conclusive, final and binding on all Persons concerned, and the validity of any Reuters Founders Share Control Notice or of any Rescission Notice shall not be impeached by any Person on the ground that there was not any basis or any reasonable basis upon which the holder of the Reuters Founders Share could have arrived at any such opinion, or on the ground that any conclusion of fact which the holder of the Reuters Founders Share relied on or might have relied on in or for the purpose of arriving at any such opinion was incorrect, or on any other ground whatsoever.

12.10 Holder of the Reuters Founders Share may requisition general meetings other than annual general meetings

The holder of the Reuters Founders Share shall be entitled at any time and from time to time to serve upon the Company at the Office, a requisition in writing, signed on behalf of the holder of the Reuters Founders Share, requiring the Directors:

- 12.10.1 to convene a general meeting other than an annual general meeting of the Company for the purposes specified in such requisition (including proposing resolutions to be put to shareholders at the meeting in the form (if any) specified by the holder of the Reuters Founders Share in such requisition); and
- 12.10.2 to ensure that every copy of any notice by which a general meeting is convened pursuant to such requisition shall be accompanied by a copy of such statement in writing (if any) of not more than five thousand words as shall be attached to such requisition.

12.11 Directors to convene requisitioned meeting and circulate any statement of the holder of the Reuters Founders Share

In the event of any such requisition being served as aforesaid at the Office, the Directors shall, not later than the expiration of the period of seven days next following such service, duly convene a general meeting of the Company for the purposes specified in such requisition (and so that any general meeting shall be convened on such minimum period of notice as shall be sufficient, having regard to the purposes so specified and to the provisions of the Applicable Laws and of these Articles relative to notices of general meetings other than annual general meetings), and shall ensure that every copy of any notice by which such general meeting is convened shall be accompanied by a copy of such statement (if any) as shall have been attached to such requisition in accordance with the provisions of subparagraph 12.10.2. In this Article references to notice include the use of electronic form and electronic means and publication on a website in accordance with the CA 2006 and the Applicable Laws.

12.12 Holder of the Reuters Founders Share may convene meeting if Directors in default

If the Directors do not, before the expiration of the period of seven days next following the service at the Office of any such requisition as aforesaid, duly convene a general meeting in accordance with the provisions of paragraph 12.11 of this Article and otherwise comply in all respects with those provisions, the holder of the Reuters Founders Share shall be entitled at any time after such expiration to convene a general meeting of the Company for the purposes specified in such requisition, and so that:

- 12.12.1 any general meeting which is so convened by the holder of the Reuters Founders Share shall be convened in the same manner, as nearly as possible, in which general meetings of the Company are to be convened by the Directors pursuant to paragraph 12.11, but so that the requirement as to minimum notice referred to in paragraph 12.11 shall not apply; and
- 12.12.2 the holder of the Reuters Founders Share shall be entitled to procure that each copy of the notice by which any such general meeting is convened by the holder of the Reuters Founders Share shall be accompanied by a copy of such statement of not more than five thousand words as the holder of the Reuters Founders Share shall in its absolute discretion think fit, and so that the holder of the Reuters Founders Share shall have this entitlement whether or not such requisition had attached thereto, in accordance with paragraph 12.11, any copy of any statement.

In this Article references to notice include the use of electronic form and electronic means and publication on a website in accordance with the CA 2006 and the Applicable Laws.

12.13 Holder of the Reuters Founders Share may convene general meetings other than annual general meetings while Reuters Founders Share Control Notice in force

In addition and without prejudice to the rights conferred upon the holder of the Reuters Founders Share by the preceding paragraphs of this Article, so long as any Reuters Founders Share Control Notice which has been served at the Office pursuant to and in accordance with the provisions of paragraph 12.6 shall not have been rescinded by a Rescission Notice served at the Office pursuant to and in accordance with the provisions of paragraph 12.7, the holder of the Reuters Founders Share shall be entitled at any time and from time to time to convene a general meeting of the Company for such purposes as the holder of the Reuters Founders Share shall in its absolute discretion think fit, and shall also be entitled to cause every copy of any notice by which any general meeting is so convened to be accompanied by a copy of such statement in writing of not more than five thousand words as the holder of the Reuters Founders Share shall in its absolute discretion think fit. Any general meeting which is convened by the holder of the Reuters Founders Share pursuant to this paragraph 12.13 shall be convened in such manner, as nearly as possible, in which general meetings are to be convened by the Directors pursuant to paragraph 12.11, but so that the requirement as to minimum notice referred to in paragraph 12.11 shall not apply.

12.14 Holder of the Reuters Founders Share may receive notice of and attend and speak at general meetings

The holder of the Reuters Founders Share shall be entitled:

12.14.1 to receive notice of every general meeting of the Company, and of every separate general meeting of the holders of the shares of any class in the Company's issued share capital; and

12.14.2 to attend, either by a representative appointed in accordance with section 323(1) of the CA 2006, or by any proxy, at any such general meeting or separate general meeting; and

12.14.3 through any such representative or proxy, to speak at any such general meeting or separate general meeting,

but the holder of the Reuters Founders Share shall not, save as provided in Article 7 and paragraphs 12.1 to 12.9, be entitled to vote at any general meeting of the Company, and shall in no circumstances be entitled to vote at any such separate general meeting other than a separate general meeting of the holder of the Reuters Founders Share.

12.15 Consultation between Directors and Reuters Trustees

For so long as Reuters Founders Share Company is the holder of the Reuters Founders Share, the Directors may from time to time, in their sole and absolute

discretion, invite the Reuters Trustees to attend meetings of the Directors and to confer with the Directors.

12.16 Reuters Trustees entitled to make representations to the Directors

The holder of the Reuters Founders Share shall be entitled to receive from or be sent by the Company periodical reports of the activities of the TR Group and to make such representations to the Directors, on matters of general interest affecting the TR Group, as it may from time to time think fit and Reuters Founders Share Company, for so long as it is the holder of the Reuters Founders Share, shall cause the Reuters Trustees to be generally available for consultation with the Directors.

12.17 Dividends

The holder of the Reuters Founders Share shall not have the right to receive any dividends declared by the Company.

12.18 Liquidation, dissolution and winding up

Subject to any provision made under section 247 of the CA 2006 and any special rights which may be attached to any other class of shares, the holder of the Reuters Founders Share shall have rights on a return of assets on a winding-up to be repaid rateably according to the number of shares held by it the amount paid up on such share.

12.19 No transfer of Reuters Founders Share

The holder of the Reuters Founders Share may not transfer the Reuters Founders Share without the prior approval of the Board of Directors, to be expressed either by a resolution passed at a meeting of the Board of Directors or by an instrument or instruments in writing signed by all of the Directors.

12.20 Consent of the holder of the Reuters Founders Share

For so long as Reuters Founders Share Company is the holder of the Reuters Founders Share, the written consent of the holder of the Reuters Founders Share shall be deemed to have been given for any of the purposes of these Articles if, and only if, a certificate signed on behalf of Reuters Founders Share Company by not less than two of the Reuters Trustees shall have been received at the Office confirming that a resolution giving the consent in question has been duly passed at a meeting of the Reuters Trustees (in their capacity as directors of Reuters Founders Share Company) or by a written resolution of the Reuters Trustees (in their capacity as directors of Reuters Founders Share Company) pursuant to the Articles of Association of Reuters Founders Share Company from time to time in force.

12.21 Notices and other communications

If the holder of the Reuters Founders Share is to give or to be given any notice pursuant to these Articles then, even if that notice is given in electronic form or by electronic means in accordance with the CA 2006, such notice must also be given in writing and be delivered personally and will be deemed delivered when the written notice would be deemed to be delivered to the holder of the Reuters Founders Share in accordance with paragraph 47.1.

13. SHARE CERTIFICATES

13.1 Contents of share certificates

Every share certificate shall specify the number and class of shares to which it relates and the amount paid up thereon. No certificate shall be issued representing shares of more than one class. No certificate shall normally be issued in respect of shares held by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange.

13.2 Certificates for Joint holders

In the case of a share held jointly by several persons the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of joint holders shall be sufficient delivery to all.

13.3 Entitlement of shareholders holding Certificated Shares to share certificates

Any person (subject as aforesaid) whose name is entered in the Register as a holder of any Certificated Shares of any one class upon the issue or transfer thereof shall be entitled without payment to a certificate therefor (in the case of issue) within one month (or such longer period as the terms of issue shall provide) after allotment of Certificated Shares or (in the case of a transfer of fully paid shares) within 14 days after lodgment of a transfer or (in the case of a transfer of partly paid shares) within two months after lodgment of a transfer of Certificated Shares.

13.4 Entitlement to balancing certificates

Where some only of the shares comprised in a share certificate are transferred the old certificate shall be cancelled and a new certificate for the balance of such Certificated Shares shall be issued in lieu without charge.

13.5 Entitlement to consolidating certificates

Any two or more certificates representing shares of any one class held by any shareholder may at his request be cancelled and a single new certificate for such Certificated Shares issued in lieu without charge.

13.6 Directors may issue split certificates

If any shareholder shall surrender for cancellation a share certificate representing shares held by him and shall request the Company to issue in lieu two or more share certificates representing such Certificated Shares in such proportions as he may specify, the Directors may, subject to the provisions of paragraphs 13.9 and 13.10 below, if they think fit, comply with such request.

13.7 Replacement of damaged, lost or stolen certificates

If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares must be issued without charge (other than the exceptional out of pocket expenses (if any) referred to below) to the holder upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) upon compliance with such conditions as to evidence and indemnity and the payment of any exceptional out of pocket expenses of the Company in connection with the request as the Directors may think fit.

13.8 Requests for replacement certificates for joint holders

In the case of shares held jointly by several persons any such request may be made by any one of the joint holders.

13.9 Entitlement to certificate for shares changed to Certificated Shares

Subject to the Applicable Laws, these Articles and the requirements of the London Stock Exchange, where any Uncertificated Share is changed to certificated form, the holder (other than a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange referred to in paragraph 13.1) is entitled, unless the terms of issue of the shares provide otherwise, without charge, to one certificate in respect of all the Uncertificated Shares so changed to certificated form.

13.10 No entitlement to certificate in respect of Uncertificated Shares

The provisions of paragraphs 13.1 to 13.9 (inclusive) shall not apply so as to require the Company to issue to any person a certificate in respect of any share where such person holds such share in uncertificated form.

14. CALLS ON SHARES

14.1 Directors may make calls for amounts unpaid on shares

The Directors may from time to time make calls upon the shareholders in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when

the resolution of the Directors authorising the call was passed and may be made payable by instalments.

14.2 Obligation to pay calls

Each shareholder shall (subject to receiving at least 14 clear days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

14.3 Interest on unpaid calls

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding 15% per annum) as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.

14.4 Calls deemed to be made when so provided by terms of issue of shares

Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

14.5 Directors' discretion as to amounts and times of calls on issue of shares

The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.

14.6 Directors may accept and pay interest on moneys in advance of calls

The Directors may if they think fit receive from any shareholder willing to advance the same all or any part of the moneys (whether on account of the nominal value of the share or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish to the extent of the payment the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding 15% per annum) as the shareholder paying such sum and the Directors may agree.

15. FORFEITURE AND LIEN

15.1 Directors may serve payment notice in respect of unpaid calls

If a shareholder fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.

15.2 Notice to provide for forfeiture of shares

The notice shall name a further day (not being less than seven days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.

15.3 Forfeiture of shares

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

15.4 Forfeited or surrendered share the property of the Company

A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such other person as aforesaid.

15.5 Ex-shareholder to remain liable for moneys unpaid on forfeited shares

A shareholder whose shares have been forfeited or surrendered shall cease to be a shareholder in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at 15% per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until such payment and the Directors may at their absolute discretion enforce payment without

allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part.

15.6 Company to have lien on shares not fully paid

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share. The Directors may waive any lien which has arisen and may resolve that any shares for some limited period be exempt wholly or partially from the provisions of this Article.

15.7 Company's power of sale under lien

The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 clear days after a notice stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

15.8 Application of sale proceeds

The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities in respect whereof the lien exists so far as the same are then payable and any residue shall, upon surrender to the Company for cancellation of the certificate for the share sold or the provision of any indemnity (with or without security) required by the Directors as to any lost or destroyed certificate and subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale, be paid to the person entitled to the share at the time of the sale. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer the share sold to, or in accordance with the directions of, the purchaser.

15.9 Title to shares sold under lien or after forfeiture

A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected

by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

16. TRANSFER OF SHARES

16.1 Requirements as to form of transfers of Certificated Shares

All transfers of Certificated Shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee.

16.2 Requirements as to transfers of Uncertificated Shares

A shareholder may transfer all or any of his Uncertificated Shares in the manner provided for in the rules and procedures of the Operator of the Relevant System and in accordance with and subject to the Uncertificated Securities Regulations.

16.3 Transferor to remain holder until transfer actually registered

The transferor of a share shall remain the holder of the share concerned until the name of the transferee is entered in the Register in respect thereof.

16.4 Directors may suspend registration of transfers

Subject to the Applicable Laws, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine and either generally or in respect of any class of shares, provided that the Company shall not close any Register relating to a Participating Security without the consent of the Operator of the Relevant System. The Register shall not be closed for more than 30 days in any year.

16.5 Directors may refuse to register certain renunciations and transfers of Certificated Shares

The Directors may refuse to register an allotment or a transfer of Certificated Shares (whether fully paid or not) in favour of more than four persons jointly. If the Directors refuse to register a renounceable letter of allotment or a transfer of a Certificated Share they shall within two months after the date on which the letter of allotment or transfer was lodged with the Company send to the allottee or transferee notice of the refusal.

16.6 Directors may refuse to register transfers of Certificated Shares of more than one class of share, unstamped transfers or transfers unaccompanied by proof of transferor's title

The Directors may also decline to recognise any instrument of transfer in respect of Certificated Shares (which for the purposes of these Articles shall include a renounceable letter of allotment) unless the instrument of transfer is in respect of only one class of share, is duly stamped (if required) and is lodged at the Transfer Office accompanied by the relevant share certificate(s) (except in the case of a renunciation and as described below) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do). In the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange the lodgment of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares in question.

16.7 Registration of transfers of Uncertificated Shares

The Company shall register a transfer of title to any Uncertificated Share or any renounceable right of allotment of a share which is a Participating Security held in uncertificated form, but so that the Directors may refuse to register such a transfer in favour of more than four persons jointly or in any other circumstance permitted by the Uncertificated Securities Regulations.

16.8 Directors to notify refusals to register transfers of Uncertificated Shares

If the Directors refuse to register the transfer of an Uncertificated Share or of any renounceable right of allotment of a share which is a Participating Security held in uncertificated form the Company shall, within two months after the date on which the transfer instruction relating to such transfer was received by the Company, send notice of the refusal to the transferee.

16.9 Company may retain registered transfers

All instruments of transfer which are registered may be retained by the Company.

16.10 No fee for registration of transfers or related documents

No fee will be charged by the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document or instruction relating to or affecting the title to any shares or otherwise for making any entry in the Register affecting the title to any shares.

16.11 Company may destroy documents after certain periods

The Company shall be entitled to destroy all instruments of transfer or other documents which have been registered or on the basis of which registration was made at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other such document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company provided always that:

- 16.11.1 the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- 16.11.2 nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- 16.11.3 references herein to the destruction of any document include references to disposal thereof in any manner.

17. TRANSMISSION OF SHARES

17.1 Personal representatives of deceased holders entitled to shares but liabilities of estate continue

In case of the death of a shareholder, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his Interest in the shares, but nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

17.2 Registration of persons entitled to shares by operation of law

Any person becoming entitled to a share in consequence of the death or bankruptcy of a shareholder or otherwise by operation of law may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share either be registered himself as

holder of the share upon giving to the Company notice in writing of such desire of his or transfer such share to some other person.

17.3 Registration of other persons

If he elects to have another person registered, he shall:

17.3.1 in the case of a Certificated Share, execute an instrument of transfer of the Certificated Share to that person; or

17.3.2 in the case of an Uncertificated Share, either procure that instructions are given by means of the Relevant System to effect the transfer of such Uncertificated Share to that person in accordance with the Uncertificated Securities Regulations, or procure that the Uncertificated Share is changed to certificated form and execute an instrument of transfer of that Certificated Share to that person.

17.4 Limitations apply to such transfers

All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the shareholder had not occurred and the notice or transfer were a transfer executed or instruction given by such shareholder.

17.5 Entitlement to share rights pending registration of persons entitled to shares by operation of law

Save as otherwise provided by or in accordance with these Articles, a person becoming entitled to a share in consequence of the death or bankruptcy of a shareholder or otherwise by operation of law (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by shareholdership in relation to meetings of the Company until he shall have been registered as a shareholder in respect of the share.

18. UNTRACED SHAREHOLDERS

18.1 Company may sell shares of untraced holders after certain periods

The Company shall be entitled to sell the shares of a shareholder or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if and provided that:

18.1.1 during the period of 12 years prior to the date of the publication of the

advertisements referred to in subparagraph 18.1.2 below (or, if published on different dates, the first thereof) no communication has been received by the Company from the shareholder or the person entitled by transmission and no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the shareholder or to the person entitled by transmission to the shares at his postal address on the Register or otherwise the last known postal address given by the shareholder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed or no payment made by the Company by any other means permitted by these Articles has been claimed or accepted and at least three dividends in respect of the shares in question have become payable and no dividend in respect of those shares has been claimed;

18.1.2 the Company shall on expiry of the said period of 12 years have inserted advertisements in both a national daily newspaper and in a newspaper circulating in the area in which the last known postal address of the shareholder or the postal address at which service of notices may be effected in the manner authorised by these Articles is located giving notice of its intention to sell the said shares; and

18.1.3 during the said period of 12 years and the period of three months following the publication of the said advertisements the Company shall have received no communication from such shareholder or person.

18.2 Power of sale to extend to additional shares

In addition to the power of sale conferred by paragraph 18.1 above, if during the period of 12 years referred to in subparagraph 18.1.1 above or a further period ending on the date when all the requirements of subparagraphs 18.1.1 to 18.1.3 have been satisfied additional shares have been issued in right of those shares held at the beginning of, or previously so issued during, those periods and all the requirements of subparagraphs 18.1.1 to 18.1.3 have been satisfied in respect of the additional shares, the Company shall be entitled to sell the additional shares of the relevant shareholder or the relevant person entitled by transmission as the case may be.

18.3 Procedures for exercise of power of sale

To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of Certificated Shares or, in respect of any Uncertificated Shares, the Directors may exercise any of the powers conferred on the Company by Article 9 to effect transfer of the shares, and such instrument or exercise of such powers (as the case may be) shall be as effective as if it had been executed or exercised by the registered holder of or person entitled by transmission to such shares, and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former shareholder or other person previously entitled as aforesaid for an amount equal to such

proceeds and shall enter the name of such former shareholder or other person in the books of the Company as a creditor for such amount which shall be a permanent debt of the Company. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company or its parent undertaking, if any) as the Directors may from time to time think fit.

19. TAKEOVER BIDS

19.1 Equivalent Treatment Principle

- 19.1.1 The Company shall not accept, approve or recommend, or propose publicly to approve or recommend, or enter into any agreement, arrangement or understanding with a third party related to, any takeover bid or similar transaction with respect to the Company's Ordinary Shares unless such takeover bid or similar transaction constitutes a Qualifying Takeover Bid.
- 19.1.2 If at any time a Person offers to acquire or acquires one or more Ordinary Shares and/or TR Corporation Common Shares, or proposes a similar transaction or transaction, and, after giving effect to such acquisition or similar transaction or transactions, such Person would be Interested in or is Interested in or, as applicable, such Person would Beneficially Own or Beneficially Owns Ordinary Shares and/or TR Corporation Common Shares in an amount equal to or in excess of any of the Takeover Bid Thresholds (such offer or acquisition being a "**Triggering Event**"), the Company shall, subject to the Applicable Laws, take all actions within its control as are, in the view of the Board, necessary or appropriate to procure that such Person make a Qualifying Takeover Bid, including adopting a Shareholder Rights Plan and/or requesting that Governmental Agencies prohibit or otherwise prevent such offer or acquisition or similar transaction or transactions, unless:
- (a) either prior to or simultaneously with the Triggering Event, such Person makes a Qualifying Takeover Bid (and, in the event that such Qualifying Takeover Bid was made prior to the Triggering Event, such Qualifying Takeover Bid has not been withdrawn, abandoned or terminated prior to or simultaneously with the Triggering Event); or
 - (b) the Triggering Event was a Permitted Bid Acquisition.
- 19.1.3 A Person in respect of whom the Company and TR Corporation are taking actions to procure a Qualifying Takeover Bid pursuant to subparagraph 19.1.2 shall be deemed to be acting in breach of these Articles.

19.1.4 This Article 19 does not apply to offers to acquire or acquisitions of Ordinary Shares or TR Corporation Common Shares, or similar proposals or transactions, by either the Company or TR Corporation or any of their respective Subsidiaries.

19.1.5 For avoidance of doubt, the provisions of this Article 19 shall not be interpreted to diminish, limit, restrict or otherwise affect in any way the right of the Board of Directors to make a recommendation to accept or reject any take-over bid or similar transaction that constitutes a Qualifying Take-Over Bid.

19.2 Qualifying Takeover Bids

19.2.1 In this Article 19:

- (a) **"Beneficial Owner"**, **"Beneficial Ownership"** and **"Beneficially Own"** have the meanings attributed thereto in the TR Corporation Articles (including but not limited to in Section 8.4 of the TR Corporation Articles);
- (b) **"City Code"** means the UK City Code on Takeovers and Mergers (as amended from time to time);
- (c) **"Interest"** means, in relation to Ordinary Shares, an interest in shares within the meaning of the City Code and the words **"Interested in"** and similar words have corresponding meanings;
- (d) **"Permitted Bid Acquisition"** means an offer to acquire or acquisition of outstanding Ordinary Shares and/or TR Corporation Common Shares or similar transaction made pursuant to an exemption from the takeover bid provisions of Applicable Laws, where the value of the consideration paid for any such Ordinary Shares and/or TR Corporation Shares acquired is not in excess of the respective market values thereof at the date of the acquisition;
- (e) **"Qualifying Takeover Bid"** means an offer or offers to acquire (by way of takeover bid or similar transaction) all of the outstanding Ordinary Shares and TR Corporation Common Shares: (i) which are made in compliance with Applicable Laws; and (ii) which (provided that compliance with the following is not inconsistent with Applicable Laws):
 - (i) are made to all holders of Ordinary Shares and TR Corporation Common Shares;

- (ii) are undertaken with respect to the Ordinary Shares and TR Corporation Common Shares at or about the same time; and
 - (iii) are equivalent (although not necessarily the same) in all material respects to the holders of Ordinary Shares, on the one hand, and the holders of TR Corporation Common Shares, on the other hand, including with respect to:
 - (A) the consideration offered for such shares (taking into account exchange rates and the Equalization Ratio);
 - (B) the information provided to such holders;
 - (C) the time available to such holders to consider such offer; and
 - (D) the conditions to which the offers are subject.
- (f) **“Takeover Bid Thresholds”** means, at any time:
- (i) Beneficial Ownership of 20% or more of the outstanding TR Corporation Common Shares;
 - (ii) an Interest in 30% or more of the outstanding Ordinary Shares (taking into account Ordinary Shares in which Persons acting in concert (within the meaning of the City Code) are Interested); or
 - (iii) an Interest in such number of outstanding Ordinary Shares and/or TR Corporation Common Shares (taking into account Ordinary Shares and/or TR Corporation Common Shares in which Persons acting in concert (within the meaning of the City Code) are Interested) to which are attached, in the aggregate (after giving effect to the Equalization Ratio), the right to cast 30% or more of all votes entitled to be cast on a Joint Electorate Action by all shareholders of the Company and TR Corporation (excluding the holder of the Special Voting Share and the holder of the TR Corporation Special Voting Share),

in each case calculated in accordance with Applicable Laws governing takeover bids.

20. GENERAL MEETINGS

20.1 Annual general meetings to be held

An annual general meeting shall be held once in every year, at such time (within a period of not more than six months beginning with the day following the Company's accounting reference date) and place as may be determined by the Directors.

20.2 Directors to convene general meetings other than annual general meetings

The Directors may whenever they think fit, and shall on any requisition made in accordance with the Applicable Laws, proceed with proper expedition to convene a general meeting other than an annual general meeting.

21. NOTICE OF GENERAL MEETINGS

21.1 Periods of notice for general meetings

An annual general meeting shall be called by 21 days' notice in writing at the least, and all other general meetings shall be called by 14 days' notice in writing at the least. In this Article references to written notice include the use of electronic form and electronic means and publication on a website in accordance with the CA 2006 and the Applicable Laws. The period of notice shall in each case be exclusive of the day on which it is served or in the case of an electronic form, the day it is received or deemed to be served or received and of the day on which the meeting is to be held and shall, subject as provided in paragraph 21.2, be given in the manner hereinafter mentioned to all shareholders other than such as are not under the provisions of these Articles entitled to receive such notices from the Company provided that a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

21.1.1 in the case of an annual general meeting by all the shareholders entitled to attend and vote thereat which for this purpose shall include the holder of the Reuters Founders Share; and

21.1.2 in the case of any other general meeting by a majority in number of the shareholders having a right to attend and vote thereat, being a majority together holding not less than 95% in nominal value of the shares giving that right, and by the holder of the Reuters Founders Share.

21.2 Determination of record date for serving notices of meetings

For the purposes of serving notices of meetings, whether under section 308 of the CA 2006 or any other enactment or under these Articles, the Directors may determine that persons entitled to receive such notices are those persons entered on the Register at the close of business on a day determined by the Directors, provided that, if the Company is a Participating Issuer, the day determined by the

Directors may not be more than 21 days before the day that the relevant notice of meeting is sent.

21.3 Accidental non-delivery of notice to or non-receipt of notice by any person (except to the holder of the Reuters Founders Share) not to invalidate proceedings at meeting

21.3.1 Accidental omission to give any notice to any shareholder, Director, auditor or member of a committee of the Board of Directors, non receipt of any notice or any error in a notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice.

21.3.2 Subparagraph 21.3.1 shall not apply if the person entitled to receive a notice is the holder of the Reuters Founders Share.

21.4 Contents of notices of general meetings

Every notice of a general meeting shall specify the principal meeting place and the satellite meeting places (if any) and the day and hour of the meeting and there shall appear with reasonable prominence in every such notice a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a shareholder of the Company.

21.5 Notice of annual general meeting

In the case of an annual general meeting, the notice shall also specify the meeting as such.

21.6 Notices to identify general nature of business

Every notice of a general meeting shall specify the general nature of the business to be transacted at the meeting, and, if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.

21.7 Determination of record date for entitlement to attend and vote at general meetings

For the purposes of determining which persons are entitled to attend or vote at any general meeting, the notice may also specify a time (which shall not be more than 48 hours before the time fixed for the meeting) by which a person must be entered on the Register in order to have the right to attend or vote at the meeting. Changes to entries on the Register after the time so specified in the notice shall be disregarded in determining the rights of any person to so attend or vote.

21.8 Routine business of annual general meetings

Routine business shall mean and include any business transacted at an annual general meeting of the following classes:

- 21.8.1 declaring dividends;
- 21.8.2 receiving and/or adopting the accounts, the reports of the Directors and auditors and other documents required to be attached or annexed to the accounts;
- 21.8.3 appointing or re-appointing Directors to fill vacancies arising at the meeting;
- 21.8.4 re-appointing the retiring auditors (unless they were last appointed otherwise than by the Company in general meeting);
- 21.8.5 fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed; and
- 21.8.6 granting, renewing or varying authority under section 80 of the CA 1985 or disapplying section 89 of the CA 1985.

22. PROCEEDINGS AT GENERAL MEETINGS

22.1 Directors may attend and speak at general meetings

A Director is entitled to attend and speak at a general meeting and at a separate general meeting of the holders of a class of shares or debentures whether or not he is a shareholder.

22.2 Directors may make provision for persons (other than the holder of the Reuters Founders Share) to attend general meetings at satellite venues

The Directors may resolve to enable persons entitled to attend a general meeting (other than the representative or proxy of the holder of the Reuters Founders Share) to do so by attending at a satellite meeting place anywhere in the world and the shareholders present in person or by proxy at satellite meeting places shall be counted in the quorum for and entitled to vote at the meeting, and the meeting shall be duly constituted and its proceedings valid provided that (a) in the case of any general meeting falling within subparagraph 25.7.2, the holder of the Reuters Founders Share has given its prior written consent, and (b) the Chairman of the general meeting is satisfied that adequate facilities are available throughout the general meeting to ensure that shareholders attending at all the meeting places are able to (i) participate in the business for which the meeting has been convened, (ii) hear and see all persons present at and who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the principal meeting place, any satellite meeting place or elsewhere in accordance with paragraph 22.5 below, and (iii) be heard and seen by all other

persons so present in the same way. The Chairman of the general meeting shall be present at, and the meeting shall be deemed to take place at, the principal meeting place.

22.3 Discretion of Chairman to interrupt or adjourn general meetings

If it appears to the Chairman of the general meeting that the facilities at the principal meeting place or any satellite meeting place have become inadequate for the purposes referred to in paragraph 22.2 above, then the Chairman may, without the consent of the meeting, interrupt or adjourn the general meeting for such time and/or to such other place as the Chairman of the general meeting may in his absolute discretion determine. All business conducted at that general meeting up to the time of such adjournment shall be valid.

22.4 Directors may arrange for persons to hear, see and speak at general meetings by audio-visual means

The Directors may make arrangements for persons entitled to attend a general meeting to be able to view and/or hear the proceedings of any general meeting and/or to speak at the meeting (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise), by attending a venue anywhere in the world not being a satellite meeting place and those attending any such venue shall not be regarded as present and shall not be entitled to vote at the meeting at or from that venue and the inability for any reason of any shareholder present in person or by proxy at such a venue to view and/or hear all or any of the proceedings of the meeting and/or to speak at the meeting shall not in any way affect the validity of such proceedings.

22.5 Validity of meetings if accommodation inadequate

If it appears to the Chairman of the general meeting that any principal meeting place or satellite meeting place specified in the notice convening the meeting is inadequate to accommodate all shareholders entitled and wishing to attend, the meeting shall be duly constituted and its proceedings valid if (a) in the case of any general meeting falling within subparagraph 25.7.2, any representative or proxy of the holder of the Reuters Founders Share is allowed to be present at the principal meeting place, and (b) the Chairman is satisfied that adequate facilities are available to ensure that any other shareholder who is unable to be accommodated is able to (i) participate in the business for which the meeting has been convened, (ii) hear and see all persons present at and who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise), in the principal meeting place, any satellite meeting place or elsewhere in accordance with this paragraph 22.5, and (iii) be heard and seen by all other persons so present in the same way.

22.6 Rights of shareholders to take part in general meetings

For the purposes of this Article, the right for a shareholder to participate in the business of any general meeting shall include, without limitation, the right to speak, vote on any show of hands, vote on any poll, be represented by a proxy, and the right to have access to all documents which are required by the Applicable Laws and these Articles to be made available at the meeting.

22.7 Chairman's power to adjourn in certain circumstances

Without prejudice to any other power which he may have under the provisions of these Articles or at common law, the Chairman of any general meeting may (without the consent of the meeting but, in the case of any general meeting falling within subparagraph 25.7.2, subject to the consent of any representative or proxy of the holder of the Reuters Founders Share) interrupt or adjourn a meeting if he is of the opinion that it has become necessary to do so in order to (i) secure the proper and orderly conduct of the meeting, or (ii) give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting, or (iii) ensure the proper disposal of the business of the meeting. Any such adjournment may be for such time as the Chairman of the meeting may in his absolute discretion determine, and the Chairman of the meeting shall have power to specify some other place for holding the meeting, notwithstanding that by reason of such adjournment some shareholders may be unable to be present at the adjourned meeting. Any such person may nevertheless execute a form of proxy for the adjourned meeting and if he shall do so and shall deliver the same to the Chairman of the adjourned meeting or to the Secretary of the Company, such proxy shall be valid notwithstanding that it is given at less notice than would otherwise be required under these Articles. In this Article references to notice include the use of electronic form and electronic means and publication on a website in accordance with the CA 2006 and the Applicable Laws.

22.8 Notice of adjournment not required

Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

22.9 Amendments to resolutions

If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the Chairman of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

22.10 Arrangements for security of general meetings

The Directors and, at any general meeting, the Chairman may make any arrangement and impose any restriction they consider appropriate to ensure the security and orderly conduct of a general meeting including, without limitation, the searching of the personal property of persons attending the meeting and the restriction of items that may be taken into the meeting place. The Directors and, at any general meeting, the Chairman is entitled to refuse entry to a meeting to a person (other than any representative or proxy of the holder of the Reuters Founders Share) who refuses to comply with these arrangements or restrictions.

23. VOTES OF SHAREHOLDERS

23.1 Votes on show of hands and on polls

Subject as otherwise provided by these Articles, at any general meeting of the Company:

23.1.1 on any show of hands every shareholder who is present in person or by proxy at such general meeting (other than the holder of the Reuters Founders Share) shall have one vote;

23.1.2 on any poll every holder of Ordinary Shares who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.

23.2 Votes of joint holders

In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the share.

23.3 Votes by receivers and others on behalf of shareholders suffering from mental disorder

Where in England or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any shareholder on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such shareholder to vote in person or by proxy at any general meeting or to exercise any other right conferred by shareholdership in relation to meetings of the Company.

23.4 No shareholders to vote if sums unpaid on shares

No shareholder shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a general meeting or meeting of the holders of any class of shares of the Company either personally or by proxy or to exercise any other right conferred by shareholdership in relation to meetings of the Company or of the holders of any class of shares of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

23.5 Direction Notices to shareholders and others not entitled to vote because in default under section 793

If any shareholder, or any other person appearing to be Interested in shares held by such shareholder, has been duly served with a notice under section 793 of the CA 2006 and is in default for the prescribed period in supplying to the Company the information thereby required, then the Directors may in their absolute discretion at any time thereafter by notice (a "**Direction Notice**") to such shareholder direct that:

- 23.5.1 in respect of the shares in relation to which the default occurred (the "**Default Shares**") the shareholder shall not be entitled to attend or vote (either in person or by proxy) at a general meeting or at a separate general meeting of the holders of a class of shares or on a poll;
- 23.5.2 where the Default Shares represent at least 0.25% of the class of shares concerned (excluding any shares of that class held as treasury shares), then the Direction Notice may additionally direct that any of the following shall be effected:
 - (a) in respect of the Default Shares any dividend or other money which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the shareholder and any shares issued in lieu of dividend be withheld by the Company;
 - (b) no transfer of any Default Shares which are held in certificated form shall be registered unless the transfer is an approved transfer or:
 - (i) the shareholder is not himself in default as regards supplying the information requested; and
 - (ii) the transfer is of part only of the shareholder's holding and when presented for registration is accompanied by a certificate from the shareholder in a form satisfactory to the Directors to the effect that after due and careful enquiry the shareholder is satisfied that no person in default as regards supplying such information is

Interested in any of the shares the subject of the transfer; and

- (c) if the Directors so determine, the Company shall be entitled to require the holder of any such Default Shares which are held in uncertificated form, by notice in writing to the holder concerned, to change his holding of uncertificated Default Shares to certificated form within such period as may be specified in the notice and require such holder to continue to hold such Default Shares in certificated form for so long as the default subsists. The Directors may also appoint any person to take such other steps, by instruction by means of a Relevant System or otherwise, in the name of the holder of such Default Shares, to effect conversion of such shares to certificated form and such steps shall be as effective as if they had been taken by the registered holder of the uncertificated Default Shares.

The Company shall send to each other person appearing to be Interested in the shares the subject of any Direction Notice a copy of the notice, but the failure or omission by the Company to do so shall not invalidate such notice.

23.6 Cesser of effect of Direction Notices

Any Direction Notice shall cease to have effect seven days after the earlier of:

23.6.1 receipt by the Company of notice of an approved transfer, but only in relation to the shares transferred; and

23.6.2 receipt by the Company, in a form satisfactory to the Directors, of all the information required by the section 793 notice.

23.7 Direction Notices and depositaries

Where any person appearing to be Interested in any shares has been served with a notice under section 793 of the CA 2006 and such shares are held by a recognised depository, the provisions of this Article shall be deemed to apply only to those shares held by the recognised depository in which such person appears to be Interested and references to default shares shall be construed accordingly.

23.8 Obligations of depository under Direction Notice

Where the shareholder on whom a notice under section 793 of the CA 2006 has been served is a recognised depository, the obligations of the recognised depository acting in its capacity as such shall be limited to disclosing to the Company such information relating to any person appearing to be Interested in the shares held by it as has been recorded by the recognised depository pursuant to

the arrangements entered into by the Company or approved by the Directors pursuant to which it was appointed as a recognised depository.

23.9 Interpretation of paragraphs 23.4 to 23.8

For the purposes of paragraphs 23.4 to 23.8:

- 23.9.1 a person shall be treated as appearing to be Interested in any shares if the shareholder holding such shares has given to the Company a notification under the said section 793 which either (a) names such person as being so Interested or (b) fails to establish the identities of those Interested in the shares and (after taking into account the said notification and any other relevant section 793 notification) the Company knows or has reasonable cause to believe that the person in question is or may be Interested in the shares;
- 23.9.2 the prescribed period in respect of any particular shareholder is 14 days from the date of service of the said notice under the said section 793;
- 23.9.3 a transfer of shares is an approved transfer if but only if:
- (a) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a takeover offer (as defined in section 974 of the CA 2006); or
 - (b) the Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the shareholder and with other persons appearing to be Interested in such shares; or
 - (c) the transfer results from a sale made through an investment exchange recognised by the Financial Services Authority under Part XVIII of the Financial Services and Markets Act 2000 or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded;
- 23.9.4 a recognised depository is an ADR Custodian or a trustee (acting in his capacity as such) of any employees' share scheme established by the Company where such scheme has been approved by the Directors for the purposes of this Article.

23.10 Saving for Directors' powers under section 794(1)

Nothing contained in this Article shall limit the power of the Directors under section 794(1) of the CA 2006.

23.11 Holder of the Reuters Founders Share may require Directors to serve notice under section 793 of the CA 2006 or a Direction Notice or to apply to Court under section 794(1) of the CA 2006

The holder of the Reuters Founders Share shall be entitled in its absolute discretion at any time and from time to time to serve or cause to be served upon the Company at the Office a requisition in writing requiring the Directors:

23.11.1 to serve in accordance with section 793 of the CA 2006 such notice or notices upon such person or respective persons as shall be specified in such requisition; and/or

23.11.2 to serve in accordance with paragraph 23.5 a Direction Notice or Notices upon such person or respective persons and applying such of the provisions of paragraph 23.5 as shall be specified in such requisition; and/or

23.11.3 to apply to the Court under section 794(1) of the CA 2006 for such order against such person or respective persons as shall be specified in such requisition,

and the Directors shall be bound to comply with any such requisition as soon as practicable after service thereof as aforesaid.

23.12 Objections to admissibility of votes to be raised only at the relevant meeting – saving for votes of Reuters Founders Share

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive save that no such decision shall be capable of prejudicing the effect of any valid exercise of any of the voting rights attached by these Articles to the Reuters Founders Share.

23.13 Votes on a poll may be given personally or by proxy

On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

23.14 Proxy need not be a shareholder

A proxy need not be a shareholder of the Company.

23.15 Requirements as to form of appointment of proxy

The appointment of a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve:

23.15.1 in the case of an individual shall be signed by the appointor or his attorney; and

23.15.2 in the case of a corporation shall be either executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, or in the case of the holder of the Reuters Founders Share may be signed by any one of the Reuters Trustees.

The signature on such appointment need not be witnessed. Where an appointment of a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the appointment of the proxy pursuant to the next following Article, failing which the Chairman of the meeting may treat the instrument as invalid. In this Article references to in writing include the use of electronic means subject to any terms and conditions decided on by the Directors.

23.16 Proxy may exercise a shareholder's rights to attend, speak and vote

The appointment of a proxy shall be deemed to include the right to exercise all or any of the shareholder's rights to attend and to speak and vote at a meeting of the Company. This includes the right to demand or join in demanding a poll.

23.17 Validity of votes by proxies

A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Transfer Office at least one hour before the commencement of the meeting or (in the case of a poll taken other than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of a poll at which the vote is cast. In this Article references to in writing include the use of electronic form and electronic means subject to any terms and conditions decided on by the Directors.

23A PROCEDURE FOR APPOINTMENT OF PROXY

23A.1 Lodgement of instruments of proxy other than by electronic communication

Save as otherwise provided in Article 25.5, an appointment of a proxy which is not contained in an electronic communication must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Transfer Office) not less than forty eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid.

23A.2 Lodgement of instruments of proxy by electronic communication

Save as otherwise provided in Article 25.5, an instrument of proxy which is contained in an electronic communication must be received at an address specified for the purpose of receiving electronic communications in the notice of the meeting or in the appointment of a proxy itself not less than forty eight hours before the time appointed for the holding of the meeting or adjourned meeting (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid.

23A.3 Validity of proxy appointments for multiple meetings

Any appointment of proxy made pursuant to Article 23.15 and lodged in accordance with Article 23A.1 or Article 23A.2 (as applicable) shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting to which it relates. Provided that an appointment of a proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered or, in the case of an electronic communication, when it is received for the purposes of any subsequent meeting to which it relates. When two or more valid but differing instruments of proxy are delivered or received for the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing or revoking the other or others as regards that share. The appointment of a proxy does not prevent a member attending and voting in person at the meeting or an adjournment of the meeting or on a poll in which case no proxy shall be entitled to attend and vote in place of that member.

24. CORPORATION ACTING BY REPRESENTATIVES

24.1 Requirements for appointment of representative by corporation

Any corporation which is a shareholder of the Company may, by resolution of its directors or other governing body authorise any person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or of any class of shareholders of the Company. A Director, the Secretary or other person authorised for the purpose by the Secretary may require the representative

to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.

24.2 Representatives of Reuters Founders Share Company

A person who in accordance with the Articles of Association of Reuters Founders Share Company from time to time in force is deemed to be such a representative as aforesaid shall be treated as such for the purposes of these Articles.

25. MEETINGS OF SHAREHOLDERS

25.1 Notice with respect to Joint Electorate Action or Class Rights Action

If the Company proposes to undertake a Joint Electorate Action or a Class Rights Action, the Company shall immediately give notice to TR Corporation and the holder of the TR Corporation Special Voting Share of the nature of the Joint Electorate Action or the Class Rights Action it proposes to take. Unless such action is proposed to be taken at an annual meeting of shareholders, the Board of Directors shall convene a special meeting of shareholders for the purpose of considering a resolution to approve such Joint Electorate Action or Class Rights Action. Such meeting shall be held as close in time as practicable to the Parallel Shareholder Meeting.

25.2 Manner of voting

Any resolution to be considered at a meeting of shareholders in relation to which the holder of the Special Voting Share or the holder of the Reuters Founders Share is entitled to vote shall be decided by ballot. Voting at any meeting of shareholders shall otherwise be by show of hands except where a ballot is required by the Chairman of the meeting, a shareholder or proxyholder entitled to vote at the meeting or the holder of the Reuters Founders Share, or by the CA 1985 or CA 2006. In the case of a ballot on a resolution on which the holder of the Special Voting Share and/or the holder of the Reuters Founders Share is entitled to vote, the ballot shall be kept open for such time as is necessary to allow the Parallel Shareholder Meeting to be held and for the voting rights attaching to the Special Voting Share and/or the Reuters Founders Share, respectively, to be determined and exercised on such ballot, although such ballot may be declared closed earlier by the Chairman of the meeting in respect of shares of other classes. The Chairman of the meeting shall direct the procedures for voting by ballot.

25.3 Withdrawal of demand for poll

A demand for a poll may be withdrawn only with the approval of the general meeting. Unless a poll is duly demanded, or is required to be taken, a declaration by the Chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is duly

demand, or is required to be taken, it shall be taken in such manner (including the use of ballot or other voting papers or tickets) as the Chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was so demanded or required to be taken. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to a place and time fixed by him for the purpose of declaring the result of the poll.

25.4 Procedure for polls

A poll which is duly demanded (or which is required to be taken) on the choice of a Chairman or on a question of adjournment shall be taken forthwith. A poll which is duly demanded (or which is required to be taken) on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately. The fact that a poll shall have been duly demanded (or shall be required to be taken) on any question (other than on the choice of a Chairman or an adjournment) shall not prevent the continuance of the meeting for the transaction of any business other than that question.

25.5 Voting by proxy

A proxy deposited by the holder of the Special Voting Share or the holder of the Reuters Founders Share will be valid if it is received by or delivered to the Chairman of the meeting before the close of the ballot to which it relates.

25.6 Objections to validity of votes

No objection shall be raised as to the validity of any vote at any meeting of shareholders except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive save that no such decision shall be capable of prejudicing the effect of any valid exercise of any of the voting rights attaching to the Reuters Founders Share.

25.7 Quorum

A quorum for the transaction of business at a meeting of shareholders shall be either two qualifying persons entitled to vote (unless (i) each is a qualifying person only because he is authorised to act as the representative of a corporation in relation to the meeting, and they are representatives of the same corporation; or (ii) each is a qualifying person only because he is appointed as proxy of a shareholder in relation to the meeting, and they are proxies of the same shareholder) or the holder of the Reuters Founders Share provided that:

- 25.7.1 at any meeting the business of which includes the consideration of any resolution on which the holder of the Special Voting Share is entitled to

vote, a quorum shall not be present for any purpose unless the holder of the Special Voting Share is present in person or by proxy or is represented by a duly authorised representative; and

25.7.2 at any meeting the business of which includes the consideration of any resolution on which the holder of the Reuters Founders Share is entitled to vote, a quorum shall not be present for any purpose unless the holder of the Reuters Founders Share is present in person or by proxy or is represented by a duly authorised representative.

For the purposes of the above a “qualifying person” means (i) an individual who is a shareholder of the Company; (ii) a person authorised to act as the representative of a corporation in relation to the meeting; or (iii) a person appointed as proxy of a shareholder in relation to the meeting.

25.8 **Meetings where no quorum present**

If within five minutes from the time appointed for a general meeting (or such longer interval as the Chairman of the meeting may think fit to allow) a quorum is not present, the general meeting, if convened pursuant to any of the provisions of section 303 of the CA 2006 or of paragraphs 12.10 to 12.13, shall be dissolved. In any other case it shall stand adjourned to such other day and such time and such principal meeting place and satellite meeting places as may have been specified for the purpose in the notice convening the general meeting or (if not so specified) as the Chairman of the general meeting may determine and in the latter case not less than seven days’ notice of the adjourned meeting shall be given, subject always to the provisions of paragraph 21.2, in like manner as in the case of the original meeting. At any such adjourned meeting all of the provisions of paragraph 25.7 shall apply as though every reference in that paragraph to a general meeting included a reference to any such adjourned meeting. In this paragraph references to notice include the use of electronic form and electronic means and publication on a website in accordance with the CA 2006 and the Applicable Laws.

25.9 **Scrutineers**

The Chairman at any meeting of shareholders may appoint one or more persons, who need not be shareholders, to act as scrutineer or scrutineers at the meeting.

25.10 **Adjournment of meetings**

The Chairman of any meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, and shall, if so directed by the holder of the Reuters Founders Share, adjourn the meeting from time to time and from place to place or for an indefinite period, provided that in the case of any meeting falling within the proviso in subparagraph 25.7.2 any such adjournment will be subject to the consent of the holder of the Reuters Founders Share. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting. The Company shall

give notice to TR Corporation as soon as possible of an adjournment and of the business to be transacted at an adjourned meeting.

25.11 Actions for shareholder approval

25.11.1 All actions put to shareholders of the Company, except for Class Rights Actions or Procedural Resolutions, will be Joint Electorate Actions.

25.11.2 No resolution of the Company with respect to a Joint Electorate Action or a Class Rights Action shall be approved unless a Parallel Shareholder Meeting is held at which an Equivalent Resolution in respect of such Joint Electorate Action or Class Rights Action is approved in accordance with 25.12.2 below.

25.12 Procedure for approval of Joint Electorate Actions and Class Rights Actions

A Joint Electorate Action or a Class Rights Action shall require approval by both:

25.12.1 an Ordinary Resolution of the Company (or, if these Articles or Applicable Laws require such Joint Electorate Action or Class Rights Action to be approved by a Special Resolution of the Company, by a Special Resolution); and

25.12.2 an ordinary resolution of TR Corporation (or, if the TR Corporation Articles, the TR Corporation By-Laws, the Equalization and Governance Agreement or Applicable Laws require such Joint Electorate Action or Class Rights Action to be approved by a special resolution of TR Corporation, by a special resolution).

25.13 Co-ordination with TR Corporation

If TR Corporation proposes to take a Joint Electorate Action or a Class Rights Action:

25.13.1 the Board of Directors shall (unless such action is proposed for an annual meeting of shareholders of the Company) convene a special meeting of shareholders as close in time as practicable to the TR Corporation shareholders meeting at which such Joint Electorate Action or Class Rights Action is to be proposed;

25.13.2 the Board of Directors shall propose for consideration at such meeting an Equivalent Resolution in respect of such Joint Electorate Action or Class Rights Action;

25.13.3 the Board of Directors shall submit such Equivalent Resolution to shareholders as an Ordinary Resolution (or, if these Articles or Applicable Laws require the action to be approved by a Special Resolution of the Company, by a Special Resolution); and

25.13.4 the Company shall co-operate fully with TR Corporation in preparing resolutions, information circulars or statements, explanatory memoranda or any other information or material required in connection with the proposed Joint Electorate Action or Class Rights Action.

25.14 Discretionary matters

The Board of Directors may, by agreement with the TR Corporation Board and subject to Applicable Laws:

25.14.1 decide to seek the approval by Ordinary Resolution of the shareholders (or any class of shareholders) of either or both of the Company and TR Corporation for any matter that would not otherwise require such approval; or

25.14.2 specify a higher vote threshold for any resolution than would otherwise be required pursuant to these Articles.

26. FINANCIAL YEAR

Until changed by the Board of Directors, the financial year of the Company shall end on the last day of December in each year.

27. MANAGEMENT OF THE COMPANY

27.1 Constitution of the Board of Directors

27.1.1 The Board of Directors shall consist of no less than five and no more than 20 members. Within the said minimum and maximum, the number of Directors shall be set forth by resolution of the Board of Directors.

27.1.2 Each Director shall also consent to serve, and be properly elected or appointed, as a director of TR Corporation in order to qualify to serve as a Director. A Director shall cease to hold office when he or she ceases to be a Director of TR Corporation.

27.2 Management generally

27.2.1 The Directors shall manage or supervise the management of the business and affairs of the Company.

27.2.2 Except to the extent prohibited or restricted by Applicable Laws, but without prejudice to any indemnity to which a Director, former Director, officer or other person may otherwise be entitled, the Board of Directors may grant indemnities to Directors, former Directors, officers and other persons (including directors, former directors, officers and employees of TR Corporation and its Subsidiaries) and make loans to such persons to fund their defence of claims and proceedings initiated or threatened against them.

27.2.3 The Company may purchase and maintain insurance for the benefit of any individual referred to in subparagraph 27.2.2 to the extent permitted by Applicable Laws.

27.3 No share qualification — Directors may attend and speak at general meetings

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a shareholder of the Company shall nevertheless be entitled to attend and speak at general meetings.

27.4 Powers to give pensions to Directors

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

27.5 Appointment to any executive office not to cease with Directorship unless contract so provides

The appointment of any Director to any executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

28. APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

28.1 Vacation of office as Director

The office of a Director shall be vacated in any of the following events, namely:

28.1.1 if prohibited from acting by law:

If he shall become prohibited by law from acting as a Director;

28.1.2 on resignation:

If he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;

28.1.3 on insolvency:

If he shall have a receiving order made against him or shall compound with his creditors generally or shall apply to the court for an interim order under

section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act; and/or

28.1.4 as a consequence of mental disorder:

If in England or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs.

In this Article references to notice and to in writing include the use of electronic form and electronic means subject to any terms and conditions decided on by the Directors.

28.2 Appointment of Directors by Company

The Company at the meeting at which a Director retires under any provision of these Articles may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected except in any of the following cases:

28.2.1 where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost;

28.2.2 where such Director has given notice in writing to the Company that he is unwilling to be re-elected;

28.2.3 where the default is due to the moving of a resolution in contravention of the next following Article,

the retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

In this Article references to notice and to in writing include the use of electronic form and electronic means subject to any terms and conditions decided on by the Directors.

28.3 Resolutions to appoint two or more Directors to be subject to consent of general meeting

A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall

be so moved has first been agreed to by the meeting without any vote being given against it, and any resolution moved in contravention of this Article shall be void.

28.4 Company and Directors may fill casual vacancies and appoint additional Directors

Subject to the maximum numbers of Directors and of Directors who may hold an executive office fixed by or in accordance with these Articles:

- 28.4.1 the Company may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director; and
- 28.4.2 without prejudice to subparagraph 28.4.1 the Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an additional Director.

Any person so appointed by the Directors shall hold office only until the next annual general meeting and shall then be eligible for re-election.

29. MANAGEMENT IN RELATION TO THE EQUALIZATION AND GOVERNANCE AGREEMENT

The Company having entered into the Equalization and Governance Agreement, the Special Voting Share Agreement and the Cross-Guarantees, the Directors, subject to Applicable Laws:

- 29.1 are authorised and directed to carry into effect the provisions of the Equalization and Governance Agreement, the Special Voting Share Agreement and the Cross-Guarantees and any further or other agreements or arrangements contemplated by the Equalization and Governance Agreement, the Special Voting Share Agreement and the Cross-Guarantees; and
- 29.2 may, in addition to their duties to the Company, have regard to, and take into account in the exercise of their powers, the best interests of TR Corporation and of both the holders of Ordinary Shares and the holders of TR Corporation Common Shares,

and nothing done by any Director in good faith pursuant to such authority and obligations shall constitute a breach of the fiduciary duties of such Director to the Company or to its shareholders (including any duty to avoid conflicts of interest). In particular, and without limitation to the generality of the foregoing (i) the Directors are authorised to provide TR Corporation and any officer, employee or agent of TR Corporation with any information relating to the Company; and (ii) subject to the terms of the Equalization and Governance Agreement, the Directors are authorised to do all or any of the matters referred to in subparagraphs A(ii) and (iii) of clause 4 of the Memorandum of Association.

30. OBSERVANCE OF REUTERS TRUST PRINCIPLES

The Directors shall, in the performance of their duties, have due regard to the following principles (collectively the “**Reuters Trust Principles**”) insofar as by the proper exercise of their powers as Directors (including the proper exercise of all such powers as they may have to control the affairs of all Subsidiaries of the Company) and in accordance with their other duties as Directors the Reuters Trust Principles are capable of being observed by the Directors:

- 30.1 that the TR Group shall at no time pass into the hands of any one interest, group or faction;
- 30.2 that the integrity, independence and freedom from bias of the TR Group shall at all times be fully preserved;
- 30.3 that the TR Group shall supply unbiased and reliable news services to newspapers, news agencies, broadcasters and other media subscribers and to businesses, governments, institutions, individuals, and others with whom the TR Group has or may have contracts;
- 30.4 that the TR Group shall pay due regard to the many interests which it serves in addition to those of the media; and
- 30.5 that no effort shall be spared to expand, develop and adapt the news and other services and products of the TR Group so as to maintain its leading position in the international news and information business.

31. MEETINGS OF THE BOARD OF DIRECTORS

31.1 Quorum

Two Directors, or such greater number of Directors as the Board of Directors may from time to time determine, shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

31.2 Calling of meetings

Meetings of the Board of Directors shall be held at such time and place as the Chairman, a Deputy Chairman, any two Directors or the President may determine and the Secretary shall on the requisition of the Chairman, a Deputy Chairman, any two Directors or the President call a meeting of the Directors. No meeting of the Board of Directors need be held within the United Kingdom in any financial year.

31.3 Notice of meetings

Notice of the time and place of each meeting of the Board of Directors shall be given to each Director not less than 12 hours before the time of the meeting, provided that the first meeting immediately following a meeting of shareholders at which Directors are elected may be held without notice if a quorum is present. Notices shall be deemed to have been duly given for this purpose if mailed, telephoned, or sent by electronic or other communications facilities. Any Director may waive notice of any meeting and any such waiver may be retroactive. In this Article references to notice include the use of electronic form and electronic means and publication on a website in accordance with the CA 2006 and the Applicable Laws.

31.4 Chairman

The Chairman, or in the absence of the Chairman, a Deputy Chairman, or in the absence of a Deputy Chairman, a Director chosen by the Directors at the meeting, shall be Chairman of any meeting of Board of Directors.

31.5 Voting at meetings

At meetings of the Board of Directors each Director shall have one vote and questions shall be decided by a majority of votes.

31.6 Resolutions of Directors in writing

A resolution in writing of the Directors shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened and held where the resolution is signed or approved by all the Directors, in which case the resolution shall have effect at the time and date when the resolution is last signed or approved by a Director.

31.7 Form of written resolutions

Such a written resolution may consist of several documents in like form, each signed by one or more Directors, and/or may be approved by one or more Directors by one or more telex, facsimile or electronic mail messages sent to the Secretary by them or at their request and specifically identifying the resolution seen and approved by them.

31.8 Resolutions in writing by committees

This Article shall also apply to resolutions in writing of a committee of the Directors in which case each reference in this Article to a Director or Directors should be read as a reference to a member or members of the committee and each reference in this Article to a meeting or meetings of the Directors should be read as a reference to a meeting or meetings of the committee.

31.9 Communications through electronic means

In this Article references to in writing include the use of communications in electronic form and through electronic means subject to any terms and conditions decided on by the Directors.

31.10 Remuneration and expenses

The Directors shall be paid such remuneration for their services as the Board of Directors may from time to time determine. The Directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board of Directors, any committee thereof or the shareholders or otherwise in the performance of their duties as Directors.

31.11 Directors may delegate to committees

The Directors may delegate any of their powers or discretions to committees consisting of one or more Directors and/or officers of the Company. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors.

31.12 Meetings and proceedings of committees

The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Directors, so far as the same are not superseded by any regulations made by the Directors under paragraph 31.11. To the extent that any such power or discretion is so delegated any reference in these Articles to the exercise by the Directors of such power or discretion shall be read and construed as if it were a reference to such committee.

31.13 Validity of acts of Directors or committees

All acts done by any meeting of Directors, or of any such committee, or by any person acting as a Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any of the persons acting as aforesaid, or that any such persons were disqualified or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of the committee and had been entitled to vote.

31.14 Participation in meetings by audio-visual means

A Director may participate in a meeting of the Board of Directors or a committee of the Board of Directors through the medium of conference telephone, video conferencing or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A

person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Applicable Laws, all business transacted in this way by the Board of Directors or a committee of the Board of Directors is for the purposes of these Articles deemed to be validly and effectively transacted at a meeting of the Board of Directors or a committee of the Board of Directors although fewer than two Directors are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

32. DIRECTORS' INTERESTS

32.1 Directors may be interested in contracts with the Company and in companies party to such contracts

A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of auditor of the Company or any subsidiary undertaking thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a shareholder) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

32.2 Directors' interests in contracts — general prohibition on voting

Save as herein provided, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has an interest which is, to his knowledge, a material interest, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company.

32.3 Exceptions to prohibition on voting

Subject to the provisions of the Applicable Laws, a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote in respect of any resolution concerning any of the following matters, namely:

- 32.3.1 the giving of any guarantee, security or indemnity (including loans made in connection therewith) to him in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- 32.3.2 the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- 32.3.3 any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- 32.3.4 any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he does not to his knowledge hold an Interest in shares representing 1% or more of the issued shares of any class of such company (excluding any shares of that class held as treasury shares) (or of any third company through which his Interest is derived) or of the voting rights available to members of the relevant company (any such Interest being deemed for the purpose of this Article 32 to be a material interest in all circumstances);
- 32.3.5 any proposal concerning the adoption, modification or operation of any pension, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which has been approved by H.M. Revenue & Customs or is conditional upon such approval or does not award him any privilege or benefit not awarded to the employees to whom such scheme relates; and/or
- 32.3.6 any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any Directors of the Company or for persons who include Directors of the Company.

32.4 Directors voting on executive appointments

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of the appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under paragraph 32.3.4) shall be entitled to vote in respect of each resolution except that concerning his own appointment.

32.5 Chairman to rule on materiality of a Director's interest

If any question shall arise at any time as to the materiality of a Director's interest or as to the entitlement of any Director (other than the Chairman of the meeting) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fairly disclosed.

32.6 Directors to resolve as to the materiality of a Chairman's interest

If any question shall arise at any time as to the materiality of the interest of the Chairman of the meeting or as to the entitlement of the Chairman to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be decided by resolution of the Directors or committee members present at the meeting (excluding the Chairman) whose majority vote shall be final and conclusive, except in a case where the nature or extent of the interest of the Chairman has not been fairly disclosed.

32.7 Confidential Information

Where a Director obtains (other than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company's affairs in circumstances where to do so would amount to a breach of that confidence.

33. OFFICERS

33.1 General

The Board of Directors may from time to time appoint a Chairman, one or more Deputy Chairmen, a President, one or more Vice Presidents (who shall include Executive Vice Presidents, Senior Vice Presidents and other Vice Presidents), a Secretary to the Board of Directors and such other officers as the Board of Directors may determine, including assistants to any of the officers so appointed. Except for the Chairman and the Deputy Chairmen, an officer need not be a Director.

33.2 Chairman

The Chairman when present shall be Chairman of meetings of the Board of Directors and shareholders of the Company and shall have such other powers and duties as the Board of Directors may determine.

33.3 Deputy Chairman

The Deputy Chairman, or one of them if there is more than one, in the absence of the Chairman shall, if present, preside at meetings of the Board of Directors and shareholders of the Company and shall have such other powers and duties as the Board of Directors may determine.

33.4 President

Unless the Board of Directors otherwise determines, the President shall be the chief executive officer of the Company and shall have general supervision of its business and affairs.

33.5 Vice President

A Vice President (including any Executive Vice President, Senior Vice President or other Vice President) shall have such powers and duties as the Board of Directors or the President may determine.

33.6 Directors may appoint attorneys

The Directors may from time to time and at any time by power of attorney or otherwise appoint any person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions, as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

33.7 Secretary to the Board of Directors

The Secretary to the Board of Directors shall give required notices to shareholders, Directors and auditors, act as secretary of meetings of the Board of Directors, its committees and shareholders when present, keep and enter minutes of such meetings, maintain the corporate records of the Company, have custody of the corporate seal and have such other powers and duties as the Board of Directors may determine.

33.8 Variation of duties

The Board of Directors may from time to time vary, add to or limit the powers and duties of any officer.

33.9 Term of office

Each officer shall hold office until his or her successor is appointed, provided that the Board of Directors may at any time remove any officer from office but such removal shall not affect the rights of such officer under any contract of employment with the Company.

34. BORROWING POWERS

Subject to Applicable Laws, the Directors may exercise all the powers of the Company to borrow money, to indemnify, to guarantee and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

35. REGISTERS

35.1 Entries on Registers of numbers of Uncertificated Shares and Certificated Shares

Subject to the Applicable Laws, the Company shall enter on the Register how many Certificated Shares and Uncertificated Shares each shareholder holds.

35.2 Directors may keep branch Registers

Subject to and to the extent permitted by the Applicable Laws, the Company, or the Directors on behalf of the Company, may cause to be kept in any territory a branch Register of shareholders resident in such territory, and the Directors may make and vary such regulations as they think fit respecting the keeping of any such Register, provided however that those shareholders who hold Uncertificated Shares may not be entered as holders of those shares on an overseas branch Register.

36. CORPORATE SEAL

The corporate seal of the Company shall be in the form approved by the Board of Directors from time to time.

37. EXECUTION OF INSTRUMENTS

Transfers, assignments, agreements, proxies and other instruments may be signed on behalf of the Company by any one of the Chairman, a Deputy Chairman or the President, or any two officers or directors together, or any one or more persons as the Board of Directors may otherwise authorise to sign instruments generally or to sign specific instruments. Unless otherwise required by Applicable Law, any instruments so signed shall be binding upon the Company without further authorisation or formality. The seal of the Company shall, when required, be affixed to any such instruments.

38. AUTHENTICATION OF DOCUMENTS

Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of the meeting, of the Company or of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution

has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

39. AMENDMENTS TO ARTICLES

39.1 Joint Electorate Action amendments

Subject to paragraph 39.2, any amendment to these Articles shall require approval as a Joint Electorate Action and shall, if required pursuant to Article 12, also require the prior written consent of the holder of the Reuters Founders Share.

39.2 Class Rights Action amendments

Any amendment to the TR PLC Entrenched DLC Provisions shall require approval as a Class Rights Action and shall, if required pursuant to Article 12, also require the prior written consent of the holder of the Reuters Founders Share.

39.3 Amendments upon termination of Equalization and Governance Agreement

In the event of the termination of the Equalization and Governance Agreement upon TR Corporation becoming a Wholly-Owned Subsidiary of the Company or the Company becoming a Wholly-Owned Subsidiary of TR Corporation, then:

- 39.3.1 the Company shall have an irrevocable authority to redeem the Special Voting Share at the Redemption Price at any time specified by the Directors provided always that if the Company shall at any time be unable in compliance with Applicable Laws to redeem the Special Voting Share on the date specified by the Directors then the Company shall redeem the Special Voting Share as soon as it is able to comply with such provisions of the Applicable Laws;
- 39.3.2 the TR PLC Entrenched DLC Provisions and all references in these Articles thereto shall be null and void and of no further force or effect;
- 39.3.3 only in the case of the Company becoming a Wholly-Owned Subsidiary of TR Corporation and, for so long as Reuters Founders Share Company is the holder of the Reuters Founders Share, so long as the effect thereof is, to the satisfaction of the Reuters Trustees, substantially to preserve and not to impair the legal rights of the holder of the TR Corporation Reuters Founders Share in relation to the TR Group, the Company shall have an irrevocable authority to redeem the Reuters Founders Share at its nominal value at any time specified by the Directors provided always that if the Company shall at any time be unable in compliance with Applicable Laws to redeem the Reuters Founders Share on the date specified by the Directors then the Company shall redeem the Reuters Founders Share as soon as it is able to comply with such provisions of the Applicable Laws;
- 39.3.4 only in the case of the Company becoming a Wholly-Owned Subsidiary of

TR Corporation and, for so long as Reuters Founders Share Company is the holder of the Reuters Founders Share, so long as the effect thereof is, to the satisfaction of the Reuters Trustees, substantially to preserve and not to impair the legal rights of the holder of the TR Corporation Reuters Founders Share in relation to the TR Group, the Reuters Founders Share Provisions and all references in these Articles thereto shall be null and void and of no further force or effect; and

39.3.5 these Articles shall be restated as amended with such incidental or consequential modifications as are necessary to give effect to this paragraph 39.3.

39.4 Amendments upon a change to Part 22 of the CA 2006

In the event of any change to Part 22 of the CA 2006 on or after the date of adoption of these Articles which alters in any way the effect of the provisions of these Articles which relate to Interests in shares, then:

39.4.1 if required by the holder of the Reuters Founders Share by notice in writing to the Company, such change shall not have effect in or for the purposes of these Articles such that the provisions of these Articles relating to Interests in shares as in force on the date of adoption of these Articles remain in force as articles of association of the Company, notwithstanding the change in the law; and

39.4.2 if required, these Articles shall be restated as amended with such incidental or consequential modifications as are necessary to give effect to this paragraph 39.4.

40. RESERVES

The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special fund into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with Applicable Laws.

41. CASH DISTRIBUTIONS

41.1 Equivalent Distributions

41.1.1 Subject to subparagraphs 41.1.2 and 41.1.3, and paragraphs 41.2 and 41.3, if TR Corporation declares or otherwise becomes obligated or

proposes to pay or pays a cash Distribution to holders of TR Corporation Common Shares, then the Company shall declare or otherwise become obligated or propose to pay or pay a cash Distribution to holders of Ordinary Shares that is a Matching Action (an “**Equivalent Distribution**”). For the avoidance of doubt, where the Equalization Ratio is 1:1, if TR Corporation declares a cash dividend in an amount per TR Corporation Common Share, the Company shall, in accordance with the Equalization and Governance Agreement, declare a cash dividend in an equivalent amount per Ordinary Share.

41.1.2 The Company shall not declare or otherwise become obligated or propose to pay or pay any cash Distribution in respect of Ordinary Shares, other than an Equivalent Distribution in accordance with subparagraph 41.1.1.

41.1.3 The DLC Equalization Principle shall not restrict the Company’s ability to offer holders of Ordinary Shares the ability to receive further Ordinary Shares at market value in lieu of receiving the whole or any part of a cash Distribution.

41.2 Equalisation Payment

If the Company is prohibited by Applicable Laws from declaring or otherwise becoming obligated or proposing to pay, or paying, or is otherwise unable to declare or otherwise become obligated or propose to pay or pay all or any portion of an Equivalent Distribution, the Company shall, insofar it is practicable to do so, enter into such transactions with TR Corporation as the TR Board agrees to be necessary or desirable so as to enable the Company to pay such Equivalent Distribution to holders of Ordinary Shares in accordance with the other provisions of this Article 41.

41.3 Timing of Cash Distribution

The Board of Directors shall insofar as is practicable:

41.3.1 co-ordinate with the TR Corporation Board to agree to the amount of any Equivalent Distributions;

41.3.2 co-ordinate with the TR Corporation Board to agree the basis of exchange rates on which the amounts of any Equivalent Distributions shall be calculated;

41.3.3 co-ordinate with the TR Corporation Board to ensure that the record dates for receipt of Equivalent Distributions are as close in time as is practicable to the record dates for cash Distributions to the holders of Ordinary Shares; and

41.3.4 generally co-ordinate with the TR Corporation Board regarding the timing of all other aspects of the payment or making of any Equivalent Distributions.

42. DIVIDEND PAYMENTS

42.1 Directors may declare and pay fixed and interim dividends

If and so far as the Directors determine that the profits of the Company justify such payments, the Directors may declare and pay fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates half yearly or on the dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

42.2 Dividends to be paid pro rata to amounts paid on shares

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article no amount paid on a share in advance of calls shall be treated as paid on the share.

42.3 Directors may pay dividends to ADR Custodians and shareholders in currencies other than sterling

The Directors may at their discretion make provision to enable such ADR Custodian and/or shareholder as they shall from time to time determine to receive dividends duly declared in a currency or currencies other than sterling.

42.4 Distributable reserves

No dividend shall be paid otherwise than out of profits available for distributions under the provisions of the Applicable Laws.

42.5 Pre-acquisition profits distributable

Subject to the provisions of the Applicable Laws, where any asset, business or property is bought by the Company as from a past date the profits and losses thereof as from such date may at the discretion of the Directors in whole or in part be carried to revenue account and treated for all purposes as profits or losses of the Company. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest, such dividend or interest may at the discretion of the Directors be treated as revenue and it shall not be obligatory to capitalise the same or any part thereof.

42.6 No dividends to bear interest against the Company

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

42.7 Directors may make deductions from dividends

The Directors may deduct from any dividend or other moneys payable on or in respect of a share all sums of money (if any) presently due and payable by the holder thereof to the Company on account of calls or otherwise.

42.8 Directors may retain dividends on shares of persons entitled by operation of law pending registration

The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a shareholder, or which any person is under those provisions entitled to transfer, until such person shall become a shareholder in respect of such shares or shall transfer the same.

42.9 Waivers of dividends

The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

42.10 Directors may pay dividends in kind

The Company may with the prior written consent of the holder of the Reuters Founders Share and upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any shareholders upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

42.11 Payment of foreign currency dividends to ADR Custodians

Where an ADR Custodian approved by the Directors for the purposes of this Article has elected or agreed pursuant to provision made under these Articles to receive dividends in a foreign currency, the Directors may in their discretion approve the entering into of arrangements with such ADR Custodian to enable payment of the dividend to be made to such ADR Custodian in such foreign currency for value on the date on which the relevant dividend is paid, or such later date as the Directors may determine.

42.12 Receipts for dividends to joint holders

If two or more persons are registered as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

42.13 Dividend resolution may specify record date at any time

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the respective rights of transferors and transferees of any such shares in respect of such dividend.

42.14 Method of cash dividend payments

Any dividends payable in money may be paid by (i) cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the address of such holder in the Register, unless such holder otherwise directs a different person or address; (ii) by a bank or other funds transfer system to an account designated in writing by the person entitled to the payment; or (iii) such other method as the Directors may in their absolute discretion think fit including but not limited to payments in respect of Uncertificated Shares being made through the Relevant System (subject always to the facilities and requirements of the Relevant System, these Articles and any other legal requirements). In the case of payment by cheque to joint holders of a share, the cheque shall, unless such joint holders otherwise direct, be made payable to the order of the person whose name first appears in the Register in respect of such shares. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Company is required to and does withhold. If the payment is made by bank or other funds transfer, or by another method at the direction of the person entitled to payment, the Company is not responsible for amounts lost or delayed in the course of transfer or in carrying out those directions.

42.15 Non-receipt of cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Company shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board of Directors may from time to time prescribe, whether generally or in any particular case.

42.16 Unclaimed dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Company.

43. CAPITALISATION OF PROFITS AND RESERVES

Subject to Applicable Laws, the Directors may, with the sanction of an Ordinary Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including any share premium account, capital redemption reserve, revaluation reserve pursuant to Schedule 4 to the CA 1985 or

other undistributable reserve) or any sum standing to the credit of any profit and loss account by appropriating such sum to the holders of each class of shares on the Register at the close of business on the date of the Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares of that class and applying such sum on their behalf in paying up in full, subject to any special rights previously conferred on any shares or class of share for the time being issued and subject to the other provisions of these Articles, unissued shares of that class for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid but so that such provisions shall not apply in respect of the Reuters Founders Share. Any Ordinary Resolution proposed pursuant to this Article may stipulate that an allotment of bonus shares shall not be made to the Company in respect of shares held by the Company as treasury shares and, in that event, no bonus shares shall be allotted to the Company in respect of those shares and those shares shall be disregarded for the purposes of calculating proportions of holdings of shares under this Article. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the shareholders concerned). The Directors may authorise any person to enter on behalf of the shareholders interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

44. SCRIP DIVIDENDS

44.1 Directors may offer shares in lieu of dividends with authority of Ordinary Resolution

The Directors may, with the prior sanction of an Ordinary Resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive in respect of all or part of their holding of Ordinary Shares, additional Ordinary Shares credited as fully paid ("**additional Ordinary Shares**") instead of cash in respect of all or part of such dividend or dividends and (subject as hereinafter provided) upon such terms and conditions and in such manner as may be specified in such Ordinary Resolution.

44.2 Period and other terms of authority for scrip dividends

The said Ordinary Resolution may specify that such right to elect shall apply in respect of all or part of a particular dividend or in respect of all or any dividends (or any part of such dividends) declared or paid within a specified period but such period may not end later than the date of the fifth annual general meeting next following the date of the general meeting at which such Ordinary Resolution is passed, subject nevertheless to the provisions of the Applicable Laws and provided nevertheless that the Directors may, if they determine that it shall be expedient,

suspend or terminate (whether temporarily or otherwise) such right to elect and may do such acts and things considered necessary or expedient with regard to, or in order to effect, any such suspension or termination.

44.3 Offer to be communicated to shareholders

When such right to elect is to be offered to holders of Ordinary Shares pursuant to this Article, the Directors shall notify such holders of the said right and shall make available or provide to such holders forms or other method of election (in such form as the Directors may approve) whereby such holders may exercise such right.

44.4 Number of shares to which shareholders entitled

Each holder of Ordinary Shares who elects to receive additional Ordinary Shares shall be entitled to receive such number of additional Ordinary Shares, calculated at the Relevant Price for each such share, as is nearly as possible equal to (but not in excess of) the cash amount of the relevant dividend which such holder would otherwise have received. For the purposes of this Article, the “**Relevant Price**” of an additional Ordinary Share shall be such price as is equal to the weighted-average price of the Ordinary Shares of the Company, ascertained by reference to the Daily Official List of the London Stock Exchange during the five trading days immediately preceding the record date for each dividend payment.

44.5 No fractional entitlements

The basis of allotment shall be such that no shareholder may receive a fraction of an Ordinary Share. The Directors may make such provisions as they may think fit for any fractional entitlements which may or would arise (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the shareholders concerned).

44.6 Directors may capitalise profits and reserves for issue of scrip dividends

Subject to any right of the Directors to retain any dividend or other moneys payable on or in respect of shares pursuant to these Articles, the cash amount of a dividend on or in respect of an Ordinary Share in respect whereof the holder thereof has made an election pursuant to this Article shall not be payable and in lieu thereof additional Ordinary Shares shall be allotted to such holders on the basis of allotment hereinbefore specified. For such purpose, the Directors may (without prejudice to their powers under Article 43) capitalise out of such of the sums standing to the credit of any of the Company’s reserve accounts (including any share premium account, capital redemption reserve or any other undistributable reserve) or any of the profits available for distribution under the provisions of the Applicable Laws which would otherwise have been applied in paying dividends in cash as the Directors may determine a sum equal to the aggregate nominal amount of the additional Ordinary Shares to be so allotted and shall apply the same in paying up in full the appropriate number of unissued Ordinary Shares for allotment and distribution credited as fully paid to and amongst the relevant holders of

Ordinary Shares. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would or might arise (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the shareholders concerned). The Directors may authorise any person to enter on behalf of all the shareholders interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

44.7 Scrip dividend shares to rank pari passu with existing shares

The additional Ordinary Shares so allotted shall rank pari passu in all respects with the fully paid Ordinary Shares then in issue save only as regards participation in the relevant dividend (or share election in lieu).

44.8 Directors may determine terms and conditions of offers of scrip dividends

Without prejudice to (but notwithstanding) the foregoing provisions of this Article, the Directors may on any occasion determine that such rights of election shall be subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory.

45. ACCOUNTS

45.1 Accounting records to be kept at Office; shareholders' right of inspection

Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Applicable Laws shall be kept at the Office, or at such other place as the Directors think fit, and shall always be open to inspection by the officers of the Company. Subject as aforesaid no shareholder of the Company or other person shall have any right of inspecting any account or book or document of the Company except as conferred by Applicable Laws or ordered by a court of competent jurisdiction or authorised by the Directors.

45.2 Balance sheets and profit and loss accounts to be sent to shareholders and others

A copy of every balance sheet and profit and loss account which is to be laid before a general meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto) shall not less than 21 days before the date of the meeting be sent to every shareholder of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Applicable Laws or of these Articles provided that this Article shall not require a copy of these documents to be sent to more than one of joint holders or to any person of whose

address the Company is not aware, but any shareholder or holder of debentures to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office and provided further that if the Applicable Laws so permit the Company need not send copies of such documents to shareholders who do not wish to receive them but may send them such summary financial statement or other documents as may be authorised by the Applicable Laws. If all or any of the shares or debentures of the Company shall for the time being be listed or dealt in on the London Stock Exchange there shall be forwarded to the appropriate officer of the London Stock Exchange such number of copies of such documents as may from time to time be required under its articles or practice. For the purposes of this Article references to a document being sent include using electronic form and electronic means and publication on a website in accordance with the CA 2006 and the Applicable Laws.

46. AUDITORS

46.1 Validity of acts of auditors

Subject to the provisions of the Applicable Laws, all acts done by any person acting as an auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently disqualified.

46.2 Auditors entitled to notice of and to attend and be heard at general meetings

An auditor shall be entitled to attend any general meeting and to receive all notices of and other communications relating to any general meeting which any shareholder is entitled to receive and to be heard at any general meeting on any part of the business of the meeting which concerns him as auditor.

47. COMMUNICATIONS

47.1 Mode of delivery of communications, when communications deemed delivered

Any notice or document (including a share certificate) may be served on or delivered to any shareholder by the Company either personally or by sending it through the post in a prepaid cover addressed to such shareholder at his registered address, if any, within the United Kingdom supplied by him to the Company as his address for service of notices, or by delivering it to such address addressed as aforesaid. In the case of a shareholder holding Certificated Shares registered on a branch Register any such notice or document may be posted either in the United Kingdom or in the territory in which such branch Register is maintained. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the expiration of 24 hours (or, where second class mail is employed, 48 hours) after the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such cover

was properly addressed, stamped and posted. Provided always that every notice or other document which is required to be served or delivered, or capable of being delivered to the holder of the Reuters Founders Share shall, so long as the holder of the Reuters Founders Share has a registered address within 15 miles of Charing Cross, be personally delivered to the holder of the Reuters Founders Share at that address. The accidental failure to send, or the non receipt by any person entitled to any notice of or other document relating to any meeting or other proceeding shall not invalidate the relevant meeting or other proceeding, unless the person so entitled is the holder of the Reuters Founders Share. A notice or document (other than a notice or document to be served on or delivered to the holder of the Reuters Founders Share) not sent by post but left at a registered address or address for service in the United Kingdom is deemed to be given on the day it is left. Subject to the CA 2006, Applicable Laws and the provisions of this paragraph 47.1, a notice, document or other information may be given in electronic form by the Company to any shareholder to such address as may from time to time be authorised by the shareholder concerned or by making it available on a website and notifying the shareholder concerned, in such manner as he may from time to time authorise, that it has been so made available. The Company may rely on the provisions of paragraph 10, schedule 5 of the CA 2006 in relation to deemed agreement by shareholders of the Company to documents or information being sent or supplied by means of a website, where the conditions set out in paragraph 10(3) of such schedule are satisfied. If a notice or document is sent by the Company using a form of electronic means it is treated as being received 24 hours after the time it was sent. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given. Any notice given electronically or otherwise in accordance with the CA 2006 or the Applicable Laws to or by the holder of the Reuters Founders Share pursuant to these Articles must also be given in writing and be delivered personally and will only be deemed delivered to the holder of the Reuters Founders Share for the purposes of this paragraph 47.1 when written notice would be deemed to be delivered in accordance with this Article.

47.2 Transferees and persons entitled by operation of law bound by notices in respect of shares pending registration

A person who becomes entitled to a share by transmission, transfer or otherwise is bound by a notice in respect of that share (other than a notice served by the Company under section 793 of the CA 2006) which, before his name is entered in the Register, has been properly served on a person from whom he derives his title. A person who is entitled by transmission to a share, upon supplying the Company with an address for the purposes of communications by electronic means for the service of notices may, at the absolute discretion of the Board of Directors, have sent to him at such address any notice or document to which he would have been entitled if he were the holder of that share.

47.3 Notices to joint holders

Any notice given to that one of the joint holders of a share whose name stands first in the Register in respect of the share shall be sufficient notice to all the joint holders in their capacity as such.

47.4 Persons entitled following death or bankruptcy entitled to delivery of notices pending registration

A person entitled to a share in consequence of the death or bankruptcy of a shareholder upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also an address within the United Kingdom for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the shareholder but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons Interested (whether jointly with or as claiming through or under him) in the share. Alternatively, a person who is entitled to that shareholder's shares by law and who proves this to the reasonable satisfaction of the Directors, can give the Company an address for the purposes of electronic communication. If this is done, notices or documents may be sent to him at that address, but, this will be at the absolute discretion of the Directors. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any shareholder in pursuance of these Articles, shall, notwithstanding that such shareholder be then dead or bankrupt or in liquidation, and whether or not the Company has notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such shareholder as sole or first named joint holder.

47.5 Entitlement to receipt of notices

A shareholder who has supplied to the Company an address (whether within or outside the United Kingdom) for the service of notices shall be entitled to receive notices from the Company; provided that the Directors may make such exclusions or other arrangements in relation to shareholders who have no registered address within the United Kingdom as they consider expedient in relation to legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange.

47.6 Notices of general meetings by advertisement

If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post and/or by electronic means, a general meeting may be convened by a notice advertised on the same date in at least one national daily newspaper and such notice shall be deemed to have been duly served on all shareholders entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post to those shareholders to whom notice cannot be given

by electronic means if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

47.7 Serving for statutory requirements

Nothing in any of the preceding six Articles shall affect any requirement of the Applicable Laws or of any other provision of these Articles that any particular offer, notice or other document be served in any particular manner.

48. LIQUIDATION

If the Board of Directors determines that the Company is, or is likely to become, insolvent (whether or not a receiver, receiver and manager, provisional liquidator or liquidator, trustee in bankruptcy, monitor or other similar person has been appointed or a mortgagee or other secured creditor has taken possession of the property of the Company), the Board of Directors shall immediately give notice to TR Corporation of such fact.

49. WINDING UP

49.1 Directors may petition court for winding up with consent of holder of the Reuters Founders Share

The Directors shall have power, with the prior consent in writing of the holder of the Reuters Founders Share (but not otherwise), to present to the Court a petition, in the name of and on behalf of the Company, for the Company to be wound up.

49.2 Directors may distribute assets in kind on a winding up

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the shareholders in specie or in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the shareholders or different classes of shareholders. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of shareholders as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved. No contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

50. THOMSON REUTERS NEWS SERVICES

The Press Association Limited, the Newspaper Publishers Association Limited, Australian Associated Press Pty Limited and New Zealand Press Association Limited shall be entitled to receive Thomson Reuters News Services upon payment

of such consideration as may be agreed from time to time. Upon and subject to the terms of any such agreement:

- 50.1 The Press Association Limited shall be entitled to receive Thomson Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any Subsidiary of such members.
- 50.2 The Newspaper Publishers Association Limited shall be entitled to receive Thomson Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any Subsidiary of such members.
- 50.3 Australian Associated Press Pty Limited shall be entitled to receive Thomson Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any Subsidiary of such members.
- 50.4 New Zealand Press Association Limited shall be entitled to receive Thomson Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any Subsidiary of such members.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Annual Report on Form 20-F of our report dated March 19, 2008, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting of Reuters Group PLC, which appears in Annex A-2 of this Annual Report on Form 20-F for the year ended December 31, 2007.

/s/ PricewaterhouseCoopers LLP

London, England

April 17, 2008

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas H. Glocer, certify that:

1. I have reviewed this annual report on Form 20-F of Thomson Reuters PLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 17, 2008

/s/ Thomas H. Glocer

Thomas H. Glocer
Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert D. Daleo, certify that:

1. I have reviewed this annual report on Form 20-F of Thomson Reuters PLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 17, 2008

/s/ Robert D. Daleo

Robert D. Daleo
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED BY
SECTION 906 OF THE SARBANES — OXLEY ACT OF 2002**

I, Thomas H. Glocer, Chief Executive Officer of Thomson Reuters PLC (the “Company”), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- a) The Company’s Annual Report on Form 20-F for the year ended December 31, 2007 (the “Form 20-F”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- b) The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 17, 2008

By /s/ Thomas H. Glocer
Thomas H. Glocer
Chief Executive Officer

A signed original of this written statement has been provided to Thomson Reuters PLC and will be retained by Thomson Reuters PLC and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED BY
SECTION 906 OF THE SARBANES — OXLEY ACT OF 2002**

I, Robert D. Daleo, Executive Vice President and Chief Financial Officer of Thomson Reuters PLC (the “Company”), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- a) The Company’s Annual Report on Form 20-F for the year ended December 31, 2007 (the “Form 20-F”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- b) The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 17, 2008

By /s/ Robert D. Daleo
Robert D. Daleo
Executive Vice President and Chief Financial Officer

A signed original of this written statement has been provided to Thomson Reuters PLC and will be retained by Thomson Reuters PLC and furnished to the Securities and Exchange Commission or its staff upon request.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**



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The following management's discussion and analysis is intended to assist you in understanding and evaluating changes in our financial condition and operations for the year ended December 31, 2007, compared to the preceding two fiscal years. We recommend that you read this management's discussion and analysis in conjunction with our consolidated financial statements prepared in accordance with accounting principles generally accepted in Canada, or Canadian GAAP, and the related notes to those financial statements. All dollar amounts in this discussion are in U.S. dollars unless otherwise specified. References in this discussion to "\$" are to U.S. dollars, references to "£" are to British pounds sterling and references to "C\$" are to Canadian dollars. Unless otherwise indicated, references in this discussion to "we", "our" and "us" are to The Thomson Corporation and its subsidiaries. In addition to historical information, this management's discussion and analysis contains forward-looking statements. Readers are cautioned that these forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. These factors include those identified in the sections of this management's discussion and analysis entitled "Cautionary Note Concerning Factors That May Affect Future Results" and in the "Risk Factors" section of our management information circular dated February 29, 2008 relating to our special meeting of shareholders to be held on March 26, 2008. These risk factors are also incorporated by reference in our annual information form for the year ended December 31, 2007, which is also contained in our annual report on Form 40-F for the year ended December 31, 2007. This management's discussion and analysis is dated as of March 6, 2008.

OVERVIEW

Our Business and Strategy

What Thomson does — We are one of the world's leading information services providers to business and professional customers. Our target customers are knowledge workers whose expertise in particular markets is critical to the success of economies throughout the world. As economies evolve and become more global, we believe that the needs of knowledge workers will continue to grow.

How Thomson makes money — We generate revenues by supplying knowledge workers with business-critical information solutions and services. We make our information more valuable by adding expert analysis, insight and commentary, and couple it with software tools and applications that our customers can use to search, compare, synthesize and communicate the information. To further enhance our customers' workflows, we deliver information and services electronically, integrate our solutions with our customers' own data and tailor the delivery of information to meet specific customer needs. As we integrate critical information with analysis, tools and applications, we place greater focus on the way our customers use our content, rather than simply on selling the content itself, and are moving from just informing our customers to enabling their decisions. We believe our ability to embed our solutions into customers' workflows is a significant competitive advantage as it leads to strong customer retention. Over time, we believe that these attributes will translate into higher margins and better cash flow. Thus, our shift to workflow solutions is important to our growth and profitability.

Thomson's business environment — As a global company, we are affected by economic and market dynamics, governmental regulations and business conditions for each market and country in which we operate. We have traditionally encountered competition in each of our markets from both large information providers and smaller niche market businesses. However, we now face an evolving competitive landscape. Certain of our traditional competitors are implementing solutions strategies of their own. In the future, other competitors could come from outside our traditional competitive set. For instance, Internet service companies and search providers could pose a threat to some of our businesses by providing more in-depth offerings than are currently available from such services. In response to this, we are continuing to move forward aggressively in segmenting our markets and developing solutions that will allow us to remain embedded in our customers' workflows.

We strive for leadership positions in each market we serve in order to secure broad and deep market expertise. To maintain our leadership positions, we plan to continue to invest in our existing businesses and also to acquire new businesses. During the past few years, we have achieved efficiencies by leveraging resources within our various businesses, which has increased our profitability. We have had consistently strong cash flow generation, reflecting the strength of our businesses and the quality of our earnings, as well as contributions from operating efficiencies and improvements in our use of working capital.

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Thomson's operational structure — In order to further execute our strategy, in 2006, we announced our intention to sell our Thomson Learning businesses, including those serving the higher education, careers, library reference, corporate e-learning and e-testing markets. We completed the sale of these businesses in 2007. Additionally, in May 2007, we announced our proposed acquisition of Reuters Group PLC, which is currently expected to close in April 2008. See the section entitled “Proposed Acquisition of Reuters Group PLC” for further discussion.

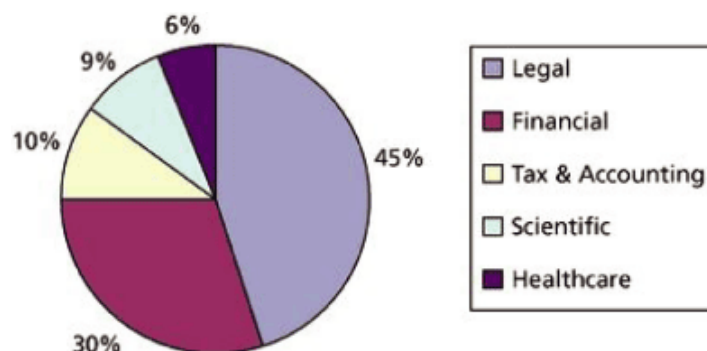
In January 2007, we realigned our operations into the following five business segments:

- **Thomson Legal** - a leading provider of critical information, decision support tools and services to legal, intellectual property, compliance, business and government professionals throughout the world. Major brands include Westlaw, Aranzadi, BAR/BRI, Carswell, Thomson CompuMark, Thomson Elite, FindLaw, LIVEDGAR and Sweet & Maxwell;
- **Thomson Financial** - a leading provider of products and integration services to financial and technology professionals in the corporate, investment banking, institutional, wealth management and fixed income sectors of the global financial community. Our flagship brand is Thomson ONE. Other major businesses and brands include AutEx, Baseline, Datastream, First Call, I/B/E/S, Investext, IR Channel, SDC Platinum, StreetEvents, Thomson Transaction Services and TradeWeb;
- **Thomson Tax & Accounting** - a leading provider of critical information, decision support tools and software applications for tax and accounting professionals in North America. Major brands include Checkpoint, Creative Solutions and RIA;
- **Thomson Scientific** - a leading provider of critical information and decision support tools to researchers, scientists and information professionals in the academic, scientific, corporate and government marketplaces. Major businesses and information solutions include Derwent World Patents Index, MicroPatent, Thomson Pharma, Web of Science and ISI Web of Knowledge; and
- **Thomson Healthcare** - a leading provider of critical information and decision support tools to physicians and other professionals in the healthcare, corporate and government marketplaces. Major businesses and information solutions include Medstat, Micromedex, PDR (Physicians' Desk Reference) and Solucient.

We also report financial results for a “Corporate and Other” reporting category, as well as discontinued operations. The Corporate and Other category principally includes corporate expenses, certain costs associated with our stock-related compensation, costs associated with our THOMSON*plus* business optimization program, which are discussed in the section entitled “THOMSON*plus*”, and costs associated with the Reuters acquisition.

Additionally, in the first quarter of 2007, we transferred our broker research operation from Thomson Legal to Thomson Financial. Results for all periods reflect this change.

Percentage of Total 2007 Revenues



The following table summarizes selected financial information for 2007, 2006 and 2005, including certain metrics that are non-GAAP financial measures. Please see the section below entitled “Use of Non-GAAP Financial Measures” for definitions of these terms and references to the reconciliations of these measures to the most directly comparable Canadian GAAP measures.

<i>(millions of U.S. dollars, except per share amounts)</i>	Year ended December 31		
	2007	2006	2005 ⁽³⁾
Consolidated Statement of Earnings Data:			
Revenues	7,296	6,591	6,122
Operating profit ⁽¹⁾	1,297	1,248	1,159
Earnings from continuing operations ⁽¹⁾	1,096	912	652
Earnings from discontinued operations, net of tax ⁽¹⁾	2,908	208	282
Net earnings ⁽¹⁾	4,004	1,120	934
Diluted earnings per common share from continuing operations ⁽¹⁾	\$ 1.69	\$ 1.41	\$ 0.99
Diluted earnings per common share ⁽¹⁾	\$ 6.20	\$ 1.73	\$ 1.42
Consolidated Balance Sheet Data:			
Cash and cash equivalents	7,497	334	407
Total assets	22,831	20,142	19,434
Total long-term liabilities	6,021	5,922	6,364
Total shareholders' equity	13,571	10,481	9,963
Dividend Data:			
Dividends per common share (US\$)	\$ 0.98	\$ 0.88	\$ 0.79
Dividends per Series II preferred share (C\$)	C\$ 1.07	C\$ 1.00	C\$ 0.77
Other Data⁽²⁾:			
Underlying operating profit	1,492	1,308	1,159
Adjusted earnings from continuing operations	1,089	857	677
Adjusted earnings per common share from continuing operations	\$ 1.69	\$ 1.33	\$ 1.03
Net debt	(3,048)	3,741	3,646
Free cash flow	1,066	1,440	1,194

- (1) Results are not directly comparable due to certain non-recurring or special items. For more information, please see the “Results of Operations” section of this management’s discussion and analysis.
- (2) These are non-GAAP financial measures. Definitions are provided in the “Use of Non-GAAP Financial Measures” section of this management’s discussion and analysis.
- (3) A full discussion of results for 2006 compared to 2005 is included in our management’s discussion and analysis for the year ended December 31, 2006. Significant trends and items affecting comparability over the three-year period are noted within this management’s discussion and analysis.

Proposed Acquisition of Reuters Group PLC

Overview. In May 2007, we agreed to acquire Reuters Group PLC (Reuters) by implementing a dual listed company (DLC) structure. The transaction is currently expected to close in April 2008.

Under the DLC structure, Thomson Reuters will have two parent companies, both of which will be publicly listed — The Thomson Corporation, an Ontario, Canada corporation, will be renamed Thomson Reuters Corporation, and Thomson Reuters PLC will be a new United Kingdom company in which existing Reuters shareholders will receive shares as part of their consideration in the transaction. Those companies will operate as a unified group pursuant to contractual arrangements as well as provisions in their organizational documents. Under the DLC structure, shareholders of Thomson Reuters Corporation and Thomson Reuters PLC will both have a stake in Thomson Reuters, with cash dividend, capital distribution and voting rights that are comparable to the rights they would have if they were holding shares in one company carrying on the Thomson Reuters business. The boards of the two parent companies will comprise the same individuals, as will the companies' executive management teams. The transaction has been cleared by antitrust regulators in Europe, the United States and Canada, and the only significant conditions to close that remain are shareholder and court approvals.

Consideration. As consideration for the proposed transaction, Reuters shareholders will be entitled to receive, for each Reuters ordinary share held, 352.5 pence in cash and 0.16 Thomson Reuters PLC ordinary shares. To effect the transaction, Reuters will be indirectly acquired by Thomson Reuters PLC pursuant to a scheme of arrangement. On closing, one Thomson Reuters PLC ordinary share will be equivalent to one Thomson Reuters Corporation common share under the DLC structure. Thomson shareholders will continue to own their existing common shares. Based on the closing Thomson share price and the applicable \$/£ exchange rate on May 14, 2007, which was the day before our company and Reuters announced our agreement, each Reuters share was valued at approximately 691 pence per share. As of February 22, 2008, we estimate that, based on the shares outstanding, Reuters shareholders will receive about 202 million Thomson Reuters PLC shares. For this purpose, we have assumed that all outstanding Reuters in-the-money stock options and other share-based awards granted by Reuters have vested or been exercised and subsequently converted into Reuters shares prior to the closing. The consideration that is required to be issued to Reuters shareholders will depend on the actual number of Reuters shares outstanding when the acquisition closes. To fund the cash consideration, we plan to use proceeds from the sales of the Thomson Learning businesses as well as borrowings under a credit facility. Based on the exchange rate of \$/£ on February 22, 2008, this funding would be approximately \$8.8 billion. Please see the "Hedging Program for Reuters Consideration" section of this management's discussion and analysis regarding our hedging program related to \$/£ currency exchange rate fluctuations. The Thomson Learning sales are discussed in the "Discontinued Operations" section and Thomson's credit facilities are discussed in the "Liquidity and Capital Resources" section of this management's discussion and analysis.

Ownership. Based on the issued share capital of each of Thomson and Reuters (on a fully diluted basis) as of February 22, 2008, The Woodbridge Company Limited and other companies affiliated with it (Woodbridge) will have an economic and voting interest in Thomson Reuters of approximately 53%, other Thomson shareholders will have an interest of approximately 23% and Reuters shareholders will have an interest of approximately 24%. As of March 6, 2008, Woodbridge and other companies affiliated with it beneficially owned approximately 70% of our company's common shares. More information about Woodbridge is provided in the "Related Party Transactions" section of this management's discussion and analysis.

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Synergies. The boards of our company and Reuters believe that there is a natural fit and compelling logic in creating a global leader in electronic information services, trading systems and news. While the principal reason for the transaction is to expand growth opportunities, we also anticipate that the transaction will generate synergies at an annual run rate in excess of \$500 million by the end of the third year after closing from shared technology platforms, distribution, third party content and corporate services.

Antitrust/Regulatory review process. On February 19, 2008, we and Reuters received antitrust clearances from the U.S. Department of Justice, the European Commission and the Canadian Competition Bureau. See the section of this management's discussion and analysis entitled "Subsequent Events".

Shareholder approvals. We and Reuters have submitted the proposed transaction to our respective shareholders for approval and applied for requisite court approvals in Ontario, Canada and England. Special shareholder meetings for our company and Reuters are each scheduled for March 26, 2008 to approve the transaction. Our board of directors has unanimously approved the transaction and has unanimously recommended that our shareholders vote in favor of it. Woodbridge has irrevocably committed to vote in favor of the transaction. The Reuters board of directors has unanimously approved the transaction and is also unanimously recommending that Reuters shareholders vote in favor of it.

Information regarding Reuters. Reuters is incorporated in England and Wales and is listed on the London Stock Exchange and on NASDAQ. Reuters principal executive office is located at The Reuters Building, South Colonnade, Canary Wharf, London, E14 5EP, England. It is one of the world's largest providers of financial information, trading room software and news. Through its divisions in sales and trading, enterprise, research and asset management and media, Reuters provides a range of products including:

- advanced desktop financial information products, analytics and trading systems designed for use by traders and salespeople;
- information feeds and tools designed for use by machines to help customers automate their businesses;
- in-depth information, analysis and research products designed mainly for use by people making investment decisions; and
- news for use by professional publishers, multimedia websites and mobile information services for use by individual consumers.

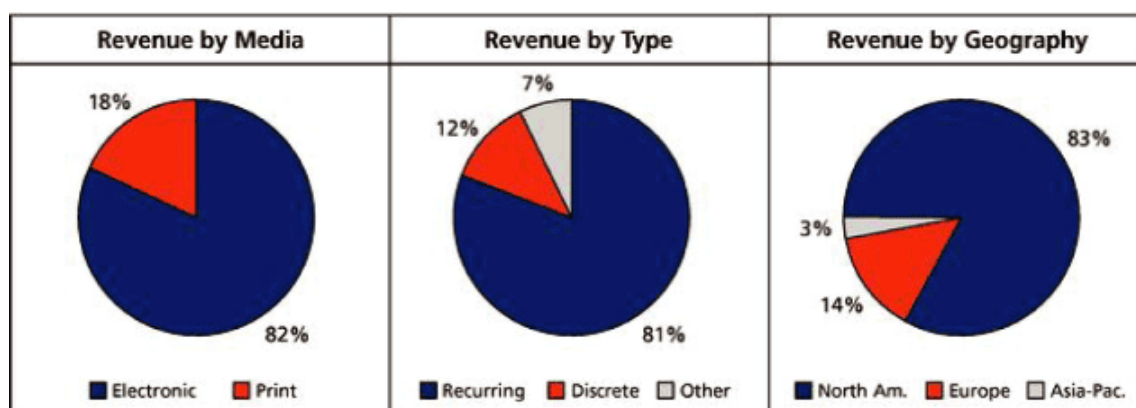
Further information regarding Reuters can be found in our management information circular dated February 29, 2008 relating to our special meeting of shareholders to be held on March 26, 2008, which we refer to in this management's discussion and analysis as the Special Meeting Circular. The Special Meeting Circular was filed with the Canadian securities regulatory authorities and furnished to the Securities and Exchange Commission on Form 6-K on February 29, 2008. A copy of the circular is also available on our website.

We make no representation or warranty as to the accuracy or completeness of information disclosed by Reuters, information published by Reuters on its website or in any other format, information about Reuters obtained from any other source or the information provided above.

Risk factors. Certain risks and uncertainties related to the proposed acquisition and to Thomson and Reuters are described in the section of this management's discussion and analysis entitled "Cautionary Note Concerning Factors That May Affect Future Results" as well as in the "Risk Factors" section of the Special Meeting Circular.

Revenues

The following graphs show the percentage of our 2007 revenues by media, type and geography.



Our revenues are derived from a diverse customer base. In 2007, 2006 and 2005, no single customer accounted for more than 3% of our total revenues.

By media. We use a variety of media to deliver our products and services to customers. Increasingly, our customers are seeking products and services delivered electronically and are migrating away from print-based products. We deliver information electronically over the Internet, through dedicated transmission lines, CDs and handheld wireless devices. In 2007, electronic, software and services revenues represented 82% of our total revenues compared to 81% in 2006 and 80% in 2005. The increase in these electronic, software and services revenues in 2007 compared to 2006 was due to the continued growth of our online offerings, particularly in our legal segment. We anticipate that with the acquisition of Reuters, this percentage will increase in 2008 given that a significant portion of its revenues is derived from these media. In the long term, we expect that electronic, software and services as a percentage of our total revenues will continue to gradually increase as we continue to emphasize electronic delivery, add more solution-based and software-based acquisitions to our portfolio, and as markets outside North America continue to incorporate technology into their workflows. Electronic delivery of our products and services improves our ability to more rapidly and profitably provide additional products and services to our existing customers and to access new customers around the world.

By type. In 2007, 81% of our revenues were generated from subscription or similar contractual arrangements, which we refer to as recurring revenues. This was a slight decline from 2006 (83%) and 2005 (83%). Subscription revenues are from sales of products and services that are delivered under a contract over a period of time. Our subscription arrangements are most often for a term of one year, though increasingly they are for three year terms, after which they automatically renew or are renewable at the customer's option. The renewal dates are spread over the course of the year. Because a high proportion of our revenues comes from subscriptions and similar arrangements where our customers contract with us for a period of time, our revenue patterns are generally more stable compared to other business models that sell products in discrete or one-off arrangements. In the case of some of our subscription arrangements, we realize additional fees based upon usage. Following the acquisition of Reuters, we expect that our percentage of recurring revenues will increase in 2008 as a significant portion of Reuters revenues is from subscriptions or similar contractual arrangements.

By geography. We segment our revenues geographically by origin of sale in our financial statements. In 2007, 83% of our revenues were generated from our operations in North America, consistent with 2006 (84%) and 2005 (84%). In 2008, following the acquisition of Reuters, we anticipate that this percentage will decrease as Reuters operations are more geographically diverse than our existing operations. In the long term, we are striving to increase our revenues from outside North America as a percentage of our overall revenues. We can modify and offer internationally many of the products and services we have developed originally for customers in North America

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without excessive customization or translation. This represents an opportunity for us to earn incremental revenues. For some of the products and services we sell internationally, we incur additional costs to customize our products and services for the local market and this can result in lower margins if we cannot achieve adequate scale. Development of additional products and services and expansion into new geographic markets are integral parts of our growth strategy. While development and expansion present an element of risk, particularly in foreign countries where local knowledge of our products may be lacking, we believe that the quality and brand recognition of our products and services help to mitigate that risk.

We routinely update a number of our key products and services by adding functionality or providing additional services to our existing offerings to make them more valuable and attractive to our customers and, thereby, increase our revenues from existing customers. Because of the dynamic nature of our products and services, management does not find it useful to analyze large portions of our revenue base using traditional price versus volume measurements. As it is difficult to assess our revenue changes from a pure price versus volume standpoint when products are continually evolving, we limit these measurements to our analysis of more static products and service offerings.

Expenses

As an information provider, our most significant expense is labor. Our labor costs include all costs related to our employees, including salaries, bonuses, commissions, benefits, payroll taxes and stock-related compensation. Labor represented approximately 67% of our cost of sales, selling, marketing, general and administrative expenses (operating costs) in 2007 compared to approximately 66% in 2006 and 65% in 2005. No other category of expenses accounted for more than 15% of our operating costs in 2007, 2006 or 2005.

Acquisitions

Acquisitions play a key role in fulfilling our strategy. Our acquisitions are generally tactical in nature and primarily relate to the purchase of information, products or services that we integrate into our operations to broaden the range of our product and service offerings to better serve our customers. As alternatives to the development of new products and services, tactical acquisitions often have the advantages of faster integration into our product and service offerings and cost efficiencies. When integrating acquired businesses, we focus on eliminating cost redundancies and combining the acquired products and services with our existing offerings. We may incur costs, such as severance payments to terminate employees and contract cancellation fees, when we integrate businesses. In 2007, acquired businesses generated approximately one quarter of our total growth in revenues and a lesser portion of the growth in operating profit. Generally, the businesses that we acquired have initially had lower margins than our existing businesses.

The following table sets forth information about closed acquisitions in the periods presented.

Year Ended December 31,	Number	Aggregate Cost (\$ in millions)
2007	33	488
2006	25	744
2005	28	246

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Our largest acquisitions during the years ended December 31, 2007, 2006 and 2005 were:

- **2007** - Deloitte Tax LLP Property Tax Services, a provider of property tax outsourcing and compliance services; CrossBorder Solutions, a provider of tax software; and Prous Science, a provider of life sciences information solutions;
- **2006** - Solucient, LLC, a provider of data and advanced analytics to hospitals and health systems; Quantitative Analytics, Inc., a provider of financial database integration and analysis solutions; and LiveNote Technologies, a provider of transcript and evidence management software to litigators and court reporters; and
- **2005** - Global Securities Information (GSI), a provider of online securities and securities-related information and research services.

Dispositions

As part of our continuing strategy to optimize our portfolio of businesses, to sharpen our strategic focus on providing electronic workflow solutions to business and professional markets and to ensure that we are investing in the parts of our business that offer the greatest opportunities to achieve higher growth and returns, management decided to sell the businesses discussed below. Results for these businesses were classified as discontinued operations within the consolidated financial statements for all periods presented. None of these businesses was considered fundamental to our current integrated information offerings.

Pending

As of December 31, 2007, our only pending disposition was PLM, a provider of drug and therapeutic information in Latin America, which was approved for sale in March 2007.

Completed

In 2007, we completed the sale of Thomson Learning through three independent processes:

- In July 2007, we sold Thomson Learning's higher education, careers and library reference businesses to funds advised by Apax Partners and OMERS Capital Partners. As a result of the sale, we received gross proceeds of approximately \$7.6 billion.
- In May 2007, we sold NETg, a leading provider of continuing corporate education and training, to SkillSoft PLC for approximately \$270 million.
- In October 2007, we sold Prometric, a provider of assessment services, to ETS for \$310 million in cash and a 6% promissory note for approximately \$79 million due in 2014. The principal amount of the note, which was previously reported as \$125 million, was adjusted to \$79 million reflecting adjustments made based on the continuity of offerings from certain customer contracts. The promissory note was reflected in our financial statements at its estimated fair value of \$60 million to account for the difference between the market and stated rates of interest. The principal amount of the note is subject to further adjustment based on certain contingencies.

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The following table describes certain other dispositions that we closed during 2007 and 2006. Other than certain minor investments, there were no other dispositions in 2005.

Business	Segment	Closed
GEE — a regulatory information business in the United Kingdom	Legal	December 2007
New England Institutional Review Board — an ethical review board that monitors clinical research involving human subjects	Healthcare	December 2007
CenterWatch — a provider of clinical research information	Healthcare	December 2007
Fakta — a Swedish regulatory information business	Legal	November 2007
NewsEdge — a provider of business information and news	Legal	July 2007
Market Research — a provider of business information and news	Legal	May 2007
IOB — a regulatory information business in Brazil	Legal	June 2007
Thomson Medical Education — a provider of medical education	Healthcare	April 2007
North American operations of Thomson Education Direct, a consumer-based distance learning career school	Learning	March 2007
American Health Consultants — a medical newsletter publisher and medical education provider	Healthcare	August 2006
K.G. Saur — a German publisher of biographical and bibliographical reference titles serving the library and academic communities	Learning	August 2006
Peterson's — a publisher of college preparatory guides	Learning	July 2006
Lawpoint — an Australian provider of print/online regulatory information services	Legal	June 2006
Law Manager — a software and services provider	Legal	April 2006

Our proceeds from the sales of discontinued operations, net of taxes paid, were \$7 billion in 2007 and \$81 million in 2006. In 2005, we paid \$105 million in taxes associated with discontinued operations sold in a prior year.

Additionally, over the past few years we have sold certain minority equity investments and businesses that did not qualify as discontinued operations. Proceeds from these sales amounted to \$18 million in 2007, \$88 million in 2006 and \$4 million in 2005.

THOMSONplus

THOMSONplus is a series of initiatives, announced in 2006, which will allow us to become a more integrated operating company by leveraging assets and infrastructure across all segments of our business. The program is expected to produce cost savings for our businesses by:

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- Realigning our business units into five segments;
- Streamlining and consolidating certain functions such as finance, accounting and business systems;
- Leveraging infrastructure and technology for customer contact centers;
- Establishing low-cost shared service centers;
- Consolidating certain technology infrastructure operations such as voice and data networks, data centers, storage and desktop support; and
- Re-engineering certain product development and production functions and realigning particular sales forces within our business segments.

To accomplish these initiatives, we had previously reported that we expected to incur approximately \$250 million of expenses from inception through 2009 primarily related to technology and restructuring costs and consulting services. Because THOMSON*plus* is a series of initiatives, it was noted that the timing of these costs and savings may shift between different calendar years. While our overall estimates of costs and savings for the program remain unchanged, we now expect to complete the program and reach our savings targets earlier than originally estimated. As a result, we have accelerated spending that was initially planned for future years into 2007. Currently, we expect to incur expenses of approximately \$30 million in 2008. We do not expect to incur expenses in 2009 as was originally reported.

In 2007, we incurred \$153 million of expenses associated with THOMSON*plus* consisting primarily of consulting fees, severance costs and charges associated with the restructuring of Thomson Legal's North American sales force. The consulting costs primarily related to our efforts to deploy SAP as our company-wide ERP system, which will continue into 2008, as well as efforts to improve the customer service infrastructure. The severance costs principally related to the elimination of certain finance positions in conjunction with the establishment of centralized service centers, efforts to streamline the operations of Thomson Financial and the restructuring of Thomson Legal's North American sales force.

In 2006, we incurred \$60 million of expenses consisting primarily of consulting fees and severance costs. The consulting costs primarily related to our efforts to deploy SAP. Additionally, we incurred \$9 million of expenses associated with businesses that were reclassified to discontinued operations in 2006. These expenses consisted of severance costs and losses on vacated leased properties.

THOMSON*plus* program initiatives have generated an annualized cost reduction of approximately \$120 million primarily due to the elimination of certain positions and the relocation of others to lower cost locations, including those resulting from our establishment of a facility in Hyderabad, India to perform certain finance functions. We expect to reach a savings rate of \$160 million per year by the middle of 2008, which is \$10 million above our previously stated targeted savings rate of \$150 million per year. These savings will largely be driven by improved efficiencies and effectiveness of procurement, supply chain management, financial reporting systems, including the implementation of a common ERP system, the consolidation of common back office financial processes into regional and global shared service centers and the integration of platforms across all of our segments. Our anticipated savings from THOMSON*plus* are in addition to the synergies that we anticipate from the proposed Reuters acquisition.

Because THOMSON*plus* is a corporate program, expenses associated with it are reported within the Corporate and Other segment. Restructuring activities represented approximately \$91 million of the expense for 2007. The liabilities associated with these restructuring activities were not material as of December 31, 2007 and 2006.

Seasonality

Historically, our revenues and operating profits from continuing operations have been proportionately the smallest in the first quarter and the largest in the fourth quarter, as certain product releases are concentrated at the end of the year, particularly in the regulatory and healthcare markets. As costs continue to be incurred more evenly throughout the year, our operating margins have historically increased as the year progresses. For these reasons, the performance of our businesses may not be comparable quarter to consecutive quarter and should be considered on the basis of results for the whole year or by comparing results in a quarter with the results in the same quarter for the previous year. As Reuters revenues have not historically fluctuated significantly throughout the year, we anticipate that, upon completion of this acquisition, the seasonality of Thomson Reuters revenues will be slightly less pronounced.

USE OF NON-GAAP FINANCIAL MEASURES

In addition to our results reported in accordance with Canadian GAAP, we use non-GAAP financial measures as supplemental indicators of our operating performance and financial position. We use these non-GAAP financial measures internally for comparing actual results from one period to another, as well as for future planning purposes. We have historically reported non-GAAP financial results, as we believe their use provides more insight into our performance. The following discussion defines the measures that we currently use and explains why we believe they are useful measures of our performance, including our ability to generate cash flow:

- *Underlying operating profit and underlying operating profit margin.* We measure our operating profit to adjust for costs associated with our corporate efficiency initiatives and other items affecting comparability, which we refer to as underlying operating profit. We refer to underlying operating profit as a percentage of revenues as the underlying operating profit margin. We use these measures to assist in comparisons from one period to another as they remove the impact of items which distort the performance of our operations. See the reconciliation of this measure to the most directly comparable Canadian GAAP measure in the “Results of Operations” section of this management’s discussion and analysis.
- *Adjusted earnings and adjusted earnings per common share from continuing operations.* We measure our earnings attributable to common shares and per share amounts to adjust for non-recurring items, discontinued operations and other items affecting comparability, which we refer to as adjusted earnings from continuing operations and adjusted earnings per common share from continuing operations. We use these measures to assist in comparisons from one period to another. Adjusted earnings per common share from continuing operations do not represent actual earnings per share attributable to shareholders.

In interim periods, we adjust our reported earnings and earnings per common share to reflect a normalized effective tax rate. Specifically, the normalized effective rate is computed as the estimated full-year effective tax rate applied to the consolidated pre-tax income of the interim period. The reported effective tax rate is based on separate annual effective income tax rates for each taxing jurisdiction that are applied to each interim period’s pre-tax income. Because the seasonality of our businesses impacts our geographical mix of profits in interim periods and therefore distorts the reported effective tax rate, we believe that using the expected full-year effective tax rate provides a more meaningful comparison among interim periods. The adjustment to normalize the effective tax rate reallocates estimated full-year income taxes between interim periods, but has no effect on full year income taxes or on cash taxes paid.

See the reconciliation of this measure to the most directly comparable Canadian GAAP measure in the “Results of Operations” section of this management’s discussion and analysis.

- *Net debt.* We measure our net debt, which we define as our total indebtedness, including associated fair value hedging instruments (swaps) on our debt, less cash and cash equivalents. Given that we hedge some of our debt to reduce risk, we include hedging

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instruments as we believe it provides a better measure of the total obligation associated with our outstanding debt. However, because we generally intend to hold our debt and related hedges to maturity, we do not consider the associated fair market value of cash flow hedges in our measurements. We reduce gross indebtedness by cash and cash equivalents on the basis that they could be used to pay down debt. See the reconciliation of this measure to the most directly comparable Canadian GAAP measure in the “Liquidity and Capital Resources” section of this management’s discussion and analysis.

- *Free cash flow.* We evaluate our operating performance based on free cash flow, which we define as net cash provided by operating activities less capital expenditures, other investing activities and dividends paid on our preference shares. We use free cash flow as a performance measure because it represents cash available to repay debt, pay common dividends and fund new acquisitions. See the reconciliation of this measure to the most directly comparable Canadian GAAP measure in the “Liquidity and Capital Resources” section of this management’s discussion and analysis.

These and related measures do not have any standardized meaning prescribed by Canadian GAAP and, therefore, are unlikely to be comparable with the calculation of similar measures used by other companies. You should not view these measures as alternatives to net earnings, total debt, cash flow from operations or other measures of financial performance calculated in accordance with GAAP. We encourage you to review the reconciliations of these non-GAAP financial measures to the most directly comparable Canadian GAAP measure within this management’s discussion and analysis.

While in accordance with Canadian GAAP, our definition of segment operating profit may not be comparable to that of other companies. We define segment operating profit as operating profit before the amortization of identifiable intangible assets. We use this measure for our segments because we do not consider amortization to be a controllable operating cost for purposes of assessing the current performance of our segments. We also use segment operating profit margin, which we define as segment operating profit as a percentage of revenues.

We report depreciation for each of our segments within the section entitled “Additional Information.”

RESULTS OF OPERATIONS

The following discussion compares our results for the fiscal years ended December 31, 2007, 2006 and 2005 and for the three-month periods ended December 31, 2007 and 2006, and provides analyses of results from continuing operations and discontinued operations.

Basis of Analysis

Our results from continuing operations include the performance of acquired businesses from the date of their purchase and exclude results from operations classified as discontinued. Results from operations that qualify as discontinued operations have been reclassified to that category for all periods presented. Please see the section below entitled “Discontinued Operations” for a discussion of these operations. In analyzing the results of our operating segments, we measure the performance of existing businesses and the impact of acquired businesses and foreign currency translation.

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The following table summarizes our consolidated results for the years indicated.

<i>(millions of U.S. dollars, except per share amounts)</i>	Year ended December 31		
	2007	2006	2005
Revenues	7,296	6,591	6,122
Operating profit ⁽¹⁾	1,297	1,248	1,159
Operating profit margin ⁽¹⁾	17.8%	18.9%	18.9%
Net earnings ⁽¹⁾	4,004	1,120	934
Diluted earnings per common shares ⁽¹⁾	\$ 6.20	\$ 1.73	\$ 1.42

⁽¹⁾ Results are not directly comparable due to certain non-recurring or special items.

Revenues. In 2007, revenues increased 11% comprised of the following:

- 6% from higher revenues of existing businesses;
- 3% from contributions of newly acquired businesses; and
- 2% from foreign currency translation.

For our existing businesses, revenue growth was exhibited in almost all of our segments, reflecting customer demand for our integrated solutions, particularly in the legal and tax and accounting markets, and overall growth in these markets. Contributions from acquired businesses were primarily related to Solucient in our Thomson Healthcare segment, as well as CrossBorder Solutions and the Deloitte Tax LLP Property Tax Services business in our Thomson Tax & Accounting segment.

Revenues in 2006 grew 8% comprised of contributions from acquired businesses and growth from existing businesses, as foreign currency translation had a minimal impact. Contributions from acquired businesses were primarily related to Quantitative Analytics, Inc. and AFX News in our Thomson Financial segment and Solucient and MercuryMD in our Thomson Healthcare segment.

Operating profit. In 2007, operating profit increased 4% primarily due to the increase in revenues. Our results also reflected a nonrecurring gain of \$34 million associated with the settlement of a pension plan. Our operating profit margin decreased compared to the prior year as higher expenses resulting from costs associated with the Reuters acquisition and the timing of spending related to our THOMSON*plus* program more than offset the effects of scale and efficiency initiatives. See the section entitled "THOMSON*plus*" for a discussion of the program's initiatives and our associated costs.

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The following table presents a summary of our operating profit and operating profit margin after adjusting for THOMSON*plus* costs and other items affecting comparability in each year.

<i>(millions of U.S. dollars, except per share amounts)</i>	Year ended December 31		
	2007	2006	2005
Operating profit	1,297	1,248	1,159
Adjustments:			
THOMSON <i>plus</i> costs	153	60	—
Reuters transaction costs	76	—	—
Settlement of pension plan	(34)	—	—
Underlying operating profit	1,492	1,308	1,159
Underlying operating profit margin	20.4%	19.8%	18.9%

In 2007, underlying operating profit increased 14% as a result of higher revenues. The underlying operating profit margin increased compared to the prior year due to the effects of scale and efficiency initiatives, as well as savings attributable to certain spending which was deferred due to the pending Reuters acquisition.

In 2006, operating profit rose 8% primarily due to the increase in revenues. The operating profit margin remained constant as compared to the prior year as the effects of scale were offset by higher corporate costs resulting from our THOMSON*plus* program, increased pension and other defined benefit plans expense and higher stock-related compensation expense.

Excluding the impact of costs associated with the THOMSON*plus* program, underlying operating profit increased 13% due to the increase in revenues and the underlying operating margin rose as a result of the effects of scale.

Depreciation and amortization. Depreciation expense increased 7% in 2007 compared to the prior year. This increase reflected recent acquisitions and capital expenditures. Amortization expense increased 7% in 2007 compared to the prior year. This increase reflected the amortization of newly acquired assets, which more than offset the impact from the completion of amortization for certain intangible assets acquired in previous years.

Depreciation in 2006 increased 6% compared to 2005. This increase reflected recent acquisitions and capital expenditures. Amortization increased 2% compared to 2005, as increases due to the amortization of newly acquired assets were partially offset by decreases arising from the completion of amortization for certain intangible assets acquired in previous years.

Net other income/expense. Net other expense in 2007 of \$34 million primarily reflected the change in fair value of sterling call options, which were acquired in the third quarter of 2007 as part of a hedging program to mitigate exposure to changes in the \$/£ exchange rate resulting from the Reuters acquisition. See the section entitled “Hedging Program for Reuters Consideration” for further discussion. The change in fair value of these options was partially offset by earnings from, and gains on the sales of, equity investments.

Net other income in 2006 of \$1 million primarily consisted of gains on the sales of certain equity investments offset by a \$36 million charge for a legal reserve representing our portion of a cash settlement related to the *Rodriguez v. West Publishing Corp. and Kaplan Inc.* case.

Net other expense in 2005 was \$28 million, which primarily represented a loss associated with the early redemption of certain debt securities of \$23 million and a charge of \$15 million to reduce the carrying value of one of our equity investments to its fair value, partially offset by income from equity investments and gains from the sale of certain other investments.

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Net interest income/expense and other financing costs. In 2007, net interest expense and other financing costs of \$12 million reflected \$203 million of interest income from the investment of the proceeds from the sale of Thomson Learning's higher education, careers and library reference businesses in money market funds. Excluding this interest income, net interest expense approximated that of the prior year.

In 2006, our net interest expense and other financing costs approximated that of 2005.

Income taxes. Our income tax expense in 2007 represented 12.4% of our earnings from continuing operations before income taxes. This compares with effective rates of 11.3% in 2006 and 28.4% in 2005. Our effective income tax rate is lower than the Canadian corporate income tax rate of 35.4% in 2007 (35.4% in 2006 and 36.0% in 2005), principally due to the lower tax rates and differing tax rules applicable to certain of our operating and financing subsidiaries outside Canada. Specifically, while we generate revenues in numerous jurisdictions, our tax provision on earnings is computed after taking account of intercompany interest and other charges among our subsidiaries resulting from their capital structure and from the various jurisdictions in which operations, technology and content assets are owned. Our income tax expense was further impacted by certain non-recurring or special items and the accounting for discontinued operations in 2007, 2006 and 2005 as described below.

- In 2007, our provision included benefits of \$60 million resulting primarily from the recognition of Canadian tax losses, but also reflecting a change in Australian tax law. These benefits reduced our 2007 effective tax rate by approximately 5%. The Canadian tax losses were recognized in anticipation of using them against taxable income from the sale of Thomson Learning's Canadian education operations, which was completed in July 2007.
- In 2006, we increased valuation allowances against deferred tax assets which increased our tax rate by 4%. The net change in the valuation allowance included benefits associated with our Thomson Learning segment which, under the requirements of discontinued operations accounting, were not allowed to be reclassified to discontinued operations along with the other results for the business. The impact of including the benefits related to the Thomson Learning segment in our continuing operations tax charge reduced our effective tax rate by 3% in 2006, and 2% in 2005.
- In 2005, we released \$98 million of contingent income tax liabilities based upon the outcome of certain tax audits of prior year periods. Additionally, we repatriated a substantial portion of certain of our subsidiaries' accumulated profits. The repatriation was related to the recapitalization of these subsidiaries, which was effected through intercompany financing arrangements. We incurred a non-recurring tax charge of \$125 million in connection with this repatriation, which reduced our cash flow from operations and our net earnings in the fourth quarter by the same amount. The net effect of both of these non-recurring or special tax items was a \$27 million increase in the tax provision for the full year of 2005.

The balance of our deferred tax assets at December 31, 2007 was \$1,439 million compared to \$1,346 million at December 31, 2006. Our deferred tax assets consist primarily of tax losses and other credit carryforwards, the majority of which can only be utilized against taxable income in Canada. In assessing the likelihood of using our deferred tax assets, we first offset them against deferred tax liabilities which do not relate to indefinite lived intangible assets. We establish valuation allowances for any remaining deferred tax assets that we do not expect to be able to use against such deferred tax liabilities or future taxable income. Our valuation allowance against our deferred tax assets at December 31, 2007 was \$395 million compared to \$441 million at December 31, 2006. The net movement in the valuation allowance from 2006 to 2007 primarily related to increases in deferred tax liabilities from the revaluation of debt and currency swaps, which would be offset by a corresponding decrease in the valuation allowance, and increases due to additional Canadian losses recorded that we do not anticipate using because we expect to continue to incur losses in Canada.

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We expect to consummate our acquisition of Reuters in April 2008 and, at this time, we are unable to forecast our 2008 effective tax rate. However, we expect our businesses to continue with initiatives to consolidate the ownership of their technology platforms and content, and we expect that a proportion of our profits will continue to be taxed at lower rates than the Canadian statutory tax rate. Additionally, our effective tax rate and our cash tax cost in the future will depend on the laws of numerous countries and the provisions of multiple income tax conventions between various countries in which we operate. Our ability to maintain a low effective tax rate will be dependent upon such laws and conventions remaining unchanged, as well as the geographic mix of our profits.

See the section entitled "Contingencies" for further discussion of income tax liabilities.

Earnings attributable to common shares and earnings per common share. Earnings attributable to common shares were \$3,998 million in 2007 compared to \$1,115 million in 2006. Diluted earnings per common share were \$6.20 in 2007 compared to \$1.73 in 2006. The significant increases in reported earnings and earnings per common share were primarily the result of the gain on the sales of the Thomson Learning businesses.

Earnings attributable to common shares were \$1,115 million in 2006 compared to \$930 million in 2005. Earnings per common share were \$1.73 in 2006 compared to \$1.42 in 2005. The increases in reported earnings and earnings per common share were the result of higher operating profit and lower tax expense due to the recapitalization of certain subsidiaries in the fourth quarter of 2005 and certain non-recurring or special items in 2005.

The results for each of these periods are not directly comparable because of certain non-recurring or special items, as well as the variability in discontinued operations due to the timing of dispositions. The following table presents a summary of our earnings and earnings per common share from continuing operations for the periods indicated, after adjusting for items affecting comparability in each year.

<i>(millions of U.S. dollars, except per common share amounts)</i>	Year ended December 31		
	2007	2006	2005
Earnings attributable to common shares	3,998	1,115	930
Adjustments for non-recurring or special items:			
Net other expense (income)	34	(1)	28
Reuters transaction costs	76	—	—
Gain on settlement of pension plan	(34)	—	—
Tax on above items	(17)	(16)	(4)
Tax (benefits) charges	(60)	(33)	5
Discontinued operations	(2,908)	(208)	(282)
Adjusted earnings from continuing operations	1,089	857	677
Adjusted earnings per common share from continuing operations	\$ 1.69	\$ 1.33	\$ 1.03

Our adjusted earnings from continuing operations for 2007 increased 27% compared to 2006 largely as a result of interest income from the investment of the proceeds from the sale of Thomson Learning's higher education, careers and library reference businesses and higher operating profit stemming from higher revenues. These more than offset higher costs associated with THOMSONplus.

Our adjusted earnings from continuing operations for 2006 increased 27% compared to 2005 largely as a result of higher operating profit from higher revenues and a lower effective tax rate, which more than offset costs associated with THOMSONplus as well as higher pension and other benefit plans expense and higher stock-related compensation expense.

Operating Results by Business Segment**Thomson Legal**

<i>(millions of U.S. dollars)</i>	Year ended December 31		
	2007	2006	2005
Revenues	3,318	3,008	2,795
Segment operating profit	1,044	943	849
<i>Segment operating profit margin</i>	31.5%	31.3%	30.4%

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Results for Thomson Legal reflected continued demand for our online services in the United States, United Kingdom and other international markets. Revenues increased 10% comprised of the following:

- 7% from higher revenues of existing businesses;
- 1% from contributions of newly acquired businesses; and
- 2% from foreign currency translation.

Growth within our existing businesses reflected the strong performance of online services, consisting primarily of Westlaw and our international online services, which increased 10% over the prior year. Revenue from sales of software and services increased 12% as a result of higher new sales of website design and hosting services. Additionally, revenues from print and CD products increased slightly compared to the prior year as higher print revenues offset a decline in CD product revenues as customers continued to migrate to Thomson Legal's online offerings. Contributions from acquired businesses reflected the results from Baker Robbins, a provider of technology and information management consulting to law firms and law departments, acquired in January 2007, and LiveNote Technologies, a provider of transcript and evidence management software that brings new functionality to Westlaw Litigator, which is our integrated litigation platform, acquired in September 2006.

Within our North American legal businesses, revenues increased primarily due to higher online and services revenues. Westlaw revenue experienced growth in all of its major market segments: law firm, corporate, government and academic, primarily due to new sales. Revenues from the Westlaw Litigator suite of online products increased in part due to the expansion of content and functionality of the offerings, such as the integration of legal briefs, trial documents and dockets and the introduction of Medical Litigator. Revenues from services increased primarily due to higher sales at FindLaw due to new sales, new product introduction and improved retention rates. Outside of North America, online revenues increased due to higher customer demand for our products and, to a lesser extent, the continued migration of international customers from CD to online products. Revenues from trademark services increased due to higher volume. International print revenues increased slightly compared to the prior year.

The growth in segment operating profit was primarily a result of the revenue growth described above. Results reflected continued investments in localized content and technology for Asian markets, particularly in Japan related to a joint venture with Shin Nippon Hoki, as well as in China. Segment operating profit also reflected a \$13 million charge for an anticipated legal settlement. The segment operating profit margin for 2007 approximated that of the prior year as the effects of scale in the existing businesses and the continued impact of efficiency initiatives were offset by the impact of our Asian investments and the legal settlement charge.

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Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Revenues in 2006 increased 8% comprised of the following:

- 7% from higher revenues of existing businesses;
- 1% from contributions of newly acquired businesses; and
- a negligible impact from foreign currency translation.

Growth within our existing businesses reflected the strong performance of online services, as well as higher revenue from sales of software and services. Contributions from acquired businesses reflected the results from LiveNote Technologies, a provider of transcript and evidence management software that brings new functionality to Westlaw Litigator, and several small acquisitions in 2006 that supplement existing offerings.

Within our North American legal businesses, revenues increased primarily due to higher online and services revenues. Westlaw revenue experienced growth in all of its major market segments as a result of higher new sales. Revenues from services increased primarily due to higher sales at FindLaw. Outside of North America, online revenues increased, particularly in Europe and Australia, due to higher customer demand for our products and the migration of international customers from CD to online products.

The growth in segment operating profit and its corresponding margin was primarily a result of the revenue growth described above. The increase in the segment operating profit margin reflected the effects of scale in our existing businesses and a favorable product mix.

Outlook

Growth in the overall legal information market remains modest but steady. We expect that customer spending worldwide on print products will remain constant, while spending on CD products will continue to decline. We anticipate the most significant elements of growth in this market will be in spending for online products and integrated information offerings. In North America, law firms are increasingly interested in productivity solutions. In this environment, we anticipate continued demand for both our “practice of law” workflow products and our “business of law” products and services. We also anticipate that the Thomson Legal segment operating profit margin will increase in 2008.

Thomson Financial

<i>(millions of U.S. dollars)</i>	Year ended December 31		
	2007	2006	2005
Revenues	2,186	2,025	1,908
Segment operating profit	454	380	334
<i>Segment operating profit margin</i>	20.8%	18.8%	17.5%

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Results in 2007 for Thomson Financial reflected the continued success of Thomson ONE offerings. Revenues increased 8% comprised of the following:

- 5% from higher revenues of existing businesses;

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- 1% from contributions of newly acquired businesses; and
- 2% from foreign currency translation.

Revenues from existing businesses increased as a result of new sales as well as higher transaction revenues. Revenues increased primarily in the investment management, corporate services and investment banking markets due to new sales and migrations from legacy offerings, as well as higher revenues from Omgeo. In the investment management market, revenues increased from Thomson Quantitative Analytics, StreetEvents and Datafeeds, as well as an increase in Thomson ONE desktop sales. Corporate services revenues increased due to higher Thomson ONE Investor Relations sales and increased revenues from investor relations communications services. Revenues from Omgeo's straight-through-processing services increased due to continued customer demand. TradeWeb's overall revenues increased slightly due to higher transaction fees from higher volume in the mortgage-backed securities marketplace. Revenue growth from existing businesses was slightly tempered by lower pricing on our indications of interest offering and, in the wealth management sector, the exiting of a low-margin contract and declines in low-margin legacy desktops.

Increases in revenues from existing businesses were experienced in Thomson Financial's three primary geographic regions, the U.S., Europe and Asia. The increases in revenues in Europe and Asia were attributable to greater localized solutions, including Japanese language versions of Thomson ONE Investment Banking and Thomson ONE Investment Management, and higher sales of investor relations communication services.

Results also reflected contributions from eXimius, a workflow solution provider for the private client investment management community that was acquired in February 2007; AFX News, a real-time financial news agency that was acquired in July 2006; and Quantitative Analytics, a provider of financial database integration and analysis solutions that was acquired in March 2006.

Segment operating profit increased primarily due to higher revenues, as well as the effect of efficiency initiatives and savings attributable to deferred spending due to the pending Reuters acquisition. The segment operating profit margin increased due to the effects of higher revenues, the impact of completed and ongoing efficiency efforts to relocate certain activities to lower cost locations, certain deferred spending as discussed above and a decline in depreciation expense as a result of more efficient capital spending.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Revenues in 2006 increased 6% comprised of the following:

- 4% from higher revenues of existing businesses;
- 2% from contributions of newly acquired businesses; and
- a negligible impact from foreign currency translation.

Revenues from existing businesses increased as a result of new sales of Thomson ONE products, as well as higher usage and transaction revenues. Revenues from Thomson ONE products increased across the investment banking, corporate, investment management and institutional equities sectors. Notably, performance in the corporate sector reflected the adoption of Thomson ONE Investor Relations. Increases in revenues from existing businesses were experienced in our three primary geographic regions, the U.S., Europe and Asia. International growth benefited from demand for our webcasting solutions as European and Asian markets increasingly are adopting U.S.-style investor relations practices. TradeWeb's overall revenues increased due to higher subscription fees despite TradeWeb's decline in transaction fees, which resulted from lower trading volumes in its U.S. Treasuries marketplace. Revenue growth from existing businesses was also tempered by the discontinuation of a low margin service in the wealth management sector. Results also reflected contributions from Quantitative Analytics, Inc., a provider of financial database integration and analysis solutions that was acquired in March 2006, and AFX News, a real-time financial news agency that was acquired in July 2006.

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Segment operating profit increased due to the increase in revenues. The segment operating profit margin increased due to the effects of scale and efficiency efforts to relocate certain activities to lower cost locations.

Outlook

Certain sectors of the financial services market have experienced losses recently as a result of declines in the values of mortgage-backed and other securities. As a result, some companies have announced layoffs and other cost-cutting actions. Performance for our desktops in the investment banking and investment management sectors could be sensitive to these market dynamics. However, we believe that Thomson Financial is diversified, as 40% of Thomson Financial's revenues in 2007 were derived from transaction-related businesses and corporate services, and thus, we believe that Thomson Financial is less sensitive to economic downturns than it was historically. Additionally, we expect our analytical tools to remain attractive despite economic conditions.

Upon the closing of the Reuters acquisition, Thomson Financial and Reuters will be combined to form the Markets division of Thomson Reuters. We anticipate over the next few years that we will incur additional costs associated with integrating the operations of Thomson Financial and Reuters. We plan to provide a further outlook after the completion of the transaction.

Thomson Tax & Accounting

<i>(millions of U.S. dollars)</i>	Year ended December 31		
	2007	2006	2005
Revenues	705	598	532
Segment operating profit	184	168	141
Segment operating profit margin	26.1%	28.1%	26.5%

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Results for Thomson Tax & Accounting reflected continuing customer demand for our online solutions and software products and acquired businesses. Revenues increased 18% comprised of the following:

- 10% from higher revenues of existing businesses; and
- 8% from contributions of newly acquired businesses.

Revenues from Thomson Tax & Accounting's existing businesses increased as a result of higher online, software and services sales as well as improved retention. In the research and guidance sector, Checkpoint online revenue continued to increase significantly as a result of new sales and continued migration of customers from print to online products. Revenues in the professional software and services sector increased due to higher tax transaction revenues and increased sales of product suites derived from additional offerings and increased customer retention. Within the corporate software and services sector, revenues increased primarily as a result of higher sales of income tax and transaction tax products and services. These income tax revenues benefited from customer demand and increased sales of additional value-added services, such as consulting and training.

Results also reflected contributions from the Deloitte Tax LLP Sales & Use Outsourcing business, a provider of sales and use tax compliance services that was acquired in January 2007; CrossBorder Solutions, a tax software provider specializing in international tax compliance areas such as transfer pricing that was purchased in March 2007; the Employee Benefits Institute of America, a provider of employee benefits research and guidance purchased in June 2007; and the Deloitte Tax LLP Property Tax Services business, a provider of property tax compliance outsourcing and consulting services, acquired in October 2007.

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Growth in segment operating profit compared to the prior year reflected the increase in revenues. The segment operating profit margin decreased as the impact of lower initial margins for certain acquired businesses as a result of acquisition accounting adjustments which more than offset the effects of scale and the impact of integration and efficiency initiatives. We anticipate that the impacts of these accounting adjustments will normalize in 2008 and the operating profit margin will return to historical averages by the end of 2008.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Revenues in 2006 increased 12% comprised of the following:

- 11% from higher revenues of existing businesses; and
- 1% from contributions of newly acquired businesses.

Revenues from existing businesses increased as a result of higher online and software and services sales. Thomson's Checkpoint online service revenue continued to increase significantly as a result of new sales and continued migration of customers from print to online products. Software revenues increased due to higher sales of our UltraTax and InSource offerings. Service revenues increased primarily as a result of higher sales and use tax outsourcing services at Tax Partners.

The growth in segment operating profit and its corresponding margin was primarily a result of the revenue growth described above. The increase in the segment operating profit margin reflected the effects of scale in our existing businesses and a favorable product mix.

Outlook

Increasing regulatory complexity and stringency have significantly affected the accounting labor market, causing shortages of experienced staff and increasing the demand in excess of supply. As a result, there has been an increase in the demand for compliance information and software and for workflow efficiency tools and integrated solutions. In this environment, we anticipate continued strong demand for our tax and accounting compliance products and our outsourcing solutions.

Thomson Scientific

<i>(millions of U.S. dollars)</i>	Year ended December 31		
	2007	2006	2005
Revenues	651	602	569
Segment operating profit	175	151	129
Segment operating profit margin	26.9%	25.1%	22.7%

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Results for Thomson Scientific reflected continuing customer demand for our solutions. Revenues increased 8% comprised of the following:

- 4% from higher revenues of existing businesses;
- 2% from contributions of newly acquired businesses; and

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- 2% from foreign currency translation.

Growth in revenues from existing businesses was primarily a result of higher revenues for the Web of Science and ISI Web of Knowledge, as well as increased revenues from corporate information solutions. The Web of Science and ISI Web of Knowledge benefited from an increase in new sales and higher renewal rates. Revenues from corporate information solutions increased due to higher demand for patent management services and data, as well as for industry standards information. These increases were partially offset by lower revenues from online hosted content and legacy products. Results also reflected contributions from ScholarOne, a provider of subscription-based software for authoring, evaluating and publishing research that was acquired in August 2006, and Prous Science, a provider of life sciences information solutions that was acquired in September 2007.

Growth in segment operating profit compared to the prior year reflected higher revenues and the impact of efficiency initiatives. These initiatives, which include the relocation of certain activities to lower cost locations, have enabled Thomson Scientific to control costs and improve its segment operating profit margin.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Revenues in 2006 increased 6% comprised of the following:

- 4% from higher revenues of existing businesses;
- 2% from contributions of newly acquired businesses; and
- a negligible impact from foreign currency translation.

Growth in revenues from existing businesses was primarily a result of higher subscription revenues for the Web of Science and Thomson Pharma solutions. These increases were partially offset by lower revenues from our other online and legacy print products.

Growth in segment operating profit compared to the prior year reflected higher revenues from our workflow solutions and the benefits from completed and ongoing integration initiatives. Those initiatives have increased operating efficiencies enabling us to control costs and improve the segment operating profit margin.

Outlook

The increasing importance of technological innovation to global competition and the underlying shift of enterprise values from tangible to intangible assets continue to drive greater investments in scientific research and development (R&D). Based on these broad driving forces, we expect continued customer demand, from academic research institutions to global pharmaceutical companies, for our information solutions and analytical tools that help them conduct more effective and efficient R&D, as well as our services and offerings that protect and maintain the intellectual property that result from their R&D efforts.

Thomson Healthcare

<i>(millions of U.S. dollars)</i>	Year ended December 31		
	2007	2006	2005
Revenues	452	374	334
Segment operating profit	85	81	80
Segment operating profit margin	18.8%	21.7%	24.0%

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Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Results for Thomson Healthcare reflected a recent investment in our management decision support offerings and continued customer demand in that sector. Revenues increased 21% as a result of contributions from newly acquired businesses.

Revenues from existing business were consistent with those of the prior year as continuing demand for management decision support offerings offset a decline in PDR monograph and project sales. While revenues increased compared to the prior year periods, the impact of new sales for point-of-care (clinical) decision support and payer decision support offerings were tempered by the losses of certain customer contracts. Results from newly acquired businesses primarily reflected the addition of Solucient, a provider of data and advanced analytics to hospitals and health systems acquired in October 2006.

Segment operating profit increased as the effect of the increase in revenues more than offset an increase in expenses due to product development and integration expenses associated with acquired offerings. The segment operating profit margin decreased as the effects of a less profitable revenue mix, higher product development expenses and integration costs more than offset the savings from integration initiatives.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Results for Thomson Healthcare reflected continuing customer demand for our solutions and services and additional investments in the healthcare marketplace. Revenues increased 12% comprised of the following:

- 3% from higher revenues of existing businesses;
- 9% from contributions of newly acquired businesses; and
- a negligible impact from foreign currency translation.

Growth in revenues from existing businesses was primarily a result of increased customer spending for healthcare decision support products. Results also reflected contributions from Solucient, a provider of data and advanced analytics to hospitals and health systems acquired in October 2006, and MercuryMD, a provider of mobile information systems serving the healthcare market acquired in May 2006.

The growth in segment operating profit compared to the prior year reflected higher revenues from our workflow solutions and costs from completed and ongoing integration initiatives. The segment operating profit margin decreased in 2006 due primarily to costs incurred in connection with the integration initiatives.

Outlook

The aging U.S. population, growth in chronic conditions and the increasing complexity of healthcare therapeutic options are continuing to drive healthcare costs higher, as well as highlight the need for improved quality and patient safety. These trends are creating the need for decision support solutions. We, therefore, anticipate continued growth from our healthcare management and point-of-care decision support solutions.

[Table of Contents](#)**Corporate and Other**

<i>(millions of U.S. dollars)</i>	Year ended December 31		
	2007	2006	2005
Expenses excluding THOMSON <i>plus</i> and Reuters transaction costs	160	175	139
THOMSON <i>plus</i>	153	60	—
Reuters transaction costs	76	—	—
Total	389	235	139

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

In 2007, Corporate and Other expenses increased \$154 million over the prior year. The increase was primarily due to expenses associated with the THOMSON*plus* program and with the Reuters transaction, as well as higher healthcare costs. Results also reflected a \$34 million gain associated with the settlement of a pension plan. Reuters transaction costs included in corporate expenses primarily consisted of consulting costs for integration planning as well as expenses associated with retention programs. We expect to continue to incur transaction-related costs in future periods.

In 2007, we incurred \$153 million of expenses associated with THOMSON*plus*. These expenses primarily related to consulting services, severance costs and charges associated with the restructuring of Thomson Legal's North American sales force. The consulting costs primarily related to our efforts to deploy SAP as our company-wide ERP system, which will continue into 2008, as well as efforts to improve the customer service infrastructure. The severance costs principally related to the elimination of certain finance positions in conjunction with the establishment of centralized service centers, efforts to streamline the operations of Thomson Financial and the restructuring of Thomson Legal's North American sales force.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

In 2006, Corporate and Other expenses increased \$96 million, or 69%, compared to 2005. The increase was primarily due to expenses associated with our THOMSON*plus* program, as well as higher pension and other defined benefit plans expense and stock-related compensation expense.

In 2006, we incurred \$60 million of expenses associated with THOMSON*plus*. These expenses primarily related to consulting services, but also included severance costs.

Outlook

We anticipate Corporate and Other expenses in 2008 to reflect reduced expenditures associated with THOMSON*plus* as the program is expected to be concluded in the first half of the year. However, following the completion of the Reuters acquisition, additional expenses will be recorded within Corporate and Other related to the Reuters integration.

Discontinued Operations

As part of our continuing strategy to optimize our portfolio of businesses to ensure that we are investing in parts of our business that offer the greatest opportunities to achieve growth and returns, management decided to actively pursue the sale of certain businesses. These businesses were classified as discontinued operations within the consolidated financial statements for years ended December 31, 2007, 2006 and 2005. Results of discontinued operations reflected the activity of these businesses until their date of sale and the gain or loss on their disposition and were comprised of the following operations.

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In the fourth quarter of 2007, we approved plans to sell GEE, our regulatory information business in the United Kingdom that was managed by Thomson Legal. The sale was completed in December 2007.

In April 2007, we approved plans to sell Fakta, our regulatory information business in Sweden. This business was managed within Thomson Legal. The sale was completed in November 2007.

In March 2007, we approved plans within Thomson Healthcare to sell PLM, a provider of drug and therapeutic information in Latin America; the New England Institutional Review Board (NEIRB), an ethical review board that monitors clinical research involving human subjects; and CenterWatch, a provider of clinical research information. The sale of NEIRB and CenterWatch was completed in December 2007.

In 2007, we completed the sale of Thomson Learning through three independent processes, each on its own schedule, as follows:

- In July 2007, we sold Thomson Learning's higher education, careers and library reference businesses to funds advised by Apax Partners and OMERS Capital Partners. As a result of the sale, we received gross proceeds of approximately \$7.6 billion and recognized a post-tax gain of \$2.7 billion.
- In May 2007, we sold NETg, a leading provider of continuing corporate education and training, to SkillSoft PLC for approximately \$270 million and recorded a post-tax loss of \$10 million.
- In October 2007, we sold Prometric, a provider of assessment services, to ETS for \$310 million in cash and a 6% promissory note for approximately \$79 million due in 2014. The principal amount of the note, which was previously reported as \$125 million, was adjusted to \$79 million reflecting adjustments made based on the continuity of offerings from certain customer contracts. The promissory note was reflected in our financial statements at its estimated fair value of \$60 million to account for the difference between the market and stated rates of interest. We recognized a post-tax gain of \$18 million related to this transaction. The principal amount of the note is subject to further adjustment based on certain contingencies.

In future periods, our net proceeds will be adjusted for certain post-closing adjustments. We recorded pre-tax impairment charges associated with certain of these businesses of \$14 million in the fourth quarter of 2006. Based on estimates of fair value, as well as carrying value at March 31, 2007, these impairment charges were reversed in the first quarter of 2007.

Additionally, in the fourth quarter of 2006 we approved plans within Thomson Legal to sell our business information and news operations, which include our Market Research and NewsEdge businesses. Based on estimates of fair value at March 31, 2007, we recorded pre-tax impairment charges to identifiable intangible assets of \$3 million related to these businesses. We completed the sale of the Market Research and NewsEdge businesses in May 2007 and July 2007, respectively.

In June 2006, our board of directors approved plans to sell IOB, a Brazilian regulatory business within Thomson Legal and Thomson Medical Education, a provider of sponsored medical education within Thomson Healthcare. We completed the sale of Thomson Medical Education in April 2007 and IOB in June 2007.

In the first quarter of 2006, we approved plans within Thomson Legal to sell Lawpoint Pty Limited, an Australian provider of print and online regulatory information services; and Law Manager, Inc., a software and services provider. We completed the sale of Law Manager in April 2006 and Lawpoint in June 2006.

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Also in the first quarter of 2006, we approved plans within Thomson Learning to sell Peterson's, a college preparatory guide; the North American operations of Thomson Education Direct, a consumer-based distance learning career school; and K.G. Saur, a German publisher of biographical and bibliographical reference titles serving the library and academic communities. Based on estimates of fair market value at March 31, 2006, we recorded pre-tax impairment charges associated with certain of these businesses related to identifiable intangible assets and goodwill of \$63 million in the first half of 2006. We completed the sale of Peterson's in July 2006 and K.G. Saur in August 2006. We recorded a pre-tax impairment charge associated with Thomson Education Direct of \$15 million relating to goodwill in the fourth quarter of 2006. We completed the sale of our North American operations of Thomson Education Direct in March 2007.

In December 2005, our board of directors approved the plan to dispose of American Health Consultants, a medical newsletter publisher and medical education provider within Thomson Healthcare. We completed the sale in the third quarter of 2006.

We adjust liabilities previously established for businesses that have been sold when actual results differ from estimates used in establishing such liabilities. Adjustments are made in conjunction with the expiration of representations and warranty periods or to reflect the refinement of earlier estimates. In 2007, we adjusted \$9 million of disposal liabilities related to previous dispositions. The adjustments related principally to tax liabilities.

For more information on discontinued operations, see note 8 to our annual financial statements for the year ended December 31, 2007.

Return on Invested Capital

We measure our return on invested capital (ROIC) to assess, over the long term, our ability to create value for our shareholders. Our goal is to increase this return over the long term by efficiently and effectively utilizing our capital to invest in areas with high returns and realizing operating efficiencies to further enhance our profitability. We have historically calculated our ROIC as the ratio of our operating profit (including businesses classified within discontinued operations) before amortization, less taxes paid, to our average invested capital (see the "Reconciliations" section for the calculation and a reconciliation to the most directly comparable Canadian GAAP measure). However, as the mid-2007 disposal of Thomson Learning, a highly seasonal business, as well as other businesses sold during the year distorts the calculation, we have computed 2007 ROIC by excluding the impacts of businesses classified as discontinued operations. ROIC calculated in this manner for 2007 was 8.7%, an increase from 8.2% for 2006 and 7.8% for 2005.

Review of Fourth Quarter Results

The following table summarizes our consolidated results for the fourth quarter of 2007 and 2006.

<i>(millions of U.S. dollars)</i>	Three months ended	
	December 31	
	2007	2006
Revenues	2,033	1,850
Operating profit ⁽¹⁾	410	422
<i>Operating profit margin</i> ⁽¹⁾	20.2%	22.8%
Net earnings ⁽¹⁾	434	391
Diluted earnings per common shares ⁽¹⁾	\$ 0.67	\$ 0.61

⁽¹⁾ Results are not directly comparable due to certain non-recurring or special items, as noted below.

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Revenues. The 10% increase in revenues for the three months ended December 31, 2007 was comprised of the following:

- 6% from growth of existing businesses;
- 2% from contributions of acquired businesses; and
- 2% from the favorable impact of foreign currency translation.

The growth from existing businesses was primarily contributed by the online products and solutions of Thomson Legal and Thomson Tax & Accounting, as well as those of Thomson Financial and Thomson Scientific. Contributions from acquired businesses were primarily related to the results of Solucient within Thomson Healthcare and CrossBorder Solutions within Thomson Tax & Accounting.

Operating profit. Operating profit for the three months ended December 31, 2007 decreased 3%. This decrease was primarily due to expenses associated with our THOMSONplus program and Reuters transaction costs. These expenses more than offset the effect of higher revenues and a \$34 million nonrecurring gain on the settlement of a pension plan. The corresponding operating profit margin also decreased as a result of these higher expenses.

The following table presents a summary of our operating profit and operating profit margin for the three months ended December 31, 2007 and 2006 after adjusting for THOMSONplus costs and other items affecting comparability in each period.

<i>(millions of U.S. dollars)</i>	Three months ended December 31	
	2007	2006
Operating profit	410	422
Adjustments:		
THOMSONplus costs	68	29
Reuters transaction costs	45	—
Settlement of pension plan	(34)	—
Underlying operating profit	489	451
Underlying operating profit margin	24.1%	24.4%

Underlying operating profit for the three months ended December 31, 2007 increased 8% as a result of higher revenues. The underlying operating profit margin decreased compared to the prior year as the effects of scale and of efficiency initiatives were more than offset by investments in Asia and the timing of expenses in our Thomson Legal segment and the impact of lower initial margins for certain acquired business in our Thomson Tax & Accounting segment as a result of acquisition accounting adjustments.

Depreciation and amortization. Depreciation for the three months ended December 31, 2007 increased \$4 million, or 3%, compared to the same period in 2006 due to the newly acquired assets and the timing of capital expenditures. Amortization for the three months ended December 31, 2007 increased \$5 million, or 8%, compared to the 2006 period reflecting the expense of newly acquired intangible assets.

Net other expense. Net other expense for the three months ended December 31, 2007 of \$40 million primarily reflected the change in the fair value of our sterling call options (see the section entitled “Hedging Program for Reuters Consideration” for further discussion).

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Net other expense for the three months ended December 31, 2006 of \$35 million primarily consisted of a legal reserve representing our portion of a cash settlement related to the *Rodriguez v. West Publishing Corp. and Kaplan Inc.* case.

Net interest income/expense and other financing costs. Net interest income and other financing costs for the three months ended December 31, 2007 of \$52 million reflected \$111 million of interest income from the investment of the proceeds from the sale of Thomson Learning's higher education, careers and library reference businesses in money market funds. Excluding this interest income, net interest expense approximated that of the prior year.

Income taxes. Income taxes for the three-month period ended December 31, 2007 increased compared to the prior year period due to higher taxable income in the current period and certain non-recurring tax credits in the prior period. Income taxes for both periods in the current and prior year reflected the mix of taxing jurisdictions in which pre-tax profits and losses were recognized. Because the seasonality in our businesses impacts our geographic mix of pre-tax profits and losses in interim periods and, therefore, distorts our reported tax rate, our effective tax rate for interim periods is not indicative of our effective tax rate for the full year.

Earnings attributable to common shares and earnings per common share. Earnings attributable to common shares were \$432 million for the three months ended December 31, 2007 compared to \$390 million in the same period in 2006.

Earnings per common share were \$0.67 in the three months ended December 31, 2007 compared to \$0.61 in the comparable period in 2006. The increases in earnings and earnings per common share were primarily due to interest income from the investment of the proceeds from the sale of Thomson Learning's higher education, careers and library reference businesses and the results from discontinued operations. The results for the three months ended December 31, 2007 and 2006 are not directly comparable because of certain non-recurring or special items, the impacts from accounting for income taxes in interim periods, and the variability in discontinued operations due to the timing of dispositions.

The following table presents a summary of our earnings and our earnings per common share from continuing operations for the periods indicated, after adjusting for items affecting comparability in both years.

<i>(millions of U.S. dollars, except per common share amounts)</i>	Three months ended December 31	
	2007	2006
Earnings attributable to common shares	432	390
Adjustments for non-recurring or special items:		
Net other expense	40	35
Reuters transactions costs	45	—
Gain on settlement of pension plan	(34)	—
Tax on above items	(9)	(15)
Tax (benefits) charges	1	(12)
Interim period effective tax rate normalization	32	8
Discontinued operations	(123)	(86)
Adjusted earnings from continuing operations	384	320
Adjusted earnings per common share from continuing operations	\$0.60	\$0.50

On a comparable basis, our adjusted earnings from continuing operations for the fourth quarter of 2007 improved over 2006 largely as a result of interest income from the investment of the proceeds from the sale of Thomson Learning's higher education, careers and library reference businesses, which more than offset higher costs associated with THOMSONplus.

LIQUIDITY AND CAPITAL RESOURCES

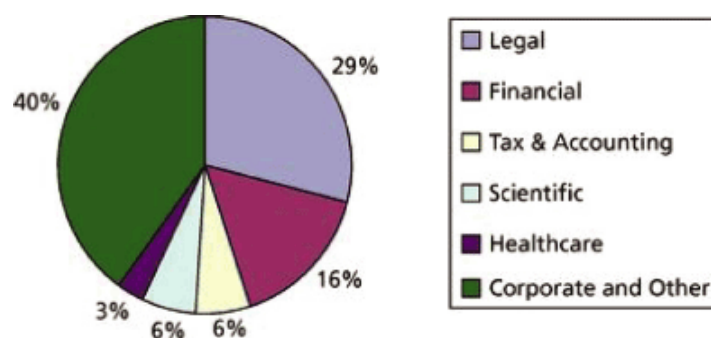
Financial Position

At December 31, 2007, our total assets were \$22,831 million, which represented a 13% increase from the total of \$20,142 million at December 31, 2006. The increase in assets primarily reflected the receipt of the proceeds from the sale of Thomson Learning's higher education, careers and library reference businesses in excess of their book value.

Our total assets by segment as of December 31, 2007 and 2006 were as follows:

<i>(millions of U.S. dollars)</i>	As of December 31	
	2007	2006
Thomson Legal	6,562	6,445
Thomson Financial	3,618	3,489
Thomson Tax & Accounting	1,440	1,086
Thomson Scientific	1,419	1,344
Thomson Healthcare	772	755
Corporate and Other	9,010	1,452
Discontinued operations	10	5,571
Total assets	22,831	20,142

Assets by Segment
(Excluding Discontinued Operations,
as of December 31, 2007)



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The following table presents comparative information related to net debt, shareholders' equity and the ratio of net debt to shareholders' equity:

<i>(millions of U.S. dollars)</i>	As of December 31	
	2007	2006
Short-term indebtedness	183	333
Current portion of long-term debt	412	264
Long-term debt	4,264	3,681
Total debt	4,859	4,278
Swaps	(424)	(257)
Total debt after swaps	4,435	4,021
Remove fair value adjustment of cash flow hedges	14	54
Less: Cash and cash equivalents	(7,497)	(334)
Net debt	(3,048)	3,741
Total shareholders' equity	13,571	10,481
Net debt/equity ratio	(0.22:1)	0.36:1

The change in net debt is principally attributable to the proceeds from the sale of Thomson Learning.

We guarantee certain obligations of our subsidiaries, including borrowings by our subsidiaries under our revolving credit facilities. Under the terms of our syndicated credit agreement and acquisition credit agreement discussed below, we must maintain a ratio of net debt (as used in the table above) as of the last day of each fiscal quarter to adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization and other modifications described in the agreement) for the last four quarters ended of not more than 4.5:1. As of December 31, 2007, we were in compliance with this covenant.

In October 2007, we completed an offering of \$800 million of 5.70% notes due 2014. The net proceeds from this offering were \$794 million. We used these proceeds (i) to repay holders of our \$400 million principal amount of 5.75% notes which matured in February 2008, (ii) to replace funds used to repay our C\$250 million principal amount of 6.50% notes which matured in July 2007, and (iii) for general corporate purposes.

In July 2007, we repaid C\$250 million of debentures upon their maturity.

In January 2006, we repaid \$50 million of privately placed notes upon their maturity.

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The following table displays the changes in our shareholders' equity for the year ended December 31, 2007:

(millions of U.S. dollars)

Balance at December 31, 2006	10,481
Effect of accounting change for income taxes ⁽¹⁾	(33)
Restated balance as of December 31, 2006	10,448
Earnings attributable to common shares for the year ended December 31, 2007	3,998
Additions to paid in capital related to stock compensation and other plans	48
Common share issuances	102
Repurchases of common shares	(168)
Common share dividends declared	(628)
Net unrealized gains on derivatives that qualify as cash flow hedges ⁽²⁾	(55)
Change in translation adjustment	(174)
Balance at December 31, 2007	13,571

(1) *Effective January 1, 2007, we voluntarily adopted a new accounting policy for uncertain tax positions and recorded a non-cash charge to opening retained earnings with an offsetting increase to non-current liabilities.*

(2) *Effective January 1, 2006, the unrealized gains and losses on certain derivatives that qualify as cash flow hedges are recorded as a component of accumulated other comprehensive income within shareholders' equity in our consolidated balance sheet.*

See the section entitled "Accounting Changes" for further discussion on both of these changes.

The following table sets forth the ratings that we have received from rating agencies in respect of our outstanding securities as of December 31, 2007.

	Moody's	Standard & Poor's	DBRS Limited (DBRS)
Long-term debt	Baa1	A-	A (low)
Commercial paper	—	—	R-1 (low)
Trend/Outlook	Stable	Negative	Stable

In the fourth quarter of 2007, DBRS confirmed our long-term debt rating and raised its outlook to "stable".

In the third quarter of 2007, Moody's downgraded the debt ratings for us by one notch from "A3" to "Baa1", the third-lowest investment grade, citing a significant increase in leverage that will result from our pending acquisition of Reuters. Moody's changed its outlook to "stable", indicating another rating change is not expected over the next 12 to 18 months. Additionally, Standard & Poor's affirmed our existing long-term debt rating and changed its outlook to negative.

You should be aware that a rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization. We cannot assure you that our credit ratings will not be lowered in the future or that rating agencies will not issue adverse commentaries regarding our securities.

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The maturity dates for our long-term debt are well balanced with no significant concentration in any one year.

Generally, the carrying amounts of our total current liabilities exceeds the carrying amounts of our total current assets because current liabilities include deferred revenue. Deferred revenue does not represent a cash obligation, however, but rather an obligation to perform services or deliver products in the future. The costs to fulfill these obligations are included in our operating costs. As of December 31, 2007, current assets exceeded current liabilities as our current assets included the proceeds from the sale of Thomson Learning.

Hedging Program for Reuters Consideration

As the funding of the cash consideration required to be paid to Reuters shareholders will fluctuate based on the \$/£ exchange rate, in July 2007 we commenced a hedging program to mitigate exposure to changes in the \$/£ exchange rate. In the third quarter of 2007, we paid \$76 million for the purchase of several sterling call options with a cumulative notional value of £2,300 million and various strike prices approximating \$2.05/£1.00.

These options are stated at their fair value in our consolidated balance sheet and changes in their fair value are reflected within our consolidated statement of earnings. The fair value of these options at December 31, 2007 was approximately \$27 million.

Additionally, after completion of the sale of Thomson Learning's higher education, careers and library reference businesses, we invested a portion of the proceeds in sterling-denominated money market funds and in sterling term bank deposits. As of December 31, 2007, our balance in these funds, which were included in the consolidated balance sheet as cash and cash equivalents, totaled approximately £2.2 billion.

Share Repurchase Program

Since May 2005, we have had in place a share repurchase program which has allowed us to repurchase up to 15 million of our shares in a given 12 month period. We most recently renewed this program in May 2007. Since May 2005, we have repurchased and subsequently cancelled 22 million shares for \$836 million. We suspended repurchases from May through November 2007 as a result of our proposed acquisition of Reuters. We resumed share repurchases in late November 2007 continuing through December 2007. The following summarizes our repurchases in 2006 and 2007.

Three-month period ended	Shares Repurchased	Average Price per Share	Number of Shares Available for Repurchase
March 31, 2006	4,570,000	\$36.83	
June 30, 2006	3,110,000	\$39.58	
September 30, 2006	1,710,600	\$39.27	
December 31, 2006	1,289,400	\$41.41	
March 31, 2007	1,305,000	\$41.74	
June 30, 2007	495,000	\$42.68	
September 30, 2007	—	—	
December 31, 2007	2,370,500	\$38.76	12,629,500

Shares that we repurchase are cancelled. We may repurchase shares in open market transactions on the Toronto Stock Exchange or the New York Stock Exchange. Decisions regarding the timing of future repurchases will be based on market conditions, share price and other factors. We may elect to suspend or discontinue the program at any time. From time to time, when we do not possess material nonpublic information

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about ourselves or our securities, we may enter into a pre-defined plan with our broker to allow for the repurchase of shares at times when we ordinarily would not be active in the market due to our own internal trading blackout periods, insider trading rules or otherwise. Any such plans entered into with our broker will be adopted in accordance with applicable Canadian securities laws and the requirements of Rule 10b5-1 under the U.S. Securities Exchange Act of 1934.

Dividend Reinvestment Plan (DRIP)

All eligible Thomson shareholders may elect to reinvest their dividends in our common shares at the prevailing market price. During the course of 2008, Woodbridge plans to reinvest the equivalent of 50% of the dividends that it receives during the first three quarters of 2008. Woodbridge's reinvestment in additional common shares of our company at the prevailing market rates will be in accordance with the terms of our DRIP.

Cash Flow

Our principal sources of liquidity are cash provided by our operations, borrowings under our revolving bank credit facilities and our commercial paper program and the issuance of public debt. In 2007, the proceeds from our divestitures, notably the sale of Thomson Learning, have also been a large source of liquidity. Our principal uses of cash have been to finance working capital and debt servicing costs, repay debt, and finance dividend payments, capital expenditures and acquisitions. Additionally, as discussed in the section entitled "Share Repurchase Program," we have also used our cash to repurchase outstanding common shares in open market transactions.

Operating activities. Cash provided by operating activities in 2007 was \$1,816 million compared to \$2,125 million for 2006. The change primarily reflected higher interest income from the investment of the proceeds from divestitures, which was more than offset by lower cash from discontinued operations and costs associated with the proposed Reuters acquisition and THOMSON*plus*, as well as a payment of \$36 million to settle the *Rodriguez v. West Publishing Corp. and Kaplan Inc.* lawsuit. Excluding discontinued operations, cash from operating activities increased compared to the prior year primarily due to higher interest income. Working capital levels increased in 2007 due to the impact of deferred acquisition costs associated with the Reuters transaction.

Cash provided by operating activities in 2006 was \$2,125 million compared to \$1,879 million for 2005. The change primarily reflected the increase in operating profit from 2005 to 2006 and lower tax payments. The reduction in tax payments was principally due to a \$125 million withholding tax paid in 2005 associated with the repatriation of certain subsidiary earnings. Working capital levels decreased slightly in 2006 due to the timing of accounts receivable collections and payments for normal operating expenses, though not to the extent of the prior year.

Investing activities. Cash provided by investing activities in 2007 was \$5,883 million compared to cash used of \$1,290 million for 2006. The activity in 2007 reflected higher proceeds from the sales of discontinued operations and decreased acquisition spending compared to the prior year. In future periods, these proceeds will be adjusted for the payment of certain post-closing adjustments. Acquisitions in 2007 included CrossBorder Solutions in our Thomson Tax & Accounting segment, Prous Science in our Thomson Scientific segment and Deloitte LLP Property Tax Services in our Thomson Tax & Accounting segment. In 2007, capital expenditures increased compared to 2006 due to higher spending on, and the timing of, technology initiatives, as well as \$48 million in expenditures resulting from a data center expansion in Eagan, Minnesota.

Capital expenditures in 2007 increased 35% to \$608 million from \$452 million in 2006. This represented 8.3% and 6.9% of revenues in 2007 and 2006, respectively. Higher capital expenditures in 2007 were incurred primarily at Thomson Legal and within Corporate and Other, and primarily related to initiatives to standardize technology platforms across businesses and other efficiency initiatives.

The majority of our capital expenditures is focused on technology-related investments. We make significant investments in technology because it is essential to providing integrated information solutions to our customers and because we intend to maintain the significant competitive advantage we believe we have in this area. Our technology expenditures include spending on computer hardware, software, electronic systems, telecommunications infrastructure and digitization of content. In 2007, approximately 80% of our total capital expenditures were for

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technology-related investments. Although we can give no assurance that investments in technology will result in an increase in our revenues or a decrease in our operating costs, we expect our technology-related investments to continue at a significant level.

Cash used in investing activities in 2006 was \$1,290 million compared to \$1,071 million for 2005. The increased use of cash in 2006 was attributable to greater acquisition spending. In 2006, spending on acquisitions included the purchase of Solucient within Thomson Healthcare, Quantitative Analytics within Thomson Financial and LiveNote within Thomson Legal. In 2005, investing activities included tax payments of \$105 million associated with the sale of Thomson Media in 2004.

Financing activities. Cash used in financing activities was \$464 million in 2007 compared to \$912 million in 2006. The decreased outflow of cash reflected proceeds from a debt offering in 2007 and a reduction in our repurchases of common shares (see “Share Repurchase Program” above). These effects were partially offset by outflows associated with the purchase of sterling call options (see “Hedging Program for Reuters Consideration” above) and higher dividend payments.

Cash used in financing activities was \$912 million for 2006 compared to \$798 million for 2005. The increased use of cash largely reflected repurchases of common shares (see “Share Repurchase Program” above) and higher dividend payments in 2006.

The following table sets forth our common share dividend activity.

<i>(millions of U.S. dollars)</i>	Year ended December 31	
	2007	2006
Dividends declared	628	567
Dividends reinvested	(16)	(14)
Dividends paid	612	553

Discussion of other significant financing activities from each year are noted under the section entitled “Financial Position.”

Free cash flow. The following table sets forth a calculation of our free cash flow for 2007 and 2006:

<i>(millions of U.S. dollars)</i>	Year ended December 31	
	2007	2006
Net cash provided by operating activities	1,816	2,125
Capital expenditures	(608)	(452)
Additions to property and equipment of discontinued operations	(97)	(185)
Other investing activities	(37)	(26)
Dividends paid on preference shares	(6)	(5)
Other investing activities of discontinued operations	(2)	(17)
Free cash flow	1,066	1,440

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Our free cash flow for 2007 decreased due to the composition of businesses in discontinued operations and costs associated with their disposition, as well as costs associated with THOMSON*plus* and the Reuters transaction. The increases in such costs for 2007 were offset by higher interest income on cash balances that have risen substantially as a result of the sale of Thomson Learning. Results for 2007 also reflected a \$36 million payment to settle the *Rodriguez v. West Publishing Corp. and Kaplan Inc.* lawsuit. Following is an analysis of the impact of such items on our free cash flow:

<i>(millions of U.S. dollars)</i>	Year ended	
	December 31	
	2007	2006
Free cash flow	1,066	1,440
Items affecting comparability:		
Cash used in (provided by) operating and investing activities of discontinued operations	93	(370)
Interest on proceeds from the sale of Thomson Learning, net of taxes	(155)	—
Spending on THOMSON <i>plus</i> initiatives	162	69
Spending on Reuters related costs	73	—
Settlement of lawsuit	36	—
	1,275	1,139

Credit facilities and commercial paper program. In August 2007, we entered into a syndicated credit agreement with a group of banks. This new agreement consists of a \$2.5 billion five-year unsecured revolving credit facility. Under the terms of the new agreement, we may request an increase (subject to approval by applicable lenders) in the amount of the lenders' commitments up to a maximum amount of \$3.0 billion. This agreement is available to provide liquidity in connection with our commercial paper program and for general corporate purposes of our company and our subsidiaries including, following the closing of our proposed transaction with Reuters, Thomson Reuters PLC and its subsidiaries. The maturity date of the agreement is August 14, 2012. However, we may request that the maturity date be extended under certain circumstances, as set forth in the agreement, for up to two additional one-year periods. The syndicated credit agreement contains certain customary affirmative and negative covenants, each with customary exceptions. The financial covenant related to this agreement is described in the "Financial Position" subsection above. In connection with entering into this agreement, we terminated our existing unsecured revolving bilateral loan agreements that had previously provided an aggregate commitment of \$1.6 billion.

The credit facility is structured such that, if our long-term debt rating was downgraded by Moody's or Standard & Poor's, our facility fee and borrowing costs may increase, although availability would be unaffected. Conversely, an upgrade in our ratings may reduce our credit facility fees and borrowing costs.

Additionally, in May 2007, we entered into a £4.8 billion acquisition credit facility. We entered into this facility as a result of requirements of the U.K. Panel on Takeovers and Mergers, which require us and our financial advisors for the transaction to confirm our ability to finance our proposed acquisition of Reuters. We may only draw down amounts under this facility to finance the proposed acquisition, to refinance any existing debt of Reuters or its subsidiaries after the closing, and to pay fees and expenses that we incur in connection with the proposed acquisition and the credit facility. As of March 6, 2008, we had not utilized this facility. In July 2007, we reduced the aggregate lending commitment under the facility to £2.5 billion after receiving proceeds from the sale of Thomson Learning's higher education, careers and library reference assets. In accordance with the terms of the new facility, we are required to hold certain of these sale proceeds in "permitted investments," as defined by the facility, until the closing of the proposed Reuters acquisition. These "permitted investments" include, among other investments, highly rated money market funds. The facility is structured as a 364-day credit line with subsequent extension/term-out options that would allow our company to extend the final maturity until May 2009.

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Debt shelf registration. In November 2007, we filed a new shelf prospectus that allows us to issue up to \$3 billion of debt securities from time to time. The shelf prospectus will be valid until December 2009. We have not issued any debt securities under this shelf prospectus.

For the foreseeable future, we believe that cash from our operations and available credit facilities will be sufficient to fund our future cash dividends, debt service, projected capital expenditures, acquisitions that we pursue in the normal course of business and share repurchases.

Off-Balance Sheet Arrangements, Commitments and Contractual Obligations

The following table presents a summary of our long-term debt and off-balance sheet contractual obligations as of December 31, 2007 for the years indicated:

<i>(millions of U.S. dollars)</i>	2008	2009	2010	2011	2012	Thereafter	Total
Long-term debt ⁽¹⁾	412	634	326	254	700	1,942	4,268
Operating lease payments	157	135	107	82	68	204	753
Unconditional purchase obligations	92	45	18	10	—	2	167
Total	661	814	451	346	768	2,148	5,188

(1) Represents hedged principal payments. As substantially all non-U.S. dollar-denominated debt has been hedged into U.S. dollars, amounts represent the net cash outflows associated with principal payments on our long-term debt.

We have entered into operating leases in the ordinary course of business, primarily for real property and equipment. Payments for these leases are contractual obligations as scheduled per each agreement. With certain leases, we guarantee a portion of the residual value loss, if any, incurred by the lessors in disposing of the assets, or to restore a property to a specified condition after completion of the lease period. The liability associated with these restorations is recorded on our consolidated balance sheet. With certain real property leases, banking arrangements and commercial contracts, we guarantee the obligations of some of our subsidiaries. We believe, based upon current facts and circumstances, that a material payment pursuant to any such guarantees is remote.

We have various unconditional purchase obligations. These obligations are for materials, supplies and services incidental to the ordinary conduct of business.

We have obligations to pay additional consideration for prior acquisitions, typically based upon performance measures contractually agreed to at the time of purchase. We do not believe that additional payments in connection with these transactions would have a material impact on our financial statements.

In certain disposition agreements, we guarantee to the purchaser the recoverability of certain assets or limits on certain liabilities. We believe, based upon current facts and circumstances, that the likelihood of a material payment pursuant to such guarantees is remote.

In the third quarter of 2007, the U.S. District Court for the Western District of Pennsylvania adversely decided against us in a patent infringement case related to a business formerly owned by Thomson Financial. We subsequently posted a \$95 million letter of credit in connection with our appeal. The letter of credit represents the amount of the district court's judgment, plus fees and interest.

We plan to fund the proposed Reuters transaction with proceeds from the sales of our Thomson Learning businesses and borrowings available to us under our acquisition credit facility. We believe that cash from our operations and other available credit facilities will be sufficient to fund

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our future cash dividends, debt service, projected capital expenditures, acquisitions that we pursue in the normal course of business and share repurchases.

We guarantee certain obligations of our subsidiaries, including borrowings by our subsidiaries under our revolving credit facility.

Under the terms of the syndicated credit agreement and acquisition facility, we must maintain a ratio of net debt as of the last day of each fiscal quarter to adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization and other modifications described in the agreement) for the last four quarters ended of not more than 4.5:1. Net debt is total debt adjusted to factor in the impact of swaps and other hedge agreements related to the debt, less our cash and cash equivalents balance. As of December 31, 2007, we were in compliance with this covenant.

Other than as described above, we do not engage in any off-balance sheet financing arrangements. In particular, we do not have any interests in unconsolidated special-purpose or structured finance entities.

Contingencies

Lawsuits and Legal Claims

In 2005, we became aware of an inquiry by the Serious Fraud Office in the United Kingdom regarding the refund practices relating to certain duplicate subscription payments made by some of our customers in our Sweet & Maxwell and GEE businesses in the United Kingdom. In 2007, we were notified by the authorities that they had completed their inquiry and no action would be taken against us.

In February 2007, we entered into a settlement agreement related to a lawsuit involving our BAR/BRI business that alleged violations of antitrust laws (*Rodriguez v. West Publishing Corp. and Kaplan Inc.*). Our part of the settlement was \$36 million, which was accrued for in the fourth quarter of 2006 and paid in June 2007. We are a defendant in a lawsuit involving our BAR/BRI business, *Park v. The Thomson Corporation and Thomson Legal & Regulatory Inc.*, which was filed in the U.S. District Court for the Southern District of New York. The lawsuit alleges primarily violations of U.S. federal antitrust laws. In the third quarter of 2007, we accrued \$13 million in connection with an agreement in principle to settle the case, which is subject to court approval. In June 2006, an additional complaint with substantially identical allegations to the Park matter, which is now captioned *Arendas v. The Thomson Corporation, West Publishing Corporation d/b/a BAR/BRI and Doe Corporation*, was filed in the Circuit Court for the Ninth Judicial Circuit in and for Orange County, Florida, alleging violations of Florida state antitrust law. We continue to defend ourselves vigorously in this case. See the section of this management's discussion and analysis entitled "Subsequent Events" for further developments.

In addition to the matters described above, we are engaged in various legal proceedings and claims that have arisen in the ordinary course of business. The outcome of all of the proceedings and claims against us including, without limitation, those described above, is subject to future resolution, including the uncertainties of litigation. Based on information currently known by us and after consultation with outside legal counsel, management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on our financial condition, taken as a whole.

Taxes

We maintain liabilities for tax contingencies (or uncertain tax positions) associated with known issues under discussion with tax authorities and transactions yet to be settled. We regularly assess the adequacy of this liability. Contingencies are reversed to income in the period in which we assess that they are no longer required, or when they become no longer required by statute, or when they are resolved through the normal tax audit process. Our contingency reserves principally represent liabilities for the years 2000 to 2007. It is anticipated that these reserves will either result in a cash payment or be reversed to income between 2008 and 2011.

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In the normal course of business, we enter into numerous intercompany transactions related to the sharing of data and technology. The tax rules governing such transactions are complex and necessitate us to make numerous assumptions. We have established certain contingencies related to these items. However, because of the volume and complexity of such transactions, it is possible that at some future date an additional liability could result from audits by the relevant taxing authorities.

Financial Risk

Our activities expose us to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Our risk management strategy is to minimize potential adverse effects of these risks on our financial performance.

Market Risk

Currency Risk

Our consolidated financial statements are expressed in U.S. dollars but a portion of our business is conducted in currencies other than U.S. dollars. Changes in the exchange rates for such currencies into U.S. dollars can increase or decrease our revenues, earnings and the carrying values of our assets and liabilities in our consolidated balance sheet. Changes in exchange rates between 2006 and 2007 increased our revenues by approximately 2%. The translation effects of changes in exchange rates in our consolidated balance sheet are recorded within the translation adjustment component of accumulated other comprehensive income in our shareholders' equity. In 2007, we recorded net translation gains of \$89 million, reflecting the 2007 effect of changes in exchange rates of various currencies compared to the U.S. dollar.

We use derivative instruments only to reduce our foreign currency and interest rate exposures. In particular, when we borrow money in currencies other than the U.S. dollar, we generally enter into currency swap arrangements to effectively convert our obligations into U.S. dollars. All such swap arrangements are entered into only with counterparties that are investment-grade financial institutions. At December 31, 2007, substantially all of our indebtedness was denominated in U.S. dollars or had been swapped into U.S. dollar obligations.

Set out below are the U.S. dollar equivalents of our local currency revenues and operating profit for the year ended December 31, 2007. Based on our 2007 results of operations, a 10% change in the average exchange rate for each of these currencies into U.S. dollars would increase or decrease our full-year revenues and operating profit by the following amounts:

Currency (millions of U.S. dollars)	Revenues as reported	Impact on revenues	Operating profit as reported	Impact on operating profit
U.S. dollar	5,859	—	1,138	—
British pounds sterling	715	72	71	7
Euro	230	23	9	1
Canadian dollar	170	17	4	—
Australian dollar	100	10	7	1
Other	222	22	68	7
Total	7,296	144	1,297	16

In addition to exposing us to changes in foreign currency exchange rates and interest rates, operating in foreign countries subjects us to inherent risks in doing business in certain jurisdictions outside North America. These include difficulties in penetrating new markets, exposure to varying legal standards in other jurisdictions and the potential instability of local economies and governments.

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As of December 31, 2007, we held approximately £2.2 billion of cash and cash equivalents in British pounds sterling as part of our hedging program related to the Reuters acquisition. A 1% appreciation or depreciation in the value of sterling versus the U.S. dollar would give rise to an increase or decrease in the value of such funds by approximately \$45 million as compared to the U.S. dollar equivalent as of December 31, 2007.

Additionally, as of December 31, 2007, we held sterling call options with a cumulative notional value of £2,300 million and various strike prices approximating \$2.05/£1.00. A 1% appreciation or depreciation in the value of sterling versus the U.S. dollar as compared to the exchange rate at December 31, 2007, would change the value of the options by approximately \$10 million, as compared to their value as of December 31, 2007.

Cash Flow and Fair Value Interest Rate Risk

We are exposed to fluctuations in interest rates with respect to our cash and cash equivalent balances and our long-term borrowings.

As of December 31, 2007, our interest-bearing assets comprised approximately \$7.5 billion of cash and cash equivalents, substantially all of which is invested in money market mutual funds. Based on amounts as of December 31, 2007, a 100 basis point change in interest rates would have the effect of increasing or decreasing annual interest income by approximately \$75 million.

Substantially all of our borrowings have been issued at fixed rates and a portion of such borrowings were maintained at fixed rates and other borrowings were converted into variable rate debt through the use of derivative instruments. At December 31, 2007, after taking into account swap agreements, 89% of our total debt was at fixed rates of interest and the remainder was at floating rates of interest. Based upon these levels, a 100 basis point change in interest rates would increase or decrease our full-year interest expense by approximately \$5 million. A 100 basis point change in interest rates would increase or decrease the fair value of our debt by approximately \$200 million.

As of December 31, 2007, we had entered into two treasury lock agreements with a total notional amount of \$800 million. The treasury lock agreements expire in May 2008 and have a weighted average interest rate of 4.22%. The fair value of the treasury lock agreements represented a loss of \$10 million at December 31, 2007. A 100 basis point change in interest rates would increase or decrease the value of the treasury lock agreements by approximately \$50 million.

Price Risk

We have no significant exposure to equity securities price risk or to commodity price risk.

Credit Risk

Credit risk arises from cash and cash equivalents and derivative financial instruments, as well as credit exposure to customers including outstanding receivables.

We place our cash investments with high-quality financial institutions and limit the amount of exposure to any one institution. At December 31, 2007, approximately 70% of our cash was invested in money market funds with numerous institutions. All of the money market funds were rated AAA. The majority of the remaining cash and cash equivalents amounts were held by institutions that were rated at least AA-.

We attempt to minimize our credit exposure on derivative contracts by entering into transactions only with counterparties that are major investment-grade international financial institutions.

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With respect to customers, we use credit limits to minimize our exposure to any one customer.

Our maximum exposure with respect to credit, assuming no mitigating factors, would be the aggregate of our cash and cash equivalents (\$7.5 billion), derivative exposure (\$450 million) and accounts and notes receivable (\$1.6 billion).

Liquidity Risk

We aim to maintain flexibility in funding by keeping committed credit lines available. Additionally, we evaluate our expectations of future cash flow.

OUTLOOK

The information in this section is forward-looking and should be read in conjunction with the section below entitled “Cautionary Note Concerning Factors That May Affect Future Results”.

We and Reuters have submitted our proposed acquisition of Reuters to our respective shareholders for approval and applied for requisite court approvals in Ontario, Canada and England. Special shareholder meetings for our Company and Reuters are each scheduled for March 26, 2008 to approve the transaction. Assuming the requisite shareholder and court approvals are received, we anticipate completing the transaction on April 17, 2008.

We expect to provide a 2008 outlook when we release our results for the first quarter of 2008.

RELATED PARTY TRANSACTIONS

As of March 6, 2008, The Woodbridge Company Limited (Woodbridge) and other companies affiliated with it together beneficially owned approximately 70% of our common shares.

From time to time, in the normal course of business, Woodbridge and its affiliates purchase some of our products and service offerings. These transactions are negotiated at arm’s length on standard terms, including price, and are not significant to our results of operations or financial condition individually or in the aggregate.

In the normal course of business, a Woodbridge-owned company rents office space from one of our subsidiaries. Additionally, a number of our subsidiaries charge a Woodbridge-owned company fees for various administrative services. In 2007, the total amounts charged to Woodbridge for these rentals and services were approximately \$1 million (2006 – \$2 million).

The employees of Jane’s Information Group (Jane’s) participated in our pension plans in the United States and United Kingdom, as well as the defined contribution plan in the United States, until June 2007. We had owned Jane’s until we sold it to Woodbridge in April 2001. As part of the original purchase from us, Woodbridge assumed the pension liability associated with the active employees of Jane’s. As a consequence of the sale of Jane’s by Woodbridge in June 2007, Jane’s employees have ceased active participation in our plans. From April 2001 until June 2007, Jane’s made proportional contributions to these pension plans as required, and made matching contributions in accordance with the provisions of the defined contribution plan. Coincident with the sale of Jane’s by Woodbridge in June 2007, Jane’s ceased to be a participating employer in any Thomson benefit plan. As a result of this change, and in compliance with applicable regulations in the United Kingdom, Jane’s made a cash contribution to our United Kingdom pension plan of approximately \$12 million (£6 million).

We purchase property and casualty insurance from third party insurers and retain the first \$1 million of each and every claim under the programs via our captive insurance subsidiary. Woodbridge is included in these programs and pays us a premium commensurate with its exposures. In 2007, these premiums were about \$50,000 (2006 – \$50,000), which would approximate the premium charged by a third party insurer for such coverage. In 2007, we paid approximately \$100,000 in claims to Woodbridge.

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We have entered into an agreement with Woodbridge under which Woodbridge has agreed to indemnify up to \$100 million of liabilities incurred either by our current and former directors and officers or by our company in providing indemnification to these individuals on substantially the same terms and conditions as would apply under an arm's length, commercial arrangement. A third party administrator will manage any claims under the indemnity. We pay Woodbridge an annual fee of \$750,000, which is less than the premium that we would have paid for commercial insurance. In connection with the closing of the Reuters transaction, we plan to replace this agreement with a conventional insurance arrangement.

In September 2006, we entered into a contract with Hewitt Associates Inc. to outsource certain human resources administrative functions in order to improve operating and cost efficiencies. Under the current contract, we expect to pay Hewitt an aggregate of approximately \$165 million over the ten year period of the contract. In 2007, we paid Hewitt \$11 million (2006 – \$16 million) for its services. Mr. Denning, one of our directors and the chairman of the board's Human Resources Committee, is also a director of Hewitt. Mr. Denning has not participated in negotiations related to the contract and has refrained from deliberating and voting on the matter by the Human Resources Committee and the board of directors.

During the course of 2008, Woodbridge plans to reinvest the equivalent of 50% of the dividends that it receives during the first three quarters of 2008. Woodbridge's reinvestment in additional common shares of our company at the prevailing market rate will be in accordance with the terms of our DRIP. Thomson shareholders may elect to reinvest their dividends in our common shares at the prevailing market price.

ACTUAL AND ESTIMATED COSTS OF EMPLOYEE FUTURE BENEFITS

We sponsor defined benefit plans providing pension and other post-retirement benefits to covered employees. The largest plan consists of a qualified defined benefit pension plan in the United States, which we closed to new participants in March 2006. Other smaller plans exist primarily in the United Kingdom and Canada. We use a measurement date of September 30 for the majority of these plans.

Management of our company currently estimates that, excluding the impact of the Reuters acquisition, the 2008 cost of employee future benefits will be approximately 30% lower than that of 2007 due to changes in assumptions, principally related to increases in the discount rates. The determination of the cost and obligations associated with employee future benefits requires the use of various assumptions, including an expected rate of return on assets and a discount rate to measure obligations. We consult with our actuary regarding the selection of these assumptions each year.

In determining our long-term rate of return assumption for our pension plans, we evaluated historical investment returns, as well as input from investment advisors. For our primary pension plan in the United States, we also consider our actuary's simulation model of expected long-term rates of return assuming our targeted investment portfolio mix. We will reduce our 2008 assumption of the expected rate of return on assets available to fund obligations for our primary pension plan in the United States by 0.50% to 7.25%. While the actual return on plan assets in 2007 of 14% exceeded the expected rate of return due to higher than expected equity returns, management nevertheless decided to decrease the expected rate of return in 2008 in anticipation of changes to the plan's investment portfolio mix. Adjusting the expected rate of return on assets for this plan upward or downward by another 50 basis points would decrease or increase, respectively, pension expense by less than \$6 million in 2008.

Our discount rate is selected based on a review of current market interest rates of high-quality, fixed-rate debt securities adjusted to reflect the duration of expected future cash outflows for pension benefit payments. In developing the discount rate assumption for our primary pension plan in the United States for 2008, we reviewed the high-grade bond indices published by Moody's and Merrill Lynch as of September 30, 2007, which are based on debt securities with average durations of 10 to 15 years. Because we have a relatively young workforce, the duration of our expected future cash outflows for our plan tends to be longer than the duration of the bond indices we reviewed. Therefore, our discount rate tends to be higher than the rates of these benchmarks. To appropriately reflect the timing and amounts of the plan's expected future pension benefit payments, our actuary analyzed market data and constructed a hypothetical yield curve that represents yields on high quality zero-coupon bonds with durations that mirrored the duration of the expected payment stream of the benefit obligation. The discount rate determined on this basis was 6.35%, approximately 40 basis points higher than that of the prior year. Adjusting the discount rate upward or downward by another 40 basis points would result in a decrease or increase, respectively, in pension expense of approximately \$16 million in 2008.

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As of December 31, 2007, we had cumulative unrecognized actuarial losses associated with all of our pension plans of \$220 million, compared to \$466 million at December 31, 2006. The majority of these losses are a result of the decline in discount rates over the past five years reflecting the overall decline in interest rates, primarily in the United States. These amounts also include actuarial gains and losses associated with the difference between our expected and actual returns on plan assets. Actuarial gains and losses are included in the calculation of our annual pension expense subject to the following amortization methodology. Unrecognized actuarial gains or losses are netted with the difference between the market-related value and fair value of plan assets. To the extent this net figure exceeds 10% of the greater of the projected benefit obligation or market-related value of plan assets, it is amortized into pension expense on a straight-line basis over the expected average service life of active participants (approximately 8 years at December 31, 2007). Unrecognized actuarial gains and losses below the 10% corridor are deferred. In applying this amortization method, the estimated pension expense for 2008 includes \$17 million of the unrecognized actuarial losses at December 31, 2007.

As of December 31, 2007, the fair value of plan assets for our primary pension plan in the United States represented about 109% of the plan's projected benefit obligation. We did not make any voluntary contributions in 2007. During 2007, we contributed \$37 million to our defined benefit plan in the United Kingdom. The contributions were required by statute as a result of the disposal of certain businesses in the United Kingdom. Of the total, \$25 million was required in connection with the disposal of Thomson Learning and \$12 million was required in connection with Jane's.

We are not required to make contributions to our primary pension plan in the United States in 2008. However, from time to time, we may elect to voluntarily contribute to the plan in order to improve its funded status. Because the decision to voluntarily contribute is based on various market-related factors, including asset values and interest rates, which are used to determine the plan's funded status, we cannot predict whether, or the amount, we may elect to voluntarily contribute in 2008.

We provide post-retirement healthcare benefits for certain retired employees. However, these liabilities are significantly less than those associated with our pension plans. Retired employees share a portion of the cost of these benefits. We fund the accrued costs of these plans as benefits are paid. Annual post-retirement expense for 2008 was calculated based upon a number of actuarial assumptions, including a healthcare cost trend rate of 9% that declines 50 basis points per year for nine years, and thereafter remains constant at 5%. The healthcare cost trend rate is based on our actual medical claims experience and future projections of medical costs. A 1% change in the trend rate would result in an increase or decrease in the benefit obligation for post-retirement benefits of approximately \$15 million at December 31, 2007.

SUBSEQUENT EVENTS

TaxStream Acquisition

In January 2008, we completed the acquisition of TaxStream, a provider of income tax provision software for corporations. TaxStream will be included in our Thomson Tax & Accounting segment.

Dividends

In February 2008, our board of directors approved an annual 2008 dividend of \$1.08 per common share, an increase of \$0.10 per common share, or 10%, over 2007. The new quarterly dividend rate of \$0.27 per share is payable on March 17, 2008, to common shareholders of record as of February 21, 2008.

TradeWeb Partnership

In October 2007, we announced that we had agreed to form a partnership with a consortium of nine global securities dealers to seek to further expand TradeWeb, our electronic trading unit within Thomson Financial. This transaction closed in January 2008.

Reuters Acquisition

On February 19, 2008, we announced that the European Commission, the U.S. Department of Justice and the Canadian Competition Bureau had given approval for our acquisition of Reuters.

In order to obtain the antitrust clearance for the acquisition, we agreed to sell a copy of the Thomson Fundamentals (Worldscope) database and Reuters has agreed to sell a copy of Reuters Estimates, Reuters Aftermarket Research and Reuters Economics (EcoWin) databases. The sales include copies of the databases, source data and training materials, as well as certain contracts and employees connected to the databases.

We and Reuters do not expect the required sales to have any material adverse effect on the revenues or profitability of Thomson Reuters or to have any impact on the synergies expected to be generated by the acquisition. The two companies are not required to complete the sales prior to the closing of the acquisition. All regulatory approvals to close the transaction have now been obtained.

We and Reuters will be seeking shareholder and court approvals and expect the transaction to close on or about April 17, 2008.

Litigation

In February 2008, a purported class action complaint alleging violations of U.S. federal antitrust laws was filed in the United States District Court for the Central District of California against West Publishing Corporation, d/b/a BAR/BRI and Kaplan Inc. Thomson intends to defend itself vigorously in this case.

CHANGES IN ACCOUNTING POLICIES

Income Taxes

Effective January 1, 2007, we voluntarily adopted a new accounting policy for uncertain income tax positions. As a result of this change in accounting policy, we recorded a non-cash charge of \$33 million to our opening retained earnings as of January 1, 2007 with an offsetting increase to non-current liabilities.

Under our previous policy, we would reserve for tax contingencies if it was probable that an uncertain position would not be upheld. Under our new policy, we evaluate a tax position using a two-step process:

- First, we determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information.
- Second, a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. If the tax position does not meet the more-likely-than-not recognition threshold, no benefit from the tax position is recorded.

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We were not able to retroactively apply this new policy as the data to determine the amounts and probabilities of the possible outcomes of the various tax positions that could be realized upon ultimate settlement was not collected in prior periods. Further, significant judgments are involved in assessing these tax positions and we concluded that it is not possible to estimate the effects of adopting the policy at an earlier date.

Financial Instruments and Comprehensive Income

As of December 31, 2007, the Company adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, *Capital Disclosures*, and CICA Handbook Section 3862, *Financial Instruments – Disclosures*.

Effective January 1, 2006, we adopted CICA Handbook Section 1530, *Comprehensive Income*, CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement* and CICA Handbook Section 3865, *Hedges*. These new Handbook Sections provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also introduces a new component of equity referred to as accumulated other comprehensive income.

Under these new standards, all financial instruments, including derivatives, are included on our consolidated balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. Derivatives that qualify as hedging instruments must be designated either as a “cash flow hedge”, when the hedged item is a future cash flow, or a “fair value hedge”, when the hedged item is the fair value of a recognized asset or liability. The effective portion of unrealized gains and losses related to a cash flow hedge are included in other comprehensive income. For a fair value hedge, both the derivative and the hedged item are recorded at fair value in our consolidated balance sheet and the unrealized gains and losses from both items are included in earnings. For derivatives that do not qualify as hedging instruments, unrealized gains and losses are reported in earnings.

In accordance with the provisions of these new standards, we reflected the following adjustments as of January 1, 2006:

- an increase of \$53 million to “Other non-current assets” and “Accumulated other comprehensive income” in the consolidated balance sheet relative to derivative instruments that consisted primarily of interest rate contracts, which convert floating rate debt to fixed rate debt and qualify as cash flow hedges;
- a reclassification of \$5 million from “Other current assets” and \$3 million from “Other current liabilities” to “Accumulated other comprehensive income” in the consolidated balance sheet related primarily to previously deferred gains and losses on settled cash flow hedges; and
- an increase of \$16 million to “Other non-current assets” and “Long-term debt” in the consolidated balance sheet related to derivative instruments and their related hedged items. These derivative instruments consist primarily of interest rate contracts to convert fixed rate debt to floating and qualify as fair value hedges.

The adoption of these new standards had no material impact on our consolidated statement of earnings. The unrealized gains and losses included in “Accumulated other comprehensive income” were recorded net of taxes, which were nil.

Discontinued Operations

In April 2006, the Emerging Issues Committee of the CICA (EIC) issued Abstract 161, *Discontinued Operations* (EIC-161). The abstract addresses the appropriateness of allocating interest expense to a discontinued operation and disallows allocations of general corporate overhead. EIC-161 was effective upon its issuance and did not have an impact on our consolidated financial statements.

Stock-Based Compensation

In July 2006, we adopted EIC Abstract 162, *Stock-Based Compensation for Employees Eligible to Retire Before the Vesting Date* (EIC-162), retroactively to January 1, 2006. The abstract clarifies the proper accounting for stock-based awards granted to employees who either are eligible for retirement at the grant date or will be eligible before the end of the vesting period and continue vesting after, or vest upon, retirement. In such cases, the compensation expense associated with the stock-based award will be recognized over the period from the grant date to the date the employee becomes eligible to retire. EIC-162 did not have an impact on our consolidated financial statements for any period in 2006.

CRITICAL ACCOUNTING POLICIES

The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of our ongoing evaluation of these estimates forms the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions.

Our critical accounting policies are those that we believe are the most important in portraying our financial condition and results, and require the most subjective judgment and estimates on the part of management. A summary of our significant accounting policies, including the critical accounting policies discussed below, is set forth in note 1 to our consolidated financial statements.

Revenue Recognition

Revenues from subscription-based products, excluding software, generally are recognized ratably over the term of the subscription. Where applicable, we recognize usage fees as earned. Subscription payments received or receivable in advance of delivery of our products or services are included in our deferred revenue account on our consolidated balance sheet. As we deliver subscription-based products and services to subscribers, we recognize the proportionate share of deferred revenue in our consolidated statement of earnings and our deferred revenue account balance is reduced. Certain incremental costs that are directly related to the subscription revenue are deferred and amortized over the subscription period.

Increasingly, we derive revenue from the sale of software products, license fees, software subscriptions, product support, professional services, transaction fees and multiple element arrangements that may include any combination of these items. We generally recognize revenue when persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable and collectibility is probable. However, determining whether and when some of these criteria have been satisfied often involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report. For multiple element arrangements we must make assumptions and judgments in order to allocate the total price among the various elements we must deliver to determine whether undelivered services are essential to the functionality of the delivered products and services, to determine whether objective evidence of fair value exists for each undelivered element and to determine whether and when each element has been delivered. If we were to change any of these assumptions or judgments, it could cause a material increase or decrease in the amount of revenue that we report in a particular period. Amounts for fees collected or invoiced and due relating to arrangements where revenue cannot be recognized are reflected on our balance sheet as deferred revenue and recognized when the applicable revenue recognition criteria are satisfied.

For all accounts receivable, we must make a judgment regarding the ability of our customers to pay and, accordingly, we establish an allowance for estimated losses arising from non-payment. We consider customer creditworthiness, current economic trends and our past experience when evaluating the adequacy of this allowance. If future collections differ from our estimates, our future earnings would be affected.

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At December 31, 2007, our combined allowances on our accounts receivable balance were \$81 million, or 5% of the gross accounts receivable balance. A 1% increase in this percentage would have resulted in additional expense of approximately \$16 million.

Capitalized Software

A significant portion of our expenditures relates to software that is developed as part of our electronic databases, delivery systems and internal infrastructures, and, to a lesser extent, software sold directly to our customers. During the software development process, our judgment is required to determine the expected period of benefit over which capitalized costs should be amortized. Due to rapidly changing technology and the uncertainty of the software development process itself, our future results could be affected if our current assessment of our various projects differs from actual performance. At December 31, 2007, we had \$721 million of capitalized costs related to software on our consolidated balance sheet.

Identifiable Intangible Assets and Goodwill

We account for our business acquisitions using the purchase method of accounting. We allocate the total cost of an acquisition to the underlying net assets based on their respective estimated fair values. As part of this allocation process, we must identify and attribute values and estimated lives to the intangible assets acquired. These determinations involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives, and therefore require considerable judgment. These determinations will affect the amount of amortization expense recognized in future periods.

We review the carrying values of identifiable intangible assets with indefinite lives and goodwill at least annually to assess impairment because these assets are not amortized. Additionally, we review the carrying value of any intangible asset or goodwill whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Examples of such events or changes in circumstances include significant negative industry or economic trends, significant changes in the manner of our use of the acquired assets or our strategy, a significant decrease in the market value of the asset, or a significant change in legal factors or in the business climate that could affect the value of the asset.

We assess impairment by comparing the fair value of an identifiable intangible asset or goodwill with its carrying value. The determination of fair value involves significant management judgment. Impairments are expensed when incurred. Specifically, we test for impairment as follows:

Identifiable intangible assets with finite lives

We compare the expected undiscounted future operating cash flows associated with the asset to its carrying value to determine if the asset is recoverable. If the expected future operating cash flows are not sufficient to recover the carrying value, we estimate the fair value of the asset. Impairment is recognized when the carrying amount of the asset is not recoverable and when the carrying value exceeds fair value.

Identifiable intangible assets with indefinite lives

Selected tradenames comprise the entire balance of our identifiable intangible assets with indefinite lives. We determine the fair values of our intangible assets with indefinite lives using an income approach, specifically the relief from royalties method. Impairment is recognized when the carrying amount exceeds fair value.

Goodwill

We test goodwill for impairment on a "reporting unit" level. A reporting unit is a business for which: (a) discrete financial information is available; and (b) segment management regularly reviews the operating results of that business. Two or more businesses shall be aggregated

and deemed a single reporting unit if the businesses have similar economic characteristics. We test goodwill for impairment using the following two-step approach:

- In the first step, we determine the fair value of each reporting unit. If the fair value of a reporting unit is less than its carrying value, this is an indicator that the goodwill assigned to that reporting unit might be impaired, which requires performance of the second step.
- In the second step, we allocate the fair value of the reporting unit to the assets and liabilities of the reporting unit as if it had just been acquired in a business combination, and as if the purchase price was equivalent to the fair value of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is referred to as the implied fair value of goodwill. We then compare that implied fair value of the reporting unit's goodwill to the carrying value of that goodwill. If the implied fair value is less than the carrying value, we recognize an impairment loss for that excess.

We determine the fair value of our reporting units based on a combination of various techniques, including the present value of future cash flows, earnings multiples of competitors and multiples from sales of like-businesses.

As the valuation of identifiable intangible assets and goodwill requires significant estimates and judgment about future performance and fair values, our future results could be affected if our current estimates of future performance and fair values change. At December 31, 2007, identifiable intangible assets and goodwill amounted to \$10.4 billion, or 45% of our total assets on our consolidated balance sheet.

Income Taxes

We are required to estimate our income taxes in each of the jurisdictions in which we operate. For interim periods, we provide income taxes based on our estimate of how much we will earn in each jurisdiction for the full year. To the extent that our forecasts differ from actual results, we must true-up our estimates of income tax expense. Actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of the financial statements. To the extent our estimates differ from the final tax return, our earnings would be affected in a subsequent period. For 2007, our effective tax rate was 12.4% of our earnings from continuing operations before income taxes. A 1% increase in our effective tax rate would have resulted in additional income tax expense of approximately \$13 million.

Estimation of income taxes includes estimating a value for our existing net operating losses based on our assessment of our ability to utilize them against future taxable income before they expire. Our assessment is based upon existing tax laws and estimates of future taxable income. If our assessment of our ability to use our net operating losses proves inaccurate in the future, we might be required to recognize more or less of the net operating losses as assets, which would decrease or increase our income tax expense in the relevant year. This would affect our earnings in that year.

Effective January 1, 2007, we voluntarily adopted a new accounting policy for uncertain income tax positions. As a result of this change in accounting policy, we recorded a non-cash charge of \$33 million to our opening retained earnings as of January 1, 2007 with an offsetting increase to non-current liabilities.

Under our previous policy, we would reserve for tax contingencies if it was probable that an uncertain position would not be upheld. Under our new policy, we evaluate a tax position using a two-step process:

- First, we determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information.

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- Second, a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. If the tax position does not meet the more-likely-than-not recognition threshold, no benefit from the tax position is recorded.

Our accounting for income taxes requires us to exercise judgment for issues relating to known matters under discussion with tax authorities and transactions yet to be settled. It is reasonably possible that actual amounts payable resulting from audits by tax authorities could be materially different from the liabilities we have recorded due to the complex nature of the tax legislation that affects us.

Employee Future Benefits

The determination of the cost and obligations associated with our employee future benefits requires the use of various assumptions. We must select assumptions such as the expected return on assets available to fund pension obligations, the discount rate to measure obligations, the projected age of employees upon retirement, the expected rate of future compensation and the expected healthcare cost trend rate. These assumptions are re-evaluated each year, and variations between the actual results and the results based on our assumptions for any period will affect reported amounts in future periods. We retain an independent actuarial expert to prepare the calculations and to advise us on the selection of assumptions. See further discussion under the section entitled "Actual and Estimated Costs of Employee Future Benefits."

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2006, the CICA announced that it will no longer converge Canadian GAAP with generally accepted accounting principles of the United States (U.S. GAAP). Rather, the CICA will work towards convergence with International Financial Reporting Standards (IFRS) with the expectation that Canadian GAAP will be replaced by IFRS in 2011. As a public company, we are allowed to file our financial statements with the Canadian securities regulatory authorities under either Canadian GAAP or U.S. GAAP. We are also required to file an annual reconciliation of our earnings and shareholders' equity between Canadian GAAP and U.S. GAAP with the U.S. Securities and Exchange Commission (SEC). This reconciliation is presented in note 24 of our financial statements.

We plan to adopt IFRS as soon as permissible under Ontario Securities Commission regulations.

ADDITIONAL INFORMATION**Depreciation by Segment**

The following table details depreciation expense by segment for 2007, 2006 and 2005.

<i>(millions of U.S. dollars)</i>	Year ended December 31		
	2007	2006	2005
Legal	205	187	171
Financial	172	180	178
Tax & Accounting	21	22	20
Scientific	32	23	20
Healthcare	24	16	14
Corporate and Other	14	10	10
Total	468	438	413

Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in applicable U.S. and Canadian securities law) as of December 31, 2007, have concluded that our disclosure controls and procedures are effective to ensure that all information required to be disclosed by our company in reports that it files or furnishes under the U.S. Securities Exchange Act and applicable Canadian securities law is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and Canadian securities regulatory authorities and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

During the second quarter of 2007, we migrated certain of our financial processing systems to SAP software as well as transferred related workflows to shared service centers. This is an initiative within our ongoing THOMSON*plus* program, and we plan to continue implementing such changes throughout other parts of our businesses in 2008. In connection with this SAP implementation and transfer of workflows, we are modifying the design and documentation of our internal control processes and procedures. Except as described above, there have been no other changes in our internal control over financial reporting during 2007 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2007, and based on that assessment determined that our internal control over financial reporting was effective. See our annual financial statements for the year ended December 31, 2007 for our management's report on internal control over financial reporting.

Share Capital

As of March 6, 2008, we had outstanding 638,943,437 common shares, 6,000,000 Series II preference shares, 2,263,445 restricted share units and 13,723,359 stock options.

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Public Securities Filings

You may access other information about our company, including our annual information form and our other disclosure documents, reports, statements or other information that we file with the Canadian securities regulatory authorities through SEDAR at www.sedar.com and in the United States with the SEC through EDGAR at www.sec.gov.

RECONCILIATIONS

RECONCILIATION OF RETURN ON INVESTED CAPITAL (ROIC) TO GAAP MEASURES

<i>(millions of U.S. dollars) (unaudited)</i>	2007 (excluding discontinued operations)(1)	2006 (as reported)	2005
Calculation of Adjusted Operating Profit After Taxes			
Operating profit	1,297	1,248	1,159
Add:			
Amortization	256	240	235
Reduce amount by Thomson Learning adjustments(2)	—	(19)	—
Segment operating profit of discontinued operations	—	398	386
Adjusted operating profit	1,553	1,867	1,780
Taxes paid on operations(3)	(315)	(311)	(326)
Post-tax adjusted operating profit	1,238	1,556	1,454
Calculation of Adjusted Invested Capital			
Equity	13,571	10,481	9,963
Total debt(3)	4,859	4,321	4,283
Invested capital	18,430	14,802	14,246
Adjustments:			
Cash and other investments(4)	(7,497)	(334)	(423)
Debt swaps(5)	(424)	(257)	(193)
Current and long-term deferred taxes(3)(4)	846	1,122	1,310
Accumulated amortization and non-cash goodwill(3)(6)	1,844	2,390	1,885
Present value of operating leases(3)(7)	604	783	754
Historical intangible asset and equity investment write-downs(8)	124	162	162
Other(3)(4)	778	798	821
Adjusted invested capital	14,705	19,466	18,562
Average invested capital	14,288	19,014	18,639
Return on invested capital	8.7%	8.2%	7.8%

(1) For 2007, we calculated ROIC based on reported results from continuing operations. No adjustment was made to add back the results of discontinued operations given that numerous disposals occurred during the year and partial year adjustments in these circumstances distort annualized results. In particular, the largest disposal, Thomson Learning, had a significant impact due to the fact that it is a highly seasonal business which was disposed of mid-year. Accordingly, the 2007 ROIC calculation excludes all impacts from businesses classified as discontinued operations.

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- (2) *This adjustment reflects the actual results of the higher education, careers and library reference, NETg and Prometric businesses in Thomson Learning as if they had been part of continuing operations for the periods presented. Specifically, this amount reflects depreciation expense which is excluded from GAAP results under the accounting requirements for discontinued operations. Costs incurred in connection with the disposal of the businesses have been excluded.*
- (3) *For 2006 (as reported) and 2005, amounts include discontinued operations.*
- (4) *Items excluded as not deemed components of invested capital; "Other" primarily consists of non-current liabilities.*
- (5) *Excludes debt swaps as balances are financing rather than operating-related.*
- (6) *Excludes accumulated amortization as only gross identifiable intangible assets and goodwill cost are considered components of invested capital. Excludes goodwill arising from adoption of CICA 3465. This goodwill was created via deferred tax liability instead of cash purchase price.*
- (7) *Present value of operating leases deemed component of invested capital.*
- (8) *Adds back write-downs that were not cash transactions.*

QUARTERLY INFORMATION (UNAUDITED)

The following table presents a summary of our consolidated operating results for our eight most recent quarters.

<i>(millions of U.S. dollars, except per common share amounts)</i>	Quarter ended March 31		Quarter ended June 30		Quarter ended September 30		Quarter ended December 31	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenues	1,662	1,500	1,805	1,624	1,796	1,617	2,033	1,850
Operating profit	225	208	352	306	310	312	410	422
Earnings from continuing operations	209	204	262	197	314	206	311	305
Discontinued operations, net of tax	15	(67)	115	(24)	2,655	213	123	86
Net earnings	224	137	377	173	2,969	419	434	391
Dividends declared on preference shares	(1)	(1)	(2)	(2)	(1)	(1)	(2)	(1)
Earnings attributable to common shares	223	136	375	171	2,968	418	432	390
Basic earnings (loss) per common share								
From continuing operations	\$ 0.32	\$ 0.31	\$ 0.41	\$ 0.30	\$ 0.49	\$ 0.32	\$ 0.48	\$ 0.47
From discontinued operations	0.03	(0.10)	0.18	(0.03)	4.14	0.33	0.19	0.14
	\$ 0.35	\$ 0.21	\$ 0.59	\$ 0.27	\$ 4.63	\$ 0.65	\$ 0.67	\$ 0.61
Diluted earnings (loss) per common share								
From continuing operations	\$ 0.33	\$ 0.31	\$ 0.40	\$ 0.30	\$ 0.49	\$ 0.32	\$ 0.48	\$ 0.47
From discontinued operations	0.02	(0.10)	0.18	(0.04)	4.12	0.33	0.19	0.14
	\$ 0.35	\$ 0.21	\$ 0.58	\$ 0.26	\$ 4.61	\$ 0.65	\$ 0.67	\$ 0.61

Historically, in terms of revenues and profits, the first quarter is proportionately the smallest quarter for us and the fourth quarter our largest, as certain product releases are concentrated at the end of the year, particularly in the regulatory and healthcare markets. Costs are incurred more evenly throughout the year. As a result, our operating margins will generally increase as the year progresses. In general, our year-over-year performance reflected increased operating profit driven by higher revenues from existing businesses and contributions from acquired businesses.

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In the quarter ended March 31, 2006, earnings from continuing operations and net earnings reflected the recognition of certain tax credits. In the quarter ended September 30, 2007, earnings from discontinued operations reflected a gain on the sale of Thomson Learning's higher education, careers and library reference businesses.

CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS

Certain information in this management's discussion and analysis are forward-looking statements that are not historical facts but reflect our current expectations regarding future results. These forward-looking statements also include statements about our beliefs and expectations related to anticipated run-rate savings and costs related to THOMSONplus as well as the timing for the program and the delivery of expected synergies arising from the proposed Reuters acquisition. There can be no assurance that the proposed Reuters acquisition will be consummated or that the anticipated benefits will be realized. The proposed Reuters acquisition is subject to shareholder and court approvals and the fulfillment of certain closing conditions, and there can be no assurance that any such approvals will be obtained and/or such conditions will be met. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These risks and uncertainties include the ability to achieve the synergies contemplated through the proposed acquisition; the failure of Reuters shareholders to approve the proposed acquisition; the reaction of Thomson's and Reuters customers, employees and suppliers to the proposed acquisition; the ability to promptly and effectively integrate the businesses of Thomson and Reuters after the acquisition closes; and the diversion of management time on proposed acquisition-related issues. Some of the factors that could also cause our actual results or events to differ materially from current expectations are: changes in the general economy; actions of competitors; changes to legislation and regulations; increased accessibility to free or relatively inexpensive information sources; failure to derive fully anticipated benefits from future or existing acquisitions, joint ventures, investments or dispositions; failure to develop new products, services, applications and functionalities to meet customers' needs, attract new customers or expand into new geographic markets; failure of electronic delivery systems, network systems or the Internet; detrimental reliance on third parties for information; failure to meet the challenges involved in the expansion of international operations; failure to realize the anticipated cost savings and operating efficiencies from ongoing initiatives; failure to protect our reputation; impairment of goodwill and identifiable intangible assets; failure of significant investments in technology to increase revenues or decrease operating costs; increased self-sufficiency of customers; inadequate protection of intellectual property rights; downgrading of credit ratings; threat of legal actions and claims; changes in foreign currency exchange and interest rates; failure to recruit and retain high quality management and key employees; funding obligations in respect of pension and post-retirement benefit arrangements; and actions or potential actions that could be taken by Woodbridge. Additional factors are discussed in our materials filed with the securities regulatory authorities in Canada and the United States from time to time, including our management information circular dated February 29, 2008, relating to our special meeting of shareholders to be held on March 26, 2008. These risks are also incorporated by reference in our annual information form for the year ended December 31, 2007, which is contained in our annual report on Form 40-F for the year ended December 31, 2007. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law, rule or regulation.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007



THE THOMSON CORPORATION
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Management's Responsibility for the Consolidated Financial Statements

The management of The Thomson Corporation is responsible for the accompanying consolidated financial statements and other information included in the annual report. The financial statements have been prepared in conformity with Canadian generally accepted accounting principles using the best estimates and judgments of management, where appropriate. Information presented elsewhere in this annual report is consistent with that in the financial statements.

The Company's board of directors is responsible for ensuring that management fulfills its responsibilities in respect of financial reporting and internal control. The Audit Committee of the board of directors meets periodically with management and the Company's independent auditors to discuss auditing matters and financial reporting issues. In addition, the Audit Committee recommends to the board of directors the approval of the interim and annual consolidated financial statements and the annual appointment of the independent auditors. The board of directors has approved the information contained in the accompanying consolidated financial statements.

/s/ Richard J. Harrington

Richard J. Harrington
President & Chief Executive Officer

March 6, 2008

/s/ Robert D. Daleo

Robert D. Daleo
Executive Vice President & Chief Financial Officer

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting.

Internal control over financial reporting is a process that was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework and criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2007.

/s/ Richard J. Harrington

Richard J. Harrington
President & Chief Executive Officer

March 6, 2008

/s/ Robert D. Daleo

Robert D. Daleo
Executive Vice President & Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the shareholders of The Thomson Corporation:

We have completed integrated audits of the consolidated financial statements and internal control over financial reporting of The Thomson Corporation as of December 31, 2007 and 2006. Our opinions, based on our audits, are presented below.

Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of The Thomson Corporation (the "Company") as of December 31, 2007 and December 31, 2006, and the related consolidated statements of earnings, cash flows and changes in shareholders' equity for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of the Company's consolidated financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A financial statement audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2007 and December 31, 2006 and the results of its operations and its cash flows for each of the two years then ended in accordance with Canadian generally accepted accounting principles.

As discussed in note 2 to the consolidated financial statements, the Company changed its method of accounting for uncertain income tax positions effective January 1, 2007.

Internal Control over Financial Reporting

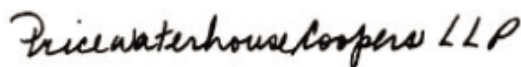
We have also audited the Company's internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007 based on criteria established in *Internal Control — Integrated Framework* issued by the COSO.



Chartered Accountants, Licensed Public Accountants

Toronto, Canada

March 6, 2008

The Thomson Corporation**Consolidated Statement of Earnings**

	Year ended	
	December 31	
	2007	2006
<i>(millions of U.S. dollars, except per common share amounts)</i>		<i>(note 8)</i>
Revenues	7,296	6,591
Cost of sales, selling, marketing, general and administrative expenses	(5,275)	(4,665)
Depreciation (note 11 and 12)	(468)	(438)
Amortization (note 13)	(256)	(240)
Operating profit	1,297	1,248
Net other (expense) income (note 5)	(34)	1
Net interest expense and other financing costs (note 6)	(12)	(221)
Income taxes (note 7)	(155)	(116)
Earnings from continuing operations	1,096	912
Earnings from discontinued operations, net of tax (note 8)	2,908	208
Net earnings	4,004	1,120
Dividends declared on preference shares (note 16)	(6)	(5)
Earnings attributable to common shares	3,998	1,115
Earnings per common share (note 9):		
Basic earnings per common share:		
From continuing operations	\$ 1.70	\$ 1.41
From discontinued operations	\$ 4.54	\$ 0.32
Basic earnings per common share	\$ 6.24	\$ 1.73
Diluted earnings per common share:		
From continuing operations	\$ 1.69	\$ 1.41
From discontinued operations	\$ 4.51	\$ 0.32
Diluted earnings per common share	\$ 6.20	\$ 1.73

The related notes form an integral part of these consolidated financial statements.

The Thomson Corporation
Consolidated Balance Sheet

	December 31	
	2007	2006 (note 8)
<i>(millions of U.S. dollars)</i>		
Assets		
Cash and cash equivalents	7,497	334
Accounts receivable, net of allowances of \$81 million (2006 - \$97 million) (note 10)	1,565	1,364
Prepaid expenses and other current assets	508	368
Deferred income taxes (note 7)	104	153
Current assets of discontinued operations (note 8)	4	1,046
Current assets	9,678	3,265
Computer hardware and other property, net (note 11)	731	624
Computer software, net (note 12)	721	647
Identifiable intangible assets, net (note 13)	3,438	3,451
Goodwill (note 14)	6,935	6,538
Other non-current assets	1,322	1,092
Non-current assets of discontinued operations (note 8)	6	4,525
Total assets	22,831	20,142
Liabilities and shareholders' equity		
Liabilities		
Short-term indebtedness (note 15)	183	333
Accounts payable and accruals	1,532	1,305
Deferred revenue	1,108	954
Current portion of long-term debt (note 15)	412	264
Current liabilities of discontinued operations (note 8)	4	883
Current liabilities	3,239	3,739
Long-term debt (note 15)	4,264	3,681
Other non-current liabilities	783	785
Deferred income taxes (note 7)	974	1,007
Non-current liabilities of discontinued operations (note 8)	—	449
Total liabilities	9,260	9,661
Shareholders' equity		
Capital (note 16)	2,932	2,799
Retained earnings	10,355	7,169
Accumulated other comprehensive income	284	513
Total shareholders' equity	13,571	10,481
Total liabilities and shareholders' equity	22,831	20,142

Contingencies (note 18)

The related notes form an integral part of these consolidated financial statements.

Approved by the Board

/s/ David Thomson

David Thomson

Director

/s/ Richard J. Harrington

Richard J. Harrington

Director

The Thomson Corporation

Consolidated Statement of Cash Flow

	Year ended December 31	
	2007	2006 (note 8)
<i>(millions of U.S. dollars)</i>		
Cash provided by (used in):		
Operating Activities		
Net earnings	4,004	1,120
Remove earnings from discontinued operations	(2,908)	(208)
Add back (deduct) items not involving cash:		
Depreciation (notes 11 and 12)	468	438
Amortization (note 13)	256	240
Net gains on disposals of businesses and investments (note 5)	(8)	(47)
Deferred income taxes (note 7)	(124)	(121)
Other, net	258	204
Pension contributions (note 17)	(3)	(23)
Changes in working capital and other items (note 21)	(133)	(50)
Cash provided by operating activities — discontinued operations (note 8)	6	572
Net cash provided by operating activities	1,816	2,125
Investing Activities		
Acquisitions, less cash therein of \$19 million (2006 — \$11 million) (note 19)	(488)	(744)
Proceeds from disposals	18	88
Capital expenditures, less proceeds from disposals of \$3 million (2006 — \$3 million)	(608)	(452)
Other investing activities	(37)	(26)
Capital expenditures of discontinued operations (note 8)	(97)	(185)
Other investing activities of discontinued operations	(2)	(17)
Net proceeds from disposals of discontinued operations (note 8)	7,151	81
Acquisitions by discontinued operations	(54)	(35)
Net cash provided by (used in) investing activities	5,883	(1,290)
Financing Activities		
Proceeds from debt (note 15)	794	—
Repayments of debt (note 15)	(249)	(88)
Net (repayments) borrowings under short-term loan facilities	(180)	108
Purchase of sterling call options (note 15)	(76)	—
Repurchase of common shares (note 16)	(168)	(412)
Dividends paid on preference shares (note 16)	(6)	(5)
Dividends paid on common shares (note 16)	(612)	(553)
Other financing activities, net	33	38
Net cash used in financing activities	(464)	(912)
Translation adjustments	(72)	4
Increase (decrease) in cash and cash equivalents	7,163	(73)
Cash and cash equivalents at beginning of period	334	407
Cash and cash equivalents at end of period	7,497	334

Supplemental cash flow information is provided in notes 6 and 21.

The related notes form an integral part of these consolidated financial statements

The Thomson Corporation

Consolidated Statement of Changes In Shareholders' Equity

<i>(millions of U.S. dollars)</i>	Stated share capital ⁽¹⁾	Contributed surplus	Total capital	Retained earnings	Accumulated other comprehensive income ("AOCI")	Total retained earnings and AOCI	Total
Balance, December 31, 2006	2,642	157	2,799	7,169	513	7,682	10,481
Opening balance adjustment for income tax accounting change (note 2)	—	—	—	(33)	—	(33)	(33)
Balance, January 1, 2007	2,642	157	2,799	7,136	513	7,649	10,448
Comprehensive income:							
Net earnings				4,004	—	4,004	4,004
Unrecognized net loss on cash flow hedges				—	(63)	(63)	(63)
Foreign currency translation adjustments				—	89	89	89
Net gain reclassified to income				—	(255)	(255)	(255)
Comprehensive income				4,004	(229)	3,775	3,775
Dividends declared on preference shares	—	—	—	(6)	—	(6)	(6)
Dividends declared on common shares	—	—	—	(628)	—	(628)	(628)
Common shares issued under Dividend Reinvestment Plan ("DRIP")	16	—	16	—	—	—	16
Repurchase of common shares (note 16)	(17)	—	(17)	(151)	—	(151)	(168)
Effect of stock compensation plans and other plans	86	48	134	—	—	—	134
Balance, December 31, 2007	2,727	205	2,932	10,355	284	10,639	13,571

<i>(millions of U.S. dollars)</i>	Stated share capital ⁽¹⁾	Contributed surplus	Total capital	Retained earnings	AOCI	Total retained earnings and AOCI	Total
Balance, December 31, 2005	2,599	127	2,726	6,992	245	7,237	9,963
Comprehensive income:							
Opening balance adjustment for net deferred gain on cash flow hedges (note 2)	—	—	—	—	51	51	51
Balance, January 1, 2006	2,599	127	2,726	6,992	296	7,288	10,014
Net earnings				1,120	—	1,120	1,120
Unrecognized net gain on cash flow hedges				—	8	8	8
Foreign currency translation adjustments				—	230	230	230
Net gain reclassified to income				—	(21)	(21)	(21)
Comprehensive income				1,120	217	1,337	1,337
Dividends declared on preference shares	—	—	—	(5)	—	(5)	(5)
Dividends declared on common shares	—	—	—	(567)	—	(567)	(567)
Common shares issued under DRIP	14	—	14	—	—	—	14
Repurchase of common shares (note 16)	(41)	—	(41)	(371)	—	(371)	(412)
Effect of stock compensation plans	70	30	100	—	—	—	100
Balance, December 31, 2006	2,642	157	2,799	7,169	513	7,682	10,481

(1) Includes both common and preference share capital (note 16).

The related notes form an integral part of these consolidated financial statements.

The Thomson Corporation

Notes to Consolidated Financial Statements

(unless otherwise stated, all amounts are in millions of U.S. dollars)

Note 1: Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of The Thomson Corporation (“Thomson” or the “Company”) include all controlled companies and are prepared in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”). All intercompany transactions and balances are eliminated on consolidation.

Accounting Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Foreign Currency

Assets and liabilities of self-sustaining subsidiaries denominated in currencies other than U.S. dollars are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in accumulated other comprehensive income in shareholders’ equity. Other currency gains or losses are included in earnings.

Revenue Recognition

Revenues are recognized, net of estimated returns, when the following four criteria are met:

- persuasive evidence of an arrangement exists;
- delivery has occurred;
- the fee is fixed or determinable; and
- collectibility is probable.

Delivery does not occur until products have been shipped or services have been provided to the customer, risk of loss has transferred to the customer, customer acceptance has been obtained or such acceptance provisions have lapsed, or the Company has objective evidence that the criteria specified in the client acceptance provisions have been satisfied. The sales price is not considered to be fixed or determinable until all contingencies related to the sale have been resolved.

Revenue from sales of third party vendor products or services is recorded net of costs when the Company is acting as an agent between the customer and vendor and recorded gross when the Company is a principal to the transaction. Several factors are considered to determine whether the Company is an agent or principal, most notably whether the Company is the primary obligor to the customer, has inventory risk or adds meaningful value to the vendor’s product or service. Consideration is also given to whether the Company was involved in the selection of the vendor’s product or service, has latitude in establishing the sales price, or has credit risk.

In addition to the above general principles, the Company applies the following specific revenue recognition policies:

Subscription-Based Products (Excluding Software)

Revenues from sales of subscription-based products are primarily recognized ratably over the term of the subscription. Where applicable, usage fees above a base period fee are recognized as earned. Subscription revenue received or receivable in advance of the delivery of services or publications is included in deferred revenue. Incremental costs that are directly related to the subscription revenue are deferred and amortized over the subscription period.

Multiple Element Arrangements

When a sales arrangement requires the delivery of more than one product or service that have value on a stand-alone basis, the individual deliverables are accounted for separately, if reliable and objective evidence of fair value for each deliverable is available. The amount allocated to each unit is then recognized when each unit is delivered, provided that all other relevant revenue recognition criteria are met with respect to that unit.

If, however, evidence of fair value is only available for undelivered elements, the revenue is allocated first to the undelivered items, with the remainder of the revenue being allocated to the delivered items, utilizing the residual method. Amounts allocated to delivered items are deferred if there are further obligations with respect to the delivered items. If evidence of fair value is only available for the delivered items, but not the undelivered items, the arrangement is considered a single element arrangement and revenue is recognized as the relevant recognition criteria are met.

Software-Related Products and Services

License fees are generally recognized ratably on a straight-line basis over the license period when the Company has an ongoing obligation over the license period. Alternatively, if there is neither an associated license period nor significant future obligations, revenues are recognized upon delivery. In those instances, costs related to the insignificant obligations are accrued when the related revenue is recognized.

Certain software arrangements include implementation services. Consulting revenues from these arrangements are accounted for separately from software license revenues if the arrangements qualify as service transactions as defined in Statement of Position 97-2, *Software Revenue Recognition*. The more significant factors considered in determining whether the revenue should be accounted for separately include the nature of services (i.e., consideration of whether the services are essential to the functionality of the licensed product), degree of risk, availability of services from other vendors, timing of payments and impact of milestones or acceptance criteria on the realizability of the software license fee.

If an arrangement does not qualify for separate accounting of the software license and consulting transactions, then software license revenue is generally recognized together with the consulting services using either the percentage-of-completion or completed-contract method. Contract accounting is applied to any arrangements: (1) that include milestones or customer specific acceptance criteria that may affect collection of the software license fees; (2) where services include significant modification or customization of the software; (3) where significant consulting services are provided for in the software license contract without additional charge or are substantially discounted; or (4) where the software license payment is tied to the performance of consulting services. For certain of these arrangements, a customer's obligation to pay corresponds to the amount of work performed. In these circumstances, revenue is recognized as a percentage of completed work using the Company's costs as the measurement factor.

Certain contracts specify separate fees for software and ongoing fees for maintenance and other support. If sufficient vendor specific objective evidence of the fair value of each element of the arrangement exists, the elements of the contract are unbundled and the revenue for each element is recognized as appropriate.

Other Service Contracts

For service or consulting arrangements, revenues are recognized as services are performed based on appropriate measures.

Employee Future Benefits

Net periodic pension expense for employee future benefits is actuarially determined using the projected benefit method. Determination of benefit expense requires assumptions such as the expected return on assets available to fund pension obligations, the discount rate to measure obligations, the projected age of employees upon retirement, the expected rate of future compensation and the expected healthcare cost trend rate. For the purpose of calculating expected return on plan assets, the assets are valued at a market-related fair value. The market-related fair value recognizes changes in the fair value of plan assets over a five-year period. Actual results will differ from results which are estimated based on assumptions. When the cumulative difference between actual and estimated results exceeds 10% of the greater of the benefit obligation or the fair value of the plan assets, such difference is amortized into earnings over the average remaining service period of active employees. Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of active employees at the date of the amendment.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and investments with an original maturity at the date of purchase of three months or less.

Long-lived Assets

Long-lived assets with finite lives are tested for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. When such a situation occurs, the expected future operating cash flows associated with the asset are compared to its carrying value to determine if the asset is recoverable. If the expected future operating cash flows are not sufficient to recover the asset, an estimate of the fair value of the asset is computed. Impairment of the carrying amount of a long-lived asset is recognized in operating profit of continuing or discontinued operations, as appropriate, when the carrying amount is not recoverable and is in excess of its fair value. The impairment loss recognized is equal to the excess of the carrying amount over the fair value.

Computer Hardware and Other Property

Computer hardware and other property are recorded at cost and depreciated on a straight-line basis over their estimated useful lives as follows:

Computer hardware	3-5 years
Buildings and building improvements	5-40 years
Furniture, fixtures and equipment	3-10 years

Computer Software

Capitalized Software for Internal Use

Certain costs incurred in connection with the development of software to be used internally are capitalized once a project has progressed beyond a conceptual, preliminary stage to that of application development. Costs which qualify for capitalization include both internal and external costs, but are limited to those that are directly related to the specific project. The capitalized amounts, net of accumulated amortization, are included in "Computer software, net" in the consolidated balance sheet. These costs are amortized over their expected useful lives, which

range from three to ten years. The amortization expense is included in “Depreciation” in the consolidated statement of earnings.

Capitalized Software to be Marketed

In connection with the development of software that is intended to be marketed to customers, certain costs are capitalized once technological feasibility of the product is established and a market for the product has been identified. The capitalized amounts, net of accumulated amortization, are also included in “Computer software, net” in the consolidated balance sheet. The capitalized amounts are amortized over the expected period of benefit, not to exceed three years, and the related amortization expense is included in “Cost of sales, selling, marketing, general and administrative expenses” in the consolidated statement of earnings.

Identifiable Intangible Assets and Goodwill

Upon acquisition, identifiable intangible assets are recorded at fair value. Goodwill represents the excess of the cost of the acquired businesses over fair values attributed to underlying net tangible assets and identifiable intangible assets. The carrying values of all intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Additionally, the carrying values of identifiable intangible assets with indefinite lives and goodwill are tested annually for impairment because they are not amortized. Impairment is determined by comparing the fair values of such assets with their carrying amounts.

Identifiable Intangible Assets

Certain trade names with indefinite lives are not amortized. Identifiable intangible assets with finite lives are amortized over their estimated useful lives as follows:

Trade names	2-30 years
Customer relationships	1-40 years
Databases and content	2-25 years
Publishing rights	30 years
Other	2-29 years

Identifiable intangible assets with finite lives are tested for impairment as described under “Long-lived Assets” above.

Selected trade names comprise the entire balance of identifiable intangible assets with indefinite lives. For purposes of impairment testing, the fair value of trade names is determined using an income approach, specifically the relief from royalties method.

Goodwill

Goodwill is tested for impairment on a “reporting unit” level. A reporting unit is a business for which: (a) discrete financial information is available; and (b) segment management regularly reviews the operating results of that business. Two or more businesses shall be aggregated and deemed a single reporting unit if the businesses have similar economic characteristics. Goodwill is tested for impairment using the following two-step approach:

- In the first step, the fair value of each reporting unit is determined. If the fair value of a reporting unit is less than its carrying value, this is an indicator that the goodwill assigned to that reporting unit might be impaired, which requires performance of the second step.

- In the second step, the fair value of the reporting unit is allocated to the assets and liabilities of the reporting unit as if it had just been acquired in a business combination, and as if the purchase price was equivalent to the fair value of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is referred to as the implied fair value of goodwill. The implied fair value of the reporting unit's goodwill is then compared to the actual carrying value of goodwill. If the implied fair value is less than the carrying value, an impairment loss is recognized for that excess.

The fair values of the Company's reporting units are determined based on a combination of various techniques, including the present value of future cash flows, earnings multiples of competitors and multiples from sales of like businesses.

Disposal of Long-lived Assets and Discontinued Operations

Long-lived assets are classified as held for sale once certain criteria are met. Such criteria include a firm decision by management or the board of directors to dispose of a business or a group of selected assets and the expectation that such disposal will be completed within a twelve month period. Assets held for sale are measured at the lower of their carrying amounts or fair values less costs to sell, and are no longer depreciated. Long-lived assets held for sale are classified as discontinued operations if the operations and cash flows will be eliminated from ongoing operations as a result of the disposal transaction and there will not be any significant continuing involvement in the operation of the disposed asset.

Deferred Income Taxes

Deferred income taxes are determined based on the temporary differences between the financial reporting and tax bases of assets and liabilities using the enacted or substantially enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. A valuation allowance is recorded against deferred income tax assets if management determines that it is more likely than not that such deferred income tax assets will not be realized. The income tax provision for the period is the tax payable for the period and the change during the period in deferred income tax assets and liabilities.

Derivative Financial Instruments

In the ordinary course of business, Thomson enters into the following types of derivative financial instruments to manage foreign currency and interest rate exposures:

- cross currency swap agreements to hedge foreign currency exposures on non-U.S. dollar denominated debt;
- foreign currency contracts to hedge forecasted cash flows denominated in currencies other than the functional currency of a particular Thomson subsidiary;
- interest rate swap agreements to manage the fixed versus floating interest rate mix of debt. Such contracts require periodic exchange of payments without the exchange of the notional principal amount upon which the payments are based; and
- treasury lock agreements to hedge against changes in interest rates for anticipated debt offerings.

The Company identifies a risk management objective for each transaction. All derivatives are linked to specific assets and liabilities or to specific firm commitments or forecasted transactions. For derivatives designated as hedges, periodic assessments of each derivative's effectiveness are performed.

While the derivative financial instruments are subject to the risk of loss from changes in exchange and interest rates, these losses are offset by gains on the exposures being hedged. Gains and losses on cross currency swap agreements designated as hedges of existing assets and liabilities are accrued as exchange rates change, thereby offsetting gains and losses from the underlying assets and liabilities. Gains and losses on foreign currency contracts designated as hedges for firm commitments or forecasted transactions are recorded in earnings when the related transaction is realized. The differential paid or received on interest rate swap agreements is recognized as part of net interest expense. Gains and losses on treasury lock agreements are reported as other comprehensive income until settlement. These gains and losses are then recognized in interest expense over the life of the hedged debt. Derivative financial instruments that do not qualify as hedges are measured at fair value with changes recognized in earnings.

Stock-Based Compensation Plans

Stock Incentive Plan

Under the stock incentive plan, Thomson may grant stock options, restricted share units (“RSUs”), performance restricted share units (“PRSUs”) and other equity-based awards to certain employees for a maximum of up to 40,000,000 common shares.

Stock Options

Options vest over a period of four to five years. The maximum term of an option is ten years from the date of grant. Options under the plan are granted at the closing price of the Company’s common shares on the New York Stock Exchange (“NYSE”) on the day prior to the grant date. Compensation expense related to stock options is recognized over the vesting period, based upon the estimated fair value of the options at issuance.

Restricted Share Units

RSUs vest over a period of up to seven years. Compensation expense related to RSUs is recognized over the vesting period, based upon the closing price of the Company’s common shares on the NYSE on the day prior to the grant date.

Performance Restricted Share Units

The Company issues PRSUs as part of a long-term incentive program for certain senior executives. PRSUs give the holder the right to receive one Thomson common share for each unit that vests on the vesting date. Between 0% and 200% of PRSUs initially granted may vest depending upon the Company’s performance over the three-year performance period against pre-established performance goals. Compensation expense related to each PRSU grant is recognized over the three-year vesting period based upon the closing price of the Company’s common shares on the day prior to the grant date and the number of units expected to vest.

Phantom Stock Plan

Awards under the phantom stock plan are granted in the form of stock appreciation rights (“SARs”). Such awards are payable in cash, and compensation expense is recognized as the SARs change in value based on the fair market value of the Company’s common shares at the end of each reporting period.

Employee Stock Purchase Plan

The Company maintains an employee stock purchase plan whereby eligible employees can purchase Thomson common shares at a 15% discount up to a specified limit utilizing after-tax payroll deductions. The entire amount of the discount is expensed as incurred.

Comparative Amounts

Prior periods have been restated for discontinued operations.

Note 2: Changes in Accounting Policies

Income Taxes

Effective January 1, 2007, Thomson voluntarily adopted a new accounting policy for uncertain income tax positions. As a result of this change in accounting policy, the Company recorded a non-cash charge of \$33 million to its opening retained earnings as of January 1, 2007, with an offsetting increase to non-current liabilities.

Under its previous policy, the Company would reserve for tax contingencies if it was probable that an uncertain position would not be upheld. Under its new policy, the Company evaluates a tax position using a two-step process:

- First, the Company determines whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the Company presumes that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information.
- Second, a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. If the tax position does not meet the more-likely-than-not recognition threshold, no benefit from the tax position is recorded.

The Company believes that this new policy will provide reliable and more relevant information because all tax positions of the Company will be affirmatively evaluated for recognition, derecognition and measurement using a consistent threshold of more-likely-than-not, based on the technical merits of a tax position. In addition, the Company will be providing more information about uncertainty related to income tax assets and liabilities.

The Company was not able to retroactively apply this new policy as the data to determine the amounts and probabilities of the possible outcomes of the various tax positions that could be realized upon ultimate settlement was not collected in prior periods. Further, significant judgments are involved in assessing these tax positions and the Company has concluded that it is not possible to estimate the effects of adopting the policy at an earlier date.

The Company will continue to recognize interest and penalties on underpayment of income taxes as an income tax expense.

Financial Instruments and Comprehensive Income

As of December 31, 2007, the Company adopted Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1535, *Capital Disclosures*, and CICA Handbook Section 3862, *Financial Instruments – Disclosures* (see notes 15 and 16).

Effective January 1, 2006, Thomson adopted CICA Handbook Section 1530, *Comprehensive Income*, CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement* and CICA Handbook Section 3865, *Hedges*. These new Handbook Sections provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also introduces a new component of equity referred to as accumulated other comprehensive income.

Under these new standards, all financial instruments, including derivatives, are included on the consolidated balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. Derivatives that qualify as hedging instruments must be designated as either a “cash flow hedge”, when the hedged item is a future cash flow, or a “fair value hedge”, when the hedged item is the fair value of a recognized asset or liability. The effective portion of unrealized gains and losses related to a cash flow hedge are included in other comprehensive income. For a fair value hedge, both the derivative and the hedged item are recorded at fair value in the consolidated balance sheet and the unrealized gains and losses from both items are included in earnings. For derivatives that do not qualify as hedging instruments, unrealized gains and losses are reported in earnings.

In accordance with the provisions of these new standards, the Company reflected the following adjustments as of January 1, 2006:

- an increase of \$53 million to “Other non-current assets” and “Accumulated other comprehensive income” in the consolidated balance sheet relative to derivative instruments that consisted primarily of interest rate contracts which convert floating rate debt to fixed rate debt and qualify as cash flow hedges;
- a reclassification of \$5 million from “Other current assets” and \$3 million from “Other current liabilities” to “Accumulated other comprehensive income” in the consolidated balance sheet related primarily to previously deferred gains and losses on settled cash flow hedges;
- an increase of \$16 million to “Other non-current assets” and “Long-term debt” in the consolidated balance sheet related to derivative instruments and their related hedged items. These derivative instruments consist primarily of interest rate contracts to convert fixed rate debt to floating and qualify as fair value hedges; and
- a presentational reclassification of amounts previously recorded in “Cumulative translation adjustment” to “Accumulated other comprehensive income.”

The adoption of these new standards had no material impact on the Company’s consolidated statement of earnings. The unrealized gains and losses included in “Accumulated other comprehensive income” were recorded net of taxes, which were nil.

Discontinued Operations

In April 2006, the Emerging Issues Committee of the CICA (“EIC”) issued Abstract 161, *Discontinued Operations* (“EIC-161”). The abstract addresses the appropriateness of allocating interest expense to a discontinued operation and disallows allocations of general corporate overhead. EIC-161 was effective upon its issuance and did not have an impact on the Company’s consolidated financial statements.

Stock-Based Compensation

In July 2006, the Company adopted EIC Abstract 162, *Stock-Based Compensation for Employees Eligible to Retire Before the Vesting Date* (“EIC-162”), retroactively to January 1, 2006. The abstract clarifies the proper accounting for stock-based awards granted to employees who either are eligible for retirement at the grant date or will be eligible before the end of the vesting period and continue vesting after, or vest upon, retirement. In such cases, the compensation expense associated with the stock-based award will be recognized over the period from the grant date to the date the employee becomes eligible to retire. EIC-162 did not have an impact on the Company’s financial statements.

Note 3: Proposed Acquisition of Reuters Group PLC

Overview

In May 2007, Thomson agreed to acquire Reuters Group PLC (“Reuters”) by implementing a dual listed company (“DLC”) structure.

Under the DLC structure, Thomson Reuters will have two parent companies, both of which will be publicly listed – The Thomson Corporation, an Ontario, Canada corporation, will be renamed Thomson Reuters Corporation, and Thomson Reuters PLC will be a new United Kingdom company in which existing Reuters shareholders will receive shares as part of their consideration in the transaction. Those companies will operate as a unified group pursuant to contractual arrangements as well as provisions in their organizational documents. Under the DLC structure, shareholders of Thomson Reuters Corporation and Thomson Reuters PLC will both have a stake in Thomson Reuters, with cash dividend, capital distribution and voting rights that are comparable to the rights they would have if they were holding shares in one company carrying on the Thomson Reuters business. The boards of the two parent companies will comprise the same individuals, as will the companies’ executive management teams. The transaction has been cleared by antitrust regulators in Europe, the United States and Canada, and the only significant conditions to close that remain are shareholder and court approvals.

Consideration

As consideration for the proposed transaction, Reuters shareholders will be entitled to receive, for each Reuters ordinary share held, 352.5 pence in cash and 0.16 Thomson Reuters PLC ordinary shares. To effect the transaction, Reuters will be indirectly acquired by Thomson Reuters PLC pursuant to a scheme of arrangement. On closing, one Thomson Reuters PLC ordinary share will be equivalent to one Thomson Reuters Corporation common share under the DLC structure. Thomson shareholders will continue to own their existing common shares. Based on the closing Thomson share price and the applicable \$/£ exchange rate on May 14, 2007, which was the day before Thomson and Reuters announced the agreement, each Reuters share was valued at approximately 691 pence per share.

Ownership

Based on the issued share capital of each of Thomson and Reuters (on a fully diluted basis) as of February 22, 2008, The Woodbridge Company Limited and other companies affiliated with it (“Woodbridge”) will have an economic and voting interest in Thomson Reuters of approximately 53%, other Thomson shareholders will have an interest of approximately 23% and Reuters shareholders will have an interest of approximately 24%. As of December 31, 2007, Woodbridge and other companies affiliated with it beneficially owned approximately 70% of the Company’s common shares.

Antitrust/Regulatory Review Process

On February 19, 2008, Thomson and Reuters received antitrust clearances from the U.S. Department of Justice, the European Commission and the Canadian Competition Bureau to complete the transaction (see note 25 for further details).

Shareholder Approvals

Thomson and Reuters have submitted the proposed transaction to the respective Companies’ shareholders for approval and applied for requisite court approvals in Ontario, Canada and England. Special shareholder meetings for Thomson and Reuters are each scheduled for March 26, 2008 to approve the transaction. Thomson’s board of directors has unanimously approved the transaction and has unanimously recommended that the Company’s shareholders vote in favor of it. Woodbridge has irrevocably committed to vote in favor of the transaction. The Reuters board of directors has unanimously approved the transaction and is also unanimously recommending that Reuters shareholders vote in favor of it.

Note 4: THOMSONplus Program

THOMSONplus is a series of initiatives, announced in 2006, which will allow Thomson to become a more integrated operating company by leveraging assets and infrastructure across all segments of its business. The program is expected to produce cost savings for its businesses by:

- Realigning its business units into five segments;
- Streamlining and consolidating certain functions such as finance, accounting and business systems;
- Leveraging infrastructure and technology for customer contact centers;
- Establishing low-cost shared service centers;
- Consolidating certain technology infrastructure operations such as voice and data networks, data centers, storage and desktop support; and
- Re-engineering certain product development and production functions and realigning particular sales forces within its business segments.

To accomplish these initiatives, the Company had previously reported that it expected to incur approximately \$250 million of expenses from inception through 2009, primarily related to technology and restructuring costs and consulting services. Because THOMSONplus is a series of initiatives, it was noted that the timing of these costs and savings may shift between different calendar years. While the Company's overall estimates of costs and savings for the program remain unchanged, it now expects to complete the program and reach its savings targets earlier than originally estimated. As a result, the Company accelerated spending that was initially planned for future years into 2007 and expects to complete the program in 2008.

In 2007, the Company incurred \$153 million of expenses associated with THOMSONplus. These expenses primarily related to consulting fees, severance costs and charges associated with the restructuring of Thomson Legal's North American sales force. The consulting costs primarily related to Thomson's efforts to deploy SAP as its company-wide ERP system, which will continue into 2008, as well as efforts to improve the customer service infrastructure. The severance costs principally related to the elimination of certain finance positions in conjunction with the establishment of centralized service centers, efforts to streamline the operations of Thomson Financial and the restructuring of Thomson Legal's North American sales force.

In 2006, the Company incurred \$60 million of expenses consisting primarily of consulting fees and severance costs. The consulting costs primarily related to the Company's efforts to deploy SAP. Additionally, the Company incurred \$9 million of expenses associated with businesses that were reclassified to discontinued operations in 2006. These expenses consisted of severance costs and losses on vacated leased properties.

Because THOMSONplus is a corporate program, expenses associated with it are reported within the Corporate and Other segment. Restructuring activities represented approximately \$91 million of the expense for 2007. The liabilities associated with these restructuring activities were not material as of December 31, 2007 and 2006.

Note 5: Net Other (Expense) Income

The components of net other (expense) income include:

	Year ended December 31	
	2007	2006
Net gains on disposals of businesses and investments	8	47
Equity in earnings of unconsolidated affiliates	4	—
Other expense, net	(46)	(46)
Net other (expense) income	(34)	1

Net Gains on Disposals of Businesses and Investments

For 2006, net gains on disposals of businesses and investments were comprised primarily of a gain on the sale of an equity investment.

Other Expense, net

For 2007, other expense, net, primarily related to the loss on the fair value of sterling call options. The sterling call options were acquired as part of the Company's hedging program to mitigate exposure to the \$/£ exchange rate on the cash consideration to be paid for the proposed acquisition of Reuters (see note 15).

For 2006, other expense, net, primarily related to a legal reserve representing Thomson's portion of the cash settlement paid in 2007 related to the *Rodriguez v. West Publishing Corp. and Kaplan Inc.* lawsuit.

Note 6: Net Interest Expense and Other Financing Costs

The components of net interest expense and other financing costs include:

	Year ended December 31	
	2007	2006
Interest income	230	24
Interest expense on short-term indebtedness	(19)	(26)
Interest expense on long-term debt	(223)	(219)
	(12)	(221)

Interest paid on short-term indebtedness and long-term debt during 2007 was \$230 million (2006 – \$244 million) and interest received during 2007 was \$224 million (2006 – \$25 million).

Note 7: Income Taxes

The components of earnings (loss) from continuing operations before taxes by jurisdiction are as follows:

	Year ended December 31	
	2007	2006
Canada	(206)	(242)
U.S. and other jurisdictions	1,457	1,270
Total earnings before taxes	1,251	1,028

The provision for income taxes on continuing operations consisted of:

	Year ended December 31	
	2007	2006
Canada:		
Current	1	1
Deferred	(46)	(20)
Total Canadian	(45)	(19)
U.S. and other jurisdictions:		
Current	278	236
Deferred	(78)	(101)
Total U.S. and other jurisdictions	200	135
Total worldwide	155	116

The tax effects of the significant components of temporary differences giving rise to the Company's deferred income tax assets and liabilities at December 31 are as follows:

	Year ended December 31	
	2007	2006
Accrued expenses	182	181
Deferred and stock-based compensation	136	124
Accounts receivable allowances	27	32
Tax loss and credit carryforwards	1,013	862
Other	81	147
Total deferred tax asset	1,439	1,346
Valuation allowance	(395)	(441)
Net deferred tax asset	1,044	905
Intangible assets	(1,184)	(1,279)
Other long-lived assets(1)	(36)	(37)
Financial instruments	(539)	(273)
Pension	(130)	(144)
Other	—	(16)
Total deferred tax liability	(1,889)	(1,749)
Net deferred tax liability	(845)	(844)

(1) Other long-lived assets include Computer hardware and other property and Computer software.

The net deferred liability of \$845 million (2006 — \$844 million) was comprised of net current deferred tax assets of \$104 million (2006 — \$153 million), net long-term deferred tax liabilities of \$974 million (2006 — \$1,007 million) and net long-term deferred tax assets of \$25 million (2006 — \$10 million).

The Company records valuation allowances against deferred income tax assets when management determines that it is more likely than not that such deferred income tax assets will not be realized. The following details the movements in the valuation allowance for the years ended December 31, 2007 and 2006:

	Year ended December 31	
	2007	2006
Balance at beginning of year	441	412
Additions due to losses with no benefit	7	68
Prior year Canadian net operating losses with no benefit ⁽¹⁾	107	—
Releases of valuation allowances to income	(21)	(26)
Reduction due to change in deferred tax liability related to debt instruments ⁽²⁾	(244)	(26)
Translation	113	5
Other items	(8)	8
Balance at end of year	395	441

⁽¹⁾ Recognition results from current year change in tax law.

⁽²⁾ Canadian tax losses are first offset by deferred tax liabilities not related to indefinite lived intangible assets before computing the required valuation allowance. The deferred tax liability increased in 2007 and 2006 from the revaluation of debt and currency swaps. As the deferred tax liability increased, the requirement for the valuation allowance decreased by the same amount.

The following is a reconciliation of income taxes calculated at the Canadian corporate tax rate to the income tax provision:

	Year ended December 31	
	2007	2006
Earnings before taxes	1,251	1,028
Income taxes at the Canadian corporate tax rate of 35.4%	443	364
Differences attributable to:		
Effect of income taxes recorded at rates different from the Canadian tax rate	(302)	(276)
Additions to valuation allowance due to losses with no benefit	7	68
Releases of valuation allowances to income	(21)	(26)
Tax on debt instruments ⁽¹⁾	42	—
Impact of tax law changes	(14)	—
Net change to contingent tax liabilities	14	(5)
Other, net	(14)	(9)
Income tax provision on continuing operations	155	116

⁽¹⁾ Represents tax on settlement of certain debt instruments for which there is no corresponding pre-tax income statement gain.

The effective income tax rate in each year was lower than the Canadian corporate income tax rate due principally to the lower tax rates and differing tax rules applicable to certain of the Company's operating and financing subsidiaries outside Canada. Specifically, while the

Company generates revenues in numerous jurisdictions, the tax provision on earnings is computed after taking account of intercompany interest and other charges among subsidiaries resulting from their capital structure and from the various jurisdictions in which operations, technology and content assets are owned. For these reasons, the effective tax rate differs substantially from the Canadian corporate tax rate. The Company's effective tax rate and its cash tax cost depend on the laws of numerous countries and the provisions of multiple income tax conventions between various countries in which the Company operates.

At December 31, 2007, the Company had Canadian tax loss carryforwards of \$1,949 million, tax loss carryforwards in other jurisdictions of \$836 million, and U.S. state tax loss carryforwards which, at current U.S. state rates, have an estimated value of \$14 million. If not utilized, the majority of the Canadian tax loss carryforwards will expire between 2009 and 2015. The majority of the tax loss carryforwards from other jurisdictions may be carried forward indefinitely, while the U.S. state tax loss carryforwards expire between 2008 and 2027. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose. Additionally, the Company had \$83 million related to capital loss carryforwards that may be used only in offsetting future capital gains.

The total amount of undistributed earnings of non-Canadian subsidiaries for income tax purposes was approximately \$9.4 billion at December 31, 2007. A majority of such undistributed earnings can be remitted to Canada tax free. Where tax free remittance of undistributed earnings is not possible, it is the Company's intention to reinvest such undistributed earnings and thereby indefinitely postpone their remittance. Accordingly, no provision has been made for income taxes that may become payable if undistributed earnings from non-Canadian subsidiaries were distributed by those companies. The additional taxes on undistributed earnings are not practicably determinable.

The Company maintains liabilities for tax contingencies (or uncertain tax positions) associated with known issues under discussion with tax authorities and transactions yet to be settled. The Company regularly assesses the adequacy of these liabilities. Contingencies are reversed to income in the period in which management assesses that they are no longer required, or when they become no longer required by statute, or when they are resolved through the normal tax audit process (see note 18).

As discussed in note 2, the Company voluntarily adopted a new policy for accounting for uncertain tax positions effective January 1, 2007. As a result of this change, the Company recorded a non-cash charge of \$33 million to its opening retained earnings as of January 1, 2007 with an offsetting increase to non-current liabilities.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

Balance at January 1, 2007	205
Additions based upon tax provision related to current year	14
Additions for tax positions of prior years	6
Reductions for tax positions of prior years	(16)
Settlements	(11)
Reductions due to disposal of businesses and other	(48)
Balance at December 31, 2007	150

If recognized, \$72 million of these unrecognized benefits at December 31, 2007 would favorably affect the Company's income tax expense. During 2007, the Company recognized expense of \$13 million for interest and penalties (2006 — \$2 million income) within income tax expense in the consolidated statement of operations. At December 31, 2007 and January 1, 2007, liabilities of \$29 million and \$26 million, respectively, were accrued for interest and penalties associated with uncertain income tax positions.

As a result of audit examinations expected to be completed in 2008, the Company anticipates that it is reasonably possible that the unrecognized tax benefits at December 31, 2007, may be reduced by approximately \$20 million within the next twelve months.

As a global company, Thomson and its subsidiaries are subject to numerous federal, state and provincial income tax jurisdictions. As of December 31, 2007, the tax years subject to examination by major jurisdiction are as follows:

Jurisdiction	Tax Years
Canada — Federal and Ontario provincial	1997 to 2007
United States — Federal	2003 to 2007
United Kingdom	2005 to 2007

The Company has multiple years subject to examination in other jurisdictions in which it does business as well.

Note 8: Discontinued Operations

The following businesses are classified as discontinued operations within the consolidated financial statements for all periods presented.

In the fourth quarter of 2007, the Company approved plans to sell GEE, a regulatory information business in the United Kingdom. This business was managed within Thomson Legal. The sale was completed in December 2007.

In April 2007, the Company approved plans to sell Fakta, its regulatory information business in Sweden. This business was managed within Thomson Legal. The sale was completed in November 2007.

In March 2007, the Company approved plans within Thomson Healthcare to sell PLM, a provider of drug and therapeutic information in Latin America; the New England Institutional Review Board (“NEIRB”), an ethical review board that monitors clinical research involving human subjects; and CenterWatch, a provider of clinical research information. The sales of NEIRB and CenterWatch were completed in December 2007.

In 2007, the Company completed the sale of Thomson Learning through three independent processes, each on its own schedule, as follows:

- In July 2007, the Company sold Thomson Learning’s higher education, careers and library reference businesses to funds advised by Apax Partners and OMERS Capital Partners. As a result of the sale, the Company received gross proceeds of approximately \$7.6 billion and recognized a post-tax gain of \$2.7 billion.
- In May 2007, the Company sold NETg, a leading provider of continuing corporate education and training, to SkillSoft PLC for approximately \$270 million and recorded a post-tax loss of \$10 million.
- In October 2007, the Company sold Prometric, a provider of assessment services, to ETS for \$310 million in cash and a 6% promissory note for approximately \$79 million due in 2014. The principal amount of the note, which was previously reported as \$125 million, was adjusted to \$79 million reflecting adjustments made based on the continuity of offerings from certain customer contracts. The promissory note was reflected in the financial statements at its estimated fair value of approximately \$60 million to account for the difference between the market and stated rates of interest. The Company recognized a post-tax gain of \$18 million related to this transaction. The principal amount of the note is subject to further adjustment based on certain contingencies.

In future periods, the net proceeds will be adjusted for certain post-closing adjustments. The Company recorded pre-tax impairment charges associated with certain of these businesses of \$14 million in the fourth quarter of 2006. Based on estimates of fair value, as well as current carrying value, at March 31, 2007, these impairment charges were reversed in the first quarter of 2007.

Additionally, in the fourth quarter of 2006, the Company approved plans within Thomson Legal to sell its business information and news operations, which include the Company's Market Research and NewsEdge businesses. Based on estimates of fair value at March 31, 2007, the Company recorded pre-tax impairment charges to identifiable intangible assets of \$3 million related to these businesses. The Company completed the sale of its Market Research business in May 2007 and the NewsEdge business in July 2007.

In June 2006, the Company's board of directors approved plans to sell IOB, a Brazilian regulatory business within Thomson Legal, and Thomson Medical Education, a provider of sponsored medical education within Thomson Healthcare. The Company completed the sale of Thomson Medical Education in April 2007 and IOB in June 2007.

In the first quarter of 2006, the Company approved plans within Thomson Legal to sell Lawpoint Pty Limited, an Australian provider of print and online regulatory information services; and Law Manager, Inc., a software and services provider. The Company completed the sale of Law Manager in April 2006 and Lawpoint in June 2006.

Also in the first quarter of 2006, the Company approved plans within Thomson Learning to sell Peterson's, a college preparatory guide; the North American operations of Thomson Education Direct, a consumer-based distance learning career school; and K.G. Saur, a German publisher of biographical and bibliographical reference titles serving the library and academic communities. Based on estimates of fair market value at March 31, 2006, Thomson recorded pre-tax impairment charges associated with certain of these businesses related to identifiable intangible assets and goodwill of \$63 million in the first half of 2006. The Company completed the sale of Peterson's in July 2006 and K.G. Saur in August 2006. The Company recorded a pre-tax impairment charge associated with Thomson Education Direct of \$15 million relating to goodwill in the fourth quarter of 2006. The Company completed the sale of its North American operations of Thomson Education Direct in March 2007.

In December 2005, the Company's board of directors approved the plan to dispose of American Health Consultants, a medical newsletter publisher and medical education provider within Thomson Healthcare. The Company completed the sale in the third quarter of 2006.

For the year ended December 31, 2007, discontinued operations includes a gain of \$263 million (2006 — \$21 million) associated with currency translation adjustments on disposals which were released from "Accumulated other comprehensive income" in the consolidated balance sheet.

As of December 31, 2007, the assets and liabilities of discontinued operations were not significant. The balance sheet as of December 31, 2006, and the statement of earnings for discontinued operations for 2007 and 2006 are as follows:

Balance Sheet

	December 31, 2006			Total
	Legal	Learning	Healthcare	
Current assets:				
Accounts receivable, net of allowances	13	538	36	587
Other current assets	5	322	6	333
Deferred income taxes	—	124	2	126
Total current assets	18	984	44	1,046
Non-current assets:				
Computer hardware and other property	7	157	7	171
Computer software	6	145	1	152
Identifiable intangible assets	35	838	18	891
Goodwill	13	3,003	24	3,040
Other non-current assets	1	270	—	271
Total non-current assets	62	4,413	50	4,525
Current liabilities:				
Accounts payable and accruals	14	499	25	538
Deferred revenue	48	260	20	328
Other current liabilities	16	1	—	17
Total current liabilities	78	760	45	883
Non-current liabilities:				
Other non-current liabilities	4	38	2	44
Deferred income taxes	12	385	8	405
Total non-current liabilities	16	423	10	449

Statement of Earnings

	Year ended December 31, 2007				
	Legal	Learning	Healthcare	Other	Total
Revenues from discontinued operations	66	968	43	—	1,077
Earnings (loss) from discontinued operations before income taxes	(13)	25	(3)	(1)	8
Gain (loss) on sale of discontinued operations	(5)	3,699	138	—	3,832
Income taxes	18	(949)	(11)	10	(932)
Earnings from discontinued operations	—	2,775	124	9	2,908

	Year ended December 31, 2006				
	Legal	Learning	Healthcare	Other	Total
Revenues from discontinued operations	131	2,393	129	—	2,653
Earnings (loss) from discontinued operations before income taxes	(17)	237	27	—	247
Gain on sale of discontinued operations	4	3	40	5	52
Income taxes	10	(84)	(24)	7	(91)
Earnings (loss) from discontinued operations	(3)	156	43	12	208

The Company adjusts liabilities previously established for businesses that have been sold when actual results differ from estimates used in establishing such liabilities. Additionally, adjustments are made in conjunction with the expiration of representations and warranty periods or to reflect the refinement of earlier estimates. These amounts, which principally relate to tax liabilities, are included in "Other" above.

"Net proceeds from disposal of discontinued operations" within the consolidated statement of cash flow for the year ended December 31, 2007 primarily represented cash received from the sale of the Thomson Learning businesses, net of taxes paid on the sale.

The carrying values of businesses disposed of during 2007 consisted of current assets of \$975 million, non-current assets of \$4,873 million, current liabilities of \$517 million and non-current liabilities of \$375 million as of the date of disposal.

Note 9: Earnings per Common Share

Basic earnings per common share are calculated by dividing earnings attributable to common shares by the sum of the weighted-average number of common shares outstanding during the period plus vested deferred share units. Deferred share units represent the amount of common shares certain employees have elected to receive in the future in lieu of cash compensation. The holders of deferred share units have no voting rights, but are entitled to dividends at each dividend payment date, which are reinvested as additional deferred share units based upon the dividend reinvestment plan as described in note 16.

Diluted earnings per common share are calculated using the denominator of the basic calculation described above adjusted to include the potentially dilutive effect of outstanding stock options and other securities. The Company uses the treasury stock method to calculate diluted earnings per common share.

Earnings used in determining earnings per common share from continuing operations are presented below. Earnings used in determining earnings per common share from discontinued operations are the earnings from discontinued operations as reported within the consolidated statement of earnings.

	2007	2006
Earnings from continuing operations	1,096	912
Dividends declared on preference shares	(6)	(5)
Earnings from continuing operations attributable to common shares	1,090	907

The weighted-average number of common shares outstanding, as well as a reconciliation of the weighted-average number of common shares outstanding used in the basic earnings per common share computation to the weighted-average number of common shares outstanding used in the diluted earnings per common share computation, is presented below.

	2007	2006
Weighted-average number of common shares outstanding	640,304,221	643,454,420
Vested deferred share units	853,497	677,104
Basic	641,157,718	644,131,524
Effect of stock and other incentive plans	3,273,078	1,894,821
Diluted	644,430,796	646,026,345

As of December 31, 2007, 5,418,772 outstanding stock options had exercise prices that were above the average market price. The effect of these options was not included in the diluted weighted average share calculation as their impact would have been anti-dilutive.

Note 10: Accounts Receivable Allowances

The change in the valuation allowances for returns, billing adjustments and doubtful accounts related to accounts receivable is as follows:

	2007	2006
Balance at beginning of year	97	102
Charges	164	139
Write-offs	(180)	(147)
Other	—	3
Balance at end of year	81	97

“Other” includes additions from acquisitions and the impact of foreign currency translation.

The Company is exposed to normal credit risk with respect to its accounts receivable. To mitigate this credit risk, the Company follows a program of customer credit evaluation and maintains provisions for potential credit losses. The Company has no significant exposure to any single customer.

Note 11: Computer Hardware and Other Property

Computer hardware and other property consists of the following:

	Cost	Accumulated depreciation	Net computer hardware and other property
As of December 31, 2007			
Computer hardware	1,018	(697)	321
Land, buildings and building improvements	523	(234)	289
Furniture, fixtures and equipment	331	(210)	121
	1,872	(1,141)	731
			Net computer hardware and other property
As of December 31, 2006	Cost	Accumulated depreciation	property
Computer hardware	957	(678)	279
Land, buildings and building improvements	463	(206)	257
Furniture, fixtures and equipment	297	(209)	88
	1,717	(1,093)	624

Fully depreciated assets are retained in asset and accumulated depreciation accounts until such assets are removed from service. In the case of disposals, assets and related accumulated depreciation amounts are removed from the accounts, and the net amounts, less proceeds from disposals, are included in income. Depreciation expense in 2007 was \$210 million (2006 – \$198 million).

Note 12: Computer Software

Computer software consists of the following:

	Cost	Accumulated amortization	Net computer software
As of December 31, 2007			
Capitalized software for internal use	2,040	(1,419)	621
Capitalized software to be marketed	266	(166)	100
	2,306	(1,585)	721

As of December 31, 2006	Cost	Accumulated amortization	Net computer software
Capitalized software for internal use	1,791	(1,228)	563
Capitalized software to be marketed	212	(128)	84
	2,003	(1,356)	647

Amortization expense for internal use computer software in 2007 was \$258 million (2006 – \$240 million) and is included in “Depreciation” in the consolidated statement of earnings. Amortization expense for software intended to be marketed in 2007 was \$43 million (2006 – \$25 million) and was included in “Cost of sales, selling, marketing, general and administrative expenses” in the consolidated statement of earnings.

Note 13: Identifiable Intangible Assets

Identifiable intangible assets consist of the following:

As of December 31, 2007	Gross identifiable intangible assets	Accumulated amortization	Net identifiable intangible assets
Finite useful lives:			
Trade names	250	(121)	129
Customer relationships	2,238	(804)	1,434
Databases and content	882	(465)	417
Publishing rights	1,275	(637)	638
Other	106	(61)	45
	4,751	(2,088)	2,663
Indefinite useful lives:			
Trade names	775	—	775
	5,526	(2,088)	3,438

As of December 31, 2006	Gross identifiable intangible assets	Accumulated amortization	Net identifiable intangible assets
Finite useful lives:			
Trade names	207	(94)	113
Customer relationships	2,070	(675)	1,395
Databases and content	852	(408)	444
Publishing rights	1,240	(567)	673
Other	85	(52)	33
	4,454	(1,796)	2,658
Indefinite useful lives:			
Trade names	793	—	793
	5,247	(1,796)	3,451

Amortization expense for identifiable intangible assets in 2007 was \$256 million (2006 – \$240 million).

As of December 31, 2007, the weighted-average amortization life based upon the gross balance of the identifiable intangible assets with finite useful lives was approximately 18 years.

Publishing rights relate to certain historical acquisitions and are comprised of the cumulative value of trade names, imprints and titles, databases and other intangible assets. These intangible assets are amortized over a weighted-average useful life, which approximates 30 years.

Note 14: Goodwill

The following table presents goodwill by operating segment for the years ended December 31, 2007 and 2006.

	Legal	Financial	Tax & Accounting	Scientific	Healthcare	Total
Balance at December 31, 2005	2,810	1,876	518	638	91	5,933
Acquisitions	64	149	18	13	284	528
Adjusted purchase price allocations	1	(1)	—	(6)	(7)	(13)
Translation and other, net	57	34	—	10	(11)	90
Balance at December 31, 2006	2,932	2,058	536	655	357	6,538
Acquisitions	24	14	193	37	—	268
Adjusted purchase price allocations	8	(2)	—	(2)	23	27
Translation and other, net	10	76	1	15	—	102
Balance at December 31, 2007	2,974	2,146	730	705	380	6,935

The adjusted purchase price allocations primarily relate to updated valuations of identifiable intangible assets for certain acquisitions, which resulted in increases in goodwill of \$3 million (2006 – decrease of \$8 million) as well as to the adjustment of certain acquisition-related assets and liabilities, which resulted in increases in goodwill of \$24 million (2006 – decrease of \$5 million).

Note 15: Financial Instruments

The Company's financial instruments comprise assets and liabilities that are accounted for at cost or amortized cost and those that are accounted for at fair value. The assets and liabilities accounted for at cost or amortized cost include: i) accounts receivable; ii) notes receivable; iii) short-term indebtedness; and iv) accounts payable. The assets and liabilities accounted for at fair value include: i) cash and cash equivalents; and ii) derivative instruments and certain associated debt instruments.

Accounting Change

Effective January 1, 2006, Thomson adopted CICA Handbook Section 1530, *Comprehensive Income*, CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement* and CICA Handbook Section 3865, *Hedges*. Under these new standards, all financial instruments, including derivatives, are included on the consolidated balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. Derivatives that qualify as hedging instruments must be designated as either a "cash flow hedge," when the hedged item is a future cash flow, or a "fair value hedge," when the hedged item is a recognized asset or liability. The effective portion of unrealized gains and losses related to a cash flow hedge are included in other comprehensive income. For a fair value hedge, both the derivative and the hedged item are recorded at fair value in the consolidated balance sheet and the unrealized gains and losses from both items are included in earnings. For derivatives that do not qualify as hedging instruments, unrealized gains and losses are reported in earnings.

Carrying Amounts

Amounts recorded in the consolidated balance sheet are referred to as "carrying amounts". The primary debt carrying amounts are reflected in "Long-term debt" and "Current portion of long-term debt" in the consolidated balance sheet. The carrying amounts of derivative instruments are included in "Other current assets", "Other non-current assets", and "Other non-current liabilities" in the consolidated balance sheet, as appropriate.

Fair Values

The fair values of cash and cash equivalents, notes receivable, accounts receivable, short-term indebtedness and accounts payable approximate their carrying amounts because of the short-term maturity of these instruments. The fair value of long-term debt, including the current portion, is estimated based on either quoted market prices for similar issues or current rates offered to Thomson for debt of the same maturity. The fair values of interest rate swaps and forward contracts are estimated based upon discounted cash flows using applicable current market rates. Treasury lock agreements are valued based on quoted market prices. Sterling call options are valued based on a pricing model that uses various market based assumptions. The fair values of the foreign exchange contracts reflect the estimated amounts at which the Company would have to settle all outstanding contracts on December 31.

As of December 31, 2007, the Company classified no assets or liabilities as held for trading, other than approximately \$7.5 billion in cash and cash equivalents. During 2007, the Company earned \$230 million on its cash and cash equivalents balances. Gains or losses arising from the change in fair value of cash and cash equivalents are recorded in interest income in the period of change, which generally corresponds to the period in which the interest is earned. As of December 31, 2007, cash and cash equivalents includes the U.S. dollar equivalent of approximately \$4.4 billion in British pounds sterling. Such amounts are held by a subsidiary whose functional currency is sterling and accordingly changes in the value of the cash and cash equivalents related to currency are reported as a cumulative translation adjustment within shareholders' equity.

Credit Risk

Thomson attempts to minimize its credit exposure on derivative contracts by entering into transactions only with counterparties that are major investment-grade international financial institutions. With respect to customers, the Company uses credit limits to minimize its exposure to any one customer.

The Company places its cash investments with high-quality financial institutions and limits the amount of exposure to any one institution. At December 31, 2007, approximately 70% of the Company's cash was invested in money market funds with numerous institutions. All of the money market funds were rated AAA. The majority of the remaining cash and cash equivalents amounts was held by institutions that were rated at least AA-.

The Company has determined that no allowance for credit losses on any of its financial assets was required as of December 31, 2007, other than the allowance for doubtful accounts (see note 10). Further, no financial or other assets have been pledged.

Credit Facilities

In August 2007, the Company entered into a syndicated credit agreement with a group of banks. This new credit agreement consists of a \$2.5 billion five-year unsecured revolving credit facility. Under the terms of the new agreement, the Company may request an increase (subject to approval by applicable lenders) in the amount of the lenders' commitments up to a maximum amount of \$3.0 billion. This agreement is available to provide liquidity in connection with the Company's commercial paper program and for general corporate purposes of the Company and its subsidiaries including, following the closing of the proposed transaction with Reuters, Thomson Reuters PLC and its subsidiaries. The maturity date of the agreement is August 14, 2012. However, the Company may request that the maturity date be extended under certain circumstances, as set forth in the agreement, for up to two additional one-year periods. The syndicated credit agreement contains certain customary affirmative and negative covenants, each with customary exceptions. The financial covenant related to this agreement is described below. In connection with entering into this agreement, the Company terminated its existing unsecured revolving bilateral loan agreements that had previously provided an aggregate commitment of \$1.6 billion.

Additionally, in May 2007, the Company entered into a £4.8 billion acquisition credit facility. The Company entered into this facility as a result of requirements of the U.K. Panel on Takeovers and Mergers, which require the Company and its financial advisors for the transaction to confirm its ability to finance its proposed acquisition of Reuters. The Company may only draw down amounts under this facility to finance the proposed acquisition, to refinance any existing debt of Reuters or its subsidiaries after the closing, and to pay fees and expenses that the Company incurs in connection with the proposed acquisition and the credit facility. As of December 31, 2007, the Company had not utilized this facility. In July 2007, the Company reduced the aggregate lending commitment under the facility to £2.5 billion after receiving proceeds from the sale of Thomson Learning's higher education, careers and library reference assets. In accordance with the terms of the new facility, the Company is required to hold certain of these sale proceeds in "permitted investments," as defined by the facility, until the closing of the proposed Reuters acquisition. These "permitted investments" include, among other investments, highly rated money market funds. The facility is structured as a 364-day credit line with subsequent extension/term-out options that would allow the Company to extend the final maturity until May 2009.

Under the terms of the syndicated credit agreement and acquisition facility, the Company must maintain a ratio of net debt as of the last day of each fiscal quarter to adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization and other modifications described in the agreement) for the last four quarters ended of not more than 4.5:1. Net debt is total debt adjusted to factor in the impact of swaps and other hedge agreements related to the debt, and is reduced to reflect the Company's cash and cash equivalents balance. As of December 31, 2007, the Company was in compliance with this covenant.

At December 31, 2007, undrawn and available bank facilities amounted to \$7.5 billion (2006 – \$1.3 billion).

Short-term Indebtedness

At December 31, 2007, short-term indebtedness was principally comprised of \$165 million of commercial paper with an average interest rate of 4.9%. The rate was also 4.9% after taking into account hedging arrangements. At December 31, 2006, short-term indebtedness was principally comprised of \$316 million of commercial paper with an average interest rate of 4.8%. The rate was 5.3% after taking into account hedging arrangements.

Long-term Debt and Related Derivative Instruments

The following is a summary of long-term debt and related derivative instruments that hedge the cash flows or fair value of the debt:

	Carrying amount		Fair value	
	Primary debt instruments	Derivative instruments	Primary debt instruments	Derivative instruments
As of December 31, 2007				
Bank and other	16	—	16	—
4.35% Notes, due 2009	306	(60)	302	(60)
4.50% Notes, due 2009	255	(70)	255	(70)
5.20% Notes, due 2014	616	(131)	604	(131)
6.85% Medium-term notes, due 2011	408	(161)	427	(161)
5.75% Notes, due 2008	400	—	400	—
4.25% Notes, due 2009	200	—	199	—
4.75% Notes, due 2010	250	—	251	—
6.20% Notes, due 2012	700	—	729	—
5.25% Notes, due 2013	250	—	248	—
5.70% Notes, due 2014	800	—	808	—
5.50% Debentures, due 2035	400	—	356	—
7.74% Private placement, due 2010	75	—	81	—
	4,676	(422)	4,676	(422)
Current portion	(412)	—		
	4,264	(422)		

	Carrying amount		Fair value	
	Primary debt instruments	Derivative instruments	Primary debt instruments	Derivative instruments
As of December 31, 2006				
Bank and other	111	—	109	—
6.50% Debentures, due 2007	217	(38)	217	(38)
4.35% Notes, due 2009	258	(21)	258	(21)
4.50% Notes, due 2009	217	(33)	217	(33)
5.20% Notes, due 2014	522	(58)	536	(58)
6.85% Medium-term notes, due 2011	345	(108)	378	(108)
5.75% Notes, due 2008	400	—	401	—
4.25% Notes, due 2009	200	—	195	—
4.75% Notes, due 2010	250	—	245	—
6.20% Notes, due 2012	700	—	723	—
5.25% Notes, due 2013	250	—	246	—
5.50% Debentures, due 2035	400	—	363	—
7.74% Private placement, due 2010	75	—	81	—
	3,945	(258)	3,969	(258)
Current portion	(264)	38		
	3,681	(220)		

The Company utilized various derivative instruments to hedge its currency and interest rate risk exposures. Certain of these instruments were fixed-to-fixed cross-currency interest rate swaps, which swap Canadian dollar principal and interest payments into U.S. dollars. These instruments were designated as cash flow hedges and recorded in the Company's consolidated balance sheet at their fair value. The fair value of these instruments reflects the effect of changes in foreign currency exchange rates on the principal amount of the debt from the origination date to the balance sheet date as well as the effect of such changes on interest payments and spot-to-forward rate differences. The portion of the fair value attributable to items other than the effect of changes in exchange rates on the principal amounts was a gain of \$14 million as of December 31, 2007 (2006 — gain of \$54 million). The total fair value for these agreements at December 31, 2007 was a gain of \$317 million (2006 — gain of \$176 million).

The Company also held fixed-to-floating cross-currency interest rate swaps, which swap Canadian dollar principal and interest payments into U.S. dollars and also change interest payments from a fixed to floating rate. These instruments were designated as fair value hedges. The total fair value for these agreements at December 31, 2007 was a gain of \$105 million (2006 — gain of \$82 million).

Currency Risk Exposures

Bank and other debt at December 31, 2006 was primarily U.S. dollar-denominated and comprised notes issued in connection with the Capstar acquisition, along with foreign currency-denominated loans. As of December 31, 2007, the 4.35% Notes, 4.50% Notes, 5.20% Notes and medium-term notes are Canadian dollar-denominated and are fully hedged into U.S. dollars. The 5.75% Notes, 4.25% Notes, 4.75% Notes, 6.20% Notes, 5.25% Notes, 5.70% Notes, 5.50% Debentures and private placements are U.S. dollar-denominated. The carrying amount of long-term debt, all of which is unsecured, was denominated in the following currencies:

	Before currency hedging arrangements		After currency hedging arrangements ⁽¹⁾	
	2007	2006	2007	2006
Canadian dollar	1,584	1,559	—	—
U.S. dollar	3,077	2,348	4,253	3,703
Other currencies	15	38	15	38
	4,676	3,945	4,268	3,741

(1) Represents net cash outflow upon maturity and, therefore, excludes fair value adjustment of \$14 million and \$54 million at December 31, 2007 and 2006, respectively.

Maturities of long-term debt in each of the next five years and thereafter are as follows:

	2008	2009	2010	2011	2012	Thereafter	Total
Before currency hedging arrangements	412	764	326	408	700	2,066	4,676
After currency hedging arrangements ⁽¹⁾	412	634	326	254	700	1,942	4,268

(1) Represents net cash outflow upon maturity and, therefore, excludes fair value adjustment of \$14 million and \$54 million at December 31, 2007 and 2006, respectively.

Interest Rate Risk Exposures

At December 31, 2007, the Company held three cross-currency interest rate swap agreements which swap interest rates from fixed to floating. After taking account of these hedging arrangements, the fixed and floating rate mix of long-term debt is as follows:

	2007	Average interest rate	% Share	2006	Average interest rate	% Share
Total fixed	3,951	5.5%	93%	3,218	5.40%	86%
Total floating	317	5.2%	7%	523	5.60%	14%
	4,268	5.5%	100%	3,741	5.40%	100%

Including the effect of short-term indebtedness, the proportion of fixed to floating rate debt was 89% to 11% at December 31, 2007. Floating rate long-term debt is LIBOR-based and, consequently, interest rates are reset periodically.

In November 2007, the Company entered into two treasury lock agreements with a total notional amount of \$800 million, in anticipation of the issuance of debt during 2008. The treasury lock agreements expire in May 2008 and have a weighted average interest rate of 4.22%. The agreements are intended to offset the change in future cash flows attributable to fluctuations in interest rates and have been designated as cash flow hedges. The fair value of the treasury lock agreements represented a loss of \$10 million at December 31, 2007, which was recorded in other comprehensive income.

2007 Activity

In July 2007, the Company repaid Cdn\$250 million of debentures upon their maturity.

In October 2007, the Company completed an offering of \$800 million of 5.70% notes due 2014. The net proceeds from this offering were \$794 million.

In November 2007, the Company filed a new shelf prospectus to issue up to \$3 billion of debt securities from time to time. The shelf will be valid until December 2009. As of December 31, 2007, no debt securities have been issued under this shelf prospectus.

2006 Activity

In January 2006, the Company repaid \$50 million of privately placed notes upon their maturity.

Foreign Exchange Contracts

The Company uses foreign exchange contracts to manage foreign exchange risk. Generally, foreign exchange contracts are designated for existing assets and liabilities, firm commitments or forecasted transactions that are expected to occur in less than one year. At December 31, 2007 and 2006 the fair value of such foreign exchange contracts was not material.

Hedging Program for Reuters Consideration

As the funding of the cash consideration required to be paid to Reuters shareholders will fluctuate based on the \$/£ exchange rate, in July 2007 the Company commenced a hedging program to mitigate exposure to changes in the \$/£ exchange rate. In the third quarter of 2007, the Company paid \$76 million for the purchase of several sterling call options with a cumulative notional value of £2,300 million and various strike prices approximating \$2.05/£1.00.

These options are stated at their fair value in the consolidated balance sheet and changes in their fair value are reflected within the consolidated statement of earnings. The fair value of these options at December 31, 2007 was approximately \$27 million.

Additionally, after completion of the sale of Thomson Learning's higher education, careers and library reference businesses, the Company invested a portion of the proceeds in sterling-denominated money market funds and sterling term bank deposits. As of December 31, 2007, the balance in these funds, which were included in the Company's consolidated balance sheet as cash and cash equivalents, totaled £2.2 billion.

Investments

At December 31, 2007 and 2006, investments accounted for using the cost and equity methods were not material. These investments are reported within "Other non-current assets" in the consolidated balance sheet.

Risks arising from Financial Instruments

See the section entitled "Financial Risk" in Management's Discussion and Analysis for the year ended December 31, 2007, for discussion of the risks faced by the Company with respect to financial instruments.

Note 16: Capital

The change in capital, which includes stated capital and contributed surplus, was as follows:

	Common Share Capital		Series II, cumulative redeemable preference share capital	Contributed surplus	Total capital
	Number of shares	Stated capital			
Balance, December 31, 2005	648,948,992	2,489	110	127	2,726
Common shares issued under the Dividend Reinvestment Plan ("DRIP")	347,840	14	—	—	14
Effect of stock compensation plans	1,820,781	70	—	30	100
Repurchase of common shares	(10,680,600)	(41)	—	—	(41)
Balance, December 31, 2006	640,437,013	2,532	110	157	2,799
Common shares issued under DRIP	385,233	16	—	—	16
Effect of stock compensation plans and other	2,031,207	86	—	48	134
Repurchase of common shares	(4,170,500)	(17)	—	—	(17)
Balance, December 31, 2007	638,682,953	2,617	110	205	2,932

Thomson Common Shares

Thomson common shares, which have no par value, are voting shares. The authorized common share capital of Thomson is an unlimited number of shares.

Registered holders of common shares may participate in the DRIP, under which cash dividends are automatically reinvested in new common shares having a value equal to the cash dividend. Such shares are valued at the weighted-average price at which the common shares traded on the Toronto Stock Exchange during the five trading days immediately preceding the record date for such dividend.

During the course of 2008, the Company's controlling shareholder, Woodbridge, plans to reinvest the equivalent of 50% of the dividends it receives during the first three quarters of 2008. Woodbridge's reinvestment in additional common shares of the Company will be made in accordance with the terms of the DRIP.

Dividends

Dividends on Thomson common shares are declared and payable in U.S. dollars. Shareholders also have the option of receiving dividends on common shares in equivalent Canadian dollars or pounds sterling. Dividends declared per common share in 2007 were \$0.98 (2006 — \$0.88).

In the consolidated statement of cash flow, dividends paid on common shares are shown net of \$16 million (2006 — \$14 million) reinvested in common shares issued under the DRIP.

Share Repurchase Program

Since May 2005, Thomson has had in place a share repurchase program which has allowed it to repurchase up to 15 million of its shares in a given twelve month period. The Company most recently renewed this program in May 2007. Since May 2005, the Company has repurchased and subsequently cancelled 22 million shares for \$836 million. The Company suspended repurchases under the current program between May and November 2007 as a result of its proposed acquisition of Reuters. The Company resumed share repurchases in late November 2007 continuing through December 2007. The following summarizes the Company's repurchases in 2006 and 2007.

Three-month period ended	Shares Repurchased	Average Price per Share	Number of Shares Available for Repurchase
March 31, 2006	4,570,000	\$36.83	
June 30, 2006	3,110,000	\$39.58	
September 30, 2006	1,710,600	\$39.27	
December 31, 2006	1,289,400	\$41.41	
March 31, 2007	1,305,000	\$41.74	
June 30, 2007	495,000	\$42.68	
September 30, 2007	—	—	
December 31, 2007	2,370,500	\$38.76	12,629,500

Shares that the Company repurchases are cancelled. Thomson may repurchase shares in open market transactions on the Toronto Stock Exchange or the New York Stock Exchange. Decisions regarding the timing of future repurchases will be based on market conditions, share price and other factors. Thomson may elect to suspend or discontinue the program at any time. From time to time when the Company does not possess material nonpublic information about its activities or its securities, the Company may enter into a pre-defined plan with its broker to allow for the repurchase of shares at times when the Company ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise. Any such plans entered into with the Company's broker will be adopted in accordance with the applicable Canadian securities laws and the requirements of Rule 10b5-1 under the U.S. Securities Exchange Act of 1934.

Series II, Cumulative Redeemable Preference Shares

The authorized preference share capital of Thomson is an unlimited number of preference shares without par value. The directors are authorized to issue preference shares without par value in one or more series, and to determine the number of shares in, and terms attaching to, each such series. As of December 31, 2007, 6,000,000 shares (2006 — 6,000,000 shares) of Series II, Cumulative Redeemable Preference shares were outstanding. The Series II preference shares are non-voting and are redeemable at the option of Thomson for Cdn\$25.00 per share, together with accrued dividends. Dividends are payable quarterly at an annual rate of 70% of the Canadian bank prime rate applied to the stated capital of such shares. The total number of authorized Series II preference shares is 6,000,000.

Capital Management

As of December 31, 2007, the Company's total capital was comprised of equity with a fair value of approximately \$26 billion and debt of \$4.9 billion, before the reduction of related swap instruments of \$424 million. As of December 31, 2007, the Company had cash and cash equivalents of \$7.5 billion.

The Company generates strong annual cash flow which is allocated in a balanced manner for i) re-investment in the business; ii) debt service; and iii) returns to shareholders in the form of dividends and share buybacks. In addition to cash generation, the Company's investment grade

credit provides added financial flexibility and the ability to borrow to support the operations and growth strategies of the business.

As of December 31, 2007, the Company's credit ratings were as follows:

	Moody's	Standard & Poor's	DBRS Limited (DBRS)
Long-term debt	Baa1	A-	A (low)
Commercial paper	—	—	R-1 (low)
Trend/Outlook	Stable	Negative	Stable

The Company currently has a \$2.5 billion 5-year credit facility which is scheduled to mature in August 2012. This facility has one financial covenant, which requires the maintenance of a maximum net debt-to-EBITDA ratio of 4.5:1.0 (see note 15 for further detail). At December 31, 2007, the Company was in compliance with the net debt-to-EBITDA ratio.

In addition to the 5-year credit facility, the Company currently has a £2.5 billion acquisition credit facility for purposes of financing the proposed acquisition of Reuters during 2008.

The Company also measures "net debt". As set out below, net debt is defined as total indebtedness, including the associated fair value hedging instruments (swaps) on the Company's debt, less cash and cash equivalents. Given that the Company hedges some of its debt to reduce risk, the hedging instruments are included in the measurement of the total obligation associated with its outstanding debt. However, because the Company generally intends to hold the debt and related hedges to maturity, it does not consider the associated fair market value of cash flow hedges in the measurements. Gross indebtedness is reduced by cash and cash equivalents on the basis that they could be used to pay down debt.

The following table presents the calculation of net debt:

<i>(millions of U.S. dollars)</i>	As of December 31,	
	2007	2006
Short-term indebtedness	183	333
Current portion of long-term debt	412	264
Long-term debt	4,264	3,681
Total debt	4,859	4,278
Swaps	(424)	(257)
Total debt after swaps	4,435	4,021
Remove fair value adjustment of cash flow hedges(1)	14	54
Less: Cash and cash equivalents	(7,497)	(334)
Net debt	(3,048)	3,741

(1) Amounts are removed to reflect net cash outflow upon maturity.

The change in net debt is principally attributable to the proceeds from the sale of Thomson Learning.

Note 17: Employee Future Benefits

Thomson sponsors both defined benefit and defined contribution employee future benefit plans covering substantially all employees. Costs for all future employee benefits are accrued over the periods in which employees earn the benefits.

Defined Benefit Plans

Thomson sponsors defined benefit plans providing pension and other post-retirement benefits to covered employees. Net periodic pension expense for employee future benefits is actuarially determined using the projected benefit method. The Company uses a measurement date of September 30 for the majority of its plans. For the Company's largest plan, which is in the United States, an actuarial valuation is performed annually as of December 31.

The following significant weighted-average assumptions were employed to determine the net periodic pension and post-retirement plans' expenses and the accrued benefit obligations:

	Pensions		Other post-retirement plans	
	2007	2006	2007	2006
Assumptions used to determine net periodic pension expense:				
Expected long-term rate of return on plan assets	7.2%	7.3%	N/A	N/A
Discount rate	5.5%	5.4%	5.9%	5.7%
Rate of compensation increase	4.5%	4.3%	N/A ⁽¹⁾	N/A ⁽¹⁾
Assumptions used to determine benefit obligation:				
Discount rate	6.1%	5.5%	6.1%	5.9%
Rate of compensation increase	4.6%	4.5%	N/A ⁽¹⁾	N/A ⁽¹⁾

(1) At the end of 2007 and 2006 these plans consisted almost entirely of retired employees.

The Company uses multiple techniques to determine its expected long-term rate of return on plan assets. These include the use of statistical models and the examination of historical returns. The Company's net defined benefit plan (income) expense is comprised of the following elements:

	Pensions				Other post-retirement plans	
	Funded		Unfunded		2007	2006
	2007	2006	2007	2006		
Components of net periodic benefit expense (income):						
Current service cost	56	57	6	6	3	3
Interest cost	135	126	12	12	10	9
Plan amendments	—	3	—	(3)	(1)	3
Actual return on plan assets	(287)	(208)	—	—	—	—
Curtailement charge	1	—	—	—	—	—
Gain on settlement of plan	(34)	—	—	—	—	—
Special termination benefits	6	—	2	—	—	—
Actuarial losses (gains)	(88)	15	(8)	(9)	(3)	(6)
Subtotal	(211)	(7)	12	6	9	9
Adjustments(1):						
Difference between expected and actual return on plan assets	128	54	—	—	—	—
Difference between actuarial loss (gain) recognized and actual actuarial loss (gain) on benefit obligation	125	37	9	11	6	10
Difference between amortization of past service costs for year and actual plan amendments for year	1	(3)	1	4	1	(3)
Amortization of transitional asset	(1)	(1)	—	—	—	—
Subtotal adjustments	253	87	10	15	7	7
Net defined benefit plan expense	42	80	22	21	16	16

(1) Adjustments reflect the deferral and amortization of experience gains and losses over applicable periods.

The following information summarizes activity in all of the pension and other post-retirement benefit plans for the Company:

	Pensions				Other post-retirement plans	
	Funded		Unfunded		2007	2006
	2007	2006	2007	2006		
Benefit obligation						
Beginning benefit obligation	2,498	2,268	207	207	164	165
Current service cost	56	57	6	6	3	3
Interest cost	135	126	12	12	10	9
Plan participants' contributions	5	4	—	—	1	—
Plan amendments	—	3	—	(3)	(1)	3
Actuarial losses (gains)	(88)	15	(8)	(9)	(3)	(6)
Acquisitions, net	—	2	1	1	—	—
Curtailments	(26)	—	—	—	—	—
Settlements	(422)	—	(1)	—	—	—
Special termination benefits	6	—	2	—	—	—
Benefits paid	(114)	(95)	(9)	(7)	(10)	(10)
Translation adjustments	40	118	3	—	1	—
Ending benefit obligation	2,090	2,498	213	207	165	164
Plan assets						
Beginning fair value of plan assets	2,457	2,181	—	—	—	—
Actual return on plan assets	287	208	—	—	—	—
Employer contributions	25	37	10	7	9	10
Plan participants' contributions	5	4	—	—	1	—
Benefits paid	(114)	(95)	(9)	(7)	(10)	(10)
Other, net	(422)	1	(1)	—	—	—
Translation adjustments	41	121	—	—	—	—
Ending fair value of plan assets	2,279	2,457	—	—	—	—
Funded status — (deficit)	189	(41)	(213)	(207)	(165)	(164)
Unamortized net actuarial loss	200	437	20	29	35	40
Unamortized past service costs	5	7	1	2	—	2
Unamortized net transitional asset	(4)	(4)	—	—	—	—
Post-measurement date activity ⁽¹⁾	12	—	3	2	4	2
Accrued benefit asset (liability)	402	399	(189)	(174)	(126)	(120)

(1) Consists primarily of contributions.

An accrued pension benefit asset of \$403 million (2006 – \$434 million) is included in “Other non-current assets” in the consolidated balance sheet. An accrued pension benefit liability of \$190 million (2006 – \$209 million) as well as the accrued liability for other post-retirement plans are included in “Other non-current liabilities” in the consolidated balance sheet.

The unfunded pension plans referred to above consist primarily of supplemental executive retirement plans (“SERPs”) for eligible employees. Thomson partially funds the liabilities of these plans through insurance contracts, which are excluded from plan assets in accordance with CICA Handbook Section 3461. The cash surrender values of insurance contracts used to fund the SERPs are included in “Other non-current assets” in the consolidated balance sheet.

As of December 31, 2007, no funded plan had a benefit obligation that exceeded the plan’s assets. As of December 31, 2006, the benefit obligations of funded plans that exceeded plan assets at December 31, 2006, was \$2,008 million and the fair values of plan assets was \$1,909 million.

As of December 31, 2007, the Company had cumulative unrecognized actuarial losses associated with all of its pension plans of \$220 million (2006 – \$466 million). The majority of these losses are a result of the decline in discount rates over the past few years reflecting the overall decline in interest rates, primarily in the United States. Actuarial gains and losses are included in the calculation of annual pension expense subject to the following amortization methodology. Unrecognized actuarial gains or losses are netted with the difference between the market-related value and fair value of plan assets. To the extent this net figure exceeds 10% of the greater of the projected benefit obligation or market-related value of plan assets, it is amortized into pension expense on a straight-line basis over the expected average service life of active participants (approximately eight years at December 31, 2007). Unrecognized actuarial gains and losses below the 10% corridor are deferred.

Actuarial gains and losses also included the difference between the expected and actual returns on plan assets. The expected return on assets represents the increase in the market-related value of plan assets due to investment returns. The market-related value of plan assets is defined as the market-related value of plan assets at the prior measurement date adjusted for contributions and distributions during the plan year. The difference between actual asset returns and the expected return on assets for each year is recognized in asset values prospectively at the rate of 20% per year for five years.

The average healthcare cost trend rate used was 9% for 2007, which is reduced ratably to 5% in 2016. A 1% change in the trend rate would result in an increase or decrease in the benefit obligation for post-retirement benefits of approximately \$15 million at December 31, 2007.

The Company’s pension plans’ allocation of assets as of the plans’ measurement dates for 2007 and 2006 is as follows:

Asset category	Percentage of plans’ assets	
	2007	2006
Equity securities	52%	49%
Debt securities	48%	51%
Total	100%	100%

As of December 31, 2007 and 2006 there were no Thomson securities held in the Company’s pension plans’ assets.

Plan assets are invested to satisfy the fiduciary obligation to adequately secure benefits and to minimize Thomson’s long-term contributions to the plans.

In October 2007, the Company transferred all liabilities and assets associated with the Thomson Regional Newspapers Pension Plan (“TRN plan”) to a third party. As a result of the transfer, the Company is no longer responsible for liabilities associated with the TRN plan. A \$34 million gain on the settlement of this plan was recognized in the fourth quarter of 2007.

During 2007, the Company contributed \$37 million to a defined benefit plan in the United Kingdom. The contributions were required by statute as a result of the disposal of certain businesses in the United Kingdom. Of the total, \$25 million related to amounts required in connection with the disposal of Thomson Learning and \$12 million related to a contribution made after the measurement date and was in connection with Jane’s (see note 22). In March 2006, the Company voluntarily contributed \$5 million to this benefit plan.

Based on regulatory requirements, the Company was not obligated to make contributions in 2007 and 2006 to its major pension plan, which is in the U.S. However, from time to time, the Company may elect to voluntarily contribute to the plan in order to improve its funded status. Because the decision to voluntarily contribute is based on various market-related factors, including asset values and interest rates, which are used to determine the plan’s funded status, the Company cannot predict whether, nor the amount, it may elect to voluntarily contribute in 2008.

The benefit payments for the years ended December 31, 2007 and 2006 and the estimated payments thereafter, as assumed in the calculation of the benefit obligation as of December 31, 2006, are as follows:

Benefit Payments

	Pensions		Other post-retirement plans
	Funded	Unfunded	
2006	95	7	10
2007	114	9	10
Estimated Future Payments:			
2008	91	12	11
2009	93	12	12
2010	97	13	13
2011	101	13	14
2012	106	14	14
2013 to 2017	607	77	80

Defined Contribution Plans

The Company and its subsidiaries sponsor various defined contribution savings plans that provide for company-matching contributions. Total expense related to defined contribution plans was \$60 million in 2007 (2006 – \$69 million), which approximates the cash outlays related to the plans.

Note 18: Contingencies, Commitments and Guarantees

Lawsuits and Legal Claims

In the third quarter of 2007, the U.S. District Court for the Western District of Pennsylvania adversely decided against the Company in a patent infringement case related to a business formerly owned by Thomson Financial. The Company subsequently posted a \$95 million letter of credit

in connection with its appeal. The letter of credit represents the amount of the district court's judgment, plus fees and interest.

In 2005, the Company became aware of an inquiry by the Serious Fraud Office in the United Kingdom regarding refund practices relating to certain duplicate subscription payments made by some of the Company's customers in the Sweet & Maxwell and GEE businesses in the United Kingdom. In August 2007, the Company was notified by the authorities that they had completed their inquiry and no action would be taken against Thomson.

In February 2007, the Company entered into a settlement agreement related to a lawsuit involving its BAR/BRI business that alleged violations of antitrust laws (*Rodriguez v. West Publishing Corp. and Kaplan Inc.*). Thomson's part of the settlement was \$36 million, which was accrued for in the fourth quarter of 2006 and paid in June 2007. The Company is also a defendant in certain lawsuits involving its BAR/BRI business, *Park v. The Thomson Corporation and Thomson Legal & Regulatory Inc.*, which was filed in the U.S. District Court for the Southern District of New York. This lawsuit alleges primarily violations of the U.S. federal antitrust laws. In the third quarter of 2007, the Company accrued \$13 million in connection with an agreement in principle to settle the case, which is subject to adjustment. In June 2006, an additional complaint with substantially identical allegations to the Park matter, which is now captioned *Arendas v. The Thomson Corporation, West Publishing Corporation d/b/a BAR/BRI and Doe Corporation*, was filed in the Circuit Court for the Ninth Judicial Circuit in and for Orange County, Florida, alleging violations of Florida state antitrust law. The Company continues to defend itself vigorously in this case. (See note 25 for further developments).

In addition to the matters described above, the Company is engaged in various legal proceedings and claims that have arisen in the ordinary course of business. The outcome of all of the proceedings and claims against the Company, including those described above, is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company, taken as a whole.

Taxes

The Company maintains liabilities for tax contingencies (or uncertain tax positions) associated with known issues under discussion with tax authorities and transactions yet to be settled. The Company regularly assesses the adequacy of this liability. Contingencies are reversed to income in the period in which management assesses that they are no longer required, or when they become no longer required by statute, or when they are resolved through the normal tax audit process. The Company's contingency reserves principally represent liabilities for the years 2000 to 2007.

In the normal course of business, the Company enters into numerous intercompany transactions related to the sharing of data and technology. The tax rules governing such transactions are complex and necessitate the Company to make numerous assumptions. Management has established certain contingencies related to these items. However, because of the volume and complexity of such transactions, it is possible that at some future date an additional liability could result from audits by the relevant taxing authorities.

Leases

The Company enters into operating leases in the ordinary course of business, primarily for real property and equipment. Payments for these leases are contractual obligations as scheduled per each agreement. Operating lease payments in 2007 were \$166 million (2006 – \$147 million). The future minimum operating lease payments are \$157 million in 2008, \$135 million in 2009, \$107 million in 2010, \$82 million in 2011, \$68 million in 2012 and \$204 million thereafter.

With certain leases, the Company guarantees a portion of the residual value loss, if any, incurred by the lessors in disposing of the assets, or in restoring a property to a specified condition after completion of the lease period. The liability associated with these restorations is recorded within "Other non-current liabilities." The Company believes, based upon current facts and circumstances, that the likelihood of a material payment pursuant to such guarantees is remote.

Business Combinations and Investments

The Company has obligations to pay additional consideration for prior acquisitions, typically based upon performance measures contractually agreed at the time of purchase. The Company does not believe that additional payments in connection with these transactions would have a material impact on the consolidated financial statements.

In certain disposition agreements, the Company guarantees to the purchaser the recoverability of certain assets or limits on certain liabilities. The Company believes, based upon current facts and circumstances, that a material payment pursuant to such guarantees is remote.

Note 19: Acquisitions

The number of transactions completed and related cash consideration during 2007 and 2006 were as follows:

	Year ended December 31			
	2007		2006	
	Number of transactions	Cash consideration	Number of transactions	Cash consideration
Businesses and identifiable intangible assets acquired	33	438	23	692
Contingent consideration payment – TradeWeb	—	50	—	50
Investments in businesses	—	—	2	2
	33	488	25	744

All acquisitions have been accounted for using the purchase method and the results of acquired businesses are included in the consolidated financial statements from the dates of acquisition. For acquisitions made in 2007 and 2006, the majority of the acquired goodwill is deductible for tax purposes. Purchase price allocations related to certain acquisitions may be subject to adjustment pending completion of final valuations.

Additionally, during the third quarter of 2007 and 2006, the Company paid \$50 million in each period for contingent earnout payments related to the 2004 TradeWeb LLC acquisition as the associated contingency was satisfied. The payment in 2007 constituted the final payment under this agreement.

The details of net assets acquired are as follows:

	2007	2006
Cash and cash equivalents	19	11
Accounts receivable	38	31
Prepaid expenses and other current assets	19	12
Computer hardware and other property	4	9
Computer software	13	49
Identifiable intangible assets	206	160
Goodwill	268	528
Other non-current assets	18	5
Total assets	585	805
Accounts payable and accruals	(46)	(29)
Deferred revenue	(39)	(61)
Other non-current liabilities	(43)	(12)
Total liabilities	(128)	(102)
Net assets	457	703

Allocations related to certain acquisitions may be subject to adjustment pending final valuation.

The following provides a brief description of major acquisitions completed during 2007 and 2006.

Date	Company	Acquiring segment	Description
October 2007	Deloitte Tax LLP Property Tax Services	Tax & Accounting	A provider of property tax outsourcing and compliance services
September 2007	Prous Science	Scientific	A provider of life sciences information solutions
March 2007	CrossBorder Solutions	Tax & Accounting	A provider of transfer pricing and income tax provision software
October 2006	Solucient, LLC	Healthcare	An advanced healthcare analytics and information company
September 2006	LiveNote Technologies	Legal	A provider of transcript and evidence management software
May 2006	MercuryMD, Inc.	Healthcare	A provider of mobile information systems serving the healthcare market
March 2006	Quantitative Analytics, Inc.	Financial	A provider of financial database integration and analysis solutions

The identifiable intangible assets acquired are summarized as follows:

			Weighted-average amortization period (years)	
	2007	2006	2007	2006
Finite useful lives:				
Tradenames	17	16	8	10
Customer relationships	149	116	10	10
Databases and content	20	8	8	8
Other	20	20	7	7
	206	160		

TradeWeb

In October 2007, the Company announced that it had agreed to form a partnership with a consortium of nine global securities dealers to seek to further expand TradeWeb, its electronic trading unit within Thomson Financial. This agreement was executed in January 2008. The partnership will utilize TradeWeb's established market position to create a global multi-asset class execution venue for clients. Under the terms of the agreement, the dealers will invest \$180 million to purchase a 15% stake in an entity that includes TradeWeb's established markets, as well as the Company's Autex and order routing businesses, which will be named TradeWeb Markets. Additionally, Thomson and the dealers will fund additional investment in asset class expansion through a new entity, TradeWeb New Markets. Under the terms of the agreement, Thomson's contribution to this new entity will be an initial cash investment of \$30 million, with a commitment for an additional \$10 million, and certain assets valued at approximately \$30 million. The consortium will contribute \$60 million, with a commitment for an additional \$40 million, as well as certain contracts valued at approximately \$180 million. Thomson will own 20% of TradeWeb New Markets and the consortium will own 80%. The infrastructure, including the existing TradeWeb platform, and management of TradeWeb Markets will support both companies. TradeWeb New Markets will pay a fee for services provided by TradeWeb Markets. Under the terms of the agreement, these two entities will merge upon meeting either certain performance or time-based milestones. The ownership interests of the merged entity will be based upon the fair values of the two entities at the time of merger. Until the merger, Thomson will consolidate the results of TradeWeb Markets, reflecting the consortium's share of earnings as a minority interest, and reflect its minority share in TradeWeb New Markets as an equity investment. After the merger, the accounting treatment for the Company's investment will reflect its ultimate ownership stake and degree of control over the entity.

Note 20: Stock-based Compensation

Phantom Stock Plan

Thomson has a phantom stock plan that provides for the granting of stock appreciation rights ("SARs") to officers and key employees. The SARs provide the holder with the opportunity to earn a cash award equal to the fair market value of the Company's common shares less the price at which the SARs were issued. Compensation expense is measured based on the market price of Thomson common shares at the end of the reporting period. The SARs outstanding under the plan have been granted at the closing price of the Company's common shares on the day prior to the date of grant, vest over a four to eight year period, and expire five to eleven years after the grant date. The compensation expense is recognized over the applicable period. At December 31, 2007, the authorized number of SARs was 20,500,000 and there were 3,264,695 units available for grant. Thomson recognized a benefit of \$4 million related to the phantom stock plan for the year ended December 31, 2007 (2006 — \$7 million charge) in the consolidated statement of earnings.

A summary of the status of the Canadian-dollar denominated SARs as of December 31, 2007 and 2006, and changes during the years ended on those dates, is as follows:

	2007		2006	
	SARs	Canadian \$ weighted-average exercise price	SARs	Canadian \$ weighted-average exercise price
Outstanding at beginning of year	1,531,558	40.84	2,209,503	38.66
Granted	—	—	—	—
Exercised	(541,307)	37.33	(527,000)	33.01
Forfeited	(190,588)	42.89	(150,945)	36.26
Outstanding at end of year	799,663	42.72	1,531,558	40.84
Exercisable at end of year	669,938	43.05	1,197,941	40.65

The following table summarizes the Canadian-dollar denominated SARs outstanding at December 31, 2007:

Canadian \$ range of exercise prices	SARs outstanding		Canadian \$ weighted-average exercise price	SARs exercisable	
	Number outstanding at 12/31/07	Weighted-average remaining contractual life		Number exercisable at 12/31/07	Canadian \$ weighted-average exercise price
36.00 - 41.00	384,333	5.57	39.70	291,267	39.36
41.74 - 48.40	365,010	6.07	43.87	328,351	44.11
57.40 - 57.45	50,320	2.97	57.40	50,320	57.40

During 2007, the Company began to issue U.S. dollar-denominated SARs. During the year, 115,760 U.S. dollar-denominated SARs were granted, at a weighted average exercise price of \$42.91. All of the SARs were outstanding as of December 31, 2007 and had a remaining contractual life of 9.17 years. Of the SARs outstanding, none were exercisable at December 31, 2007.

Stock Incentive Plan

The Company's stock incentive plan authorizes it to grant stock options and other equity-based awards to officers and employees. The maximum number of common shares currently issuable under the plan is 40,000,000. As of December 31, 2007, there were 20,629,657 awards available for grant (2006-22,384,901).

Stock Options

Under the plan, the exercise price of an option equals the closing market price of the Company's stock on the New York Stock Exchange on the day prior to the date of the grant and the maximum term of an option is 10 years. In general, grants vest 25% per year from the date of issuance. Under the plan, options may be granted in either Canadian dollars or U.S. dollars.

A summary of the status of the Canadian dollar-denominated options granted and exercised as of December 31, 2007 and 2006, and changes during the years ended on those dates, is as follows:

	2007		2006	
	Options	Canadian \$ weighted-average exercise price	Options	Canadian \$ weighted-average exercise price
Outstanding at beginning of year	5,099,392	49.79	5,451,664	49.67
Granted	—	—	—	—
Exercised	(117,900)	44.23	(157,800)	42.69
Forfeited	(278,340)	52.05	(194,472)	52.16
Outstanding at end of year	4,703,152	49.80	5,099,392	49.79
Exercisable at end of year	4,699,984	49.81	5,067,267	49.85

The following table summarizes information on Canadian dollar-denominated stock options outstanding at December 31, 2007:

Canadian \$ range of exercise prices	Options outstanding		Canadian \$ weighted-average exercise price	Options exercisable	
	Number outstanding at 12/31/07	Weighted-average remaining contractual life		Number exercisable at 12/31/07	Canadian \$ weighted-average exercise price
40.69 - 44.40	1,040,500	2.44	41.06	1,037,332	41.06
45.90 - 48.70	1,965,972	3.95	48.36	1,965,972	48.36
50.25 - 57.45	1,696,680	2.95	56.84	1,696,680	56.84

A summary of the status of the U.S. dollar-denominated options granted and exercised as of December 31, 2007 and 2006, and changes during the years ended on those dates, is as follows:

	2007		2006	
	Options	U.S. \$ weighted-average exercise price	Options	U.S. \$ weighted-average exercise price
Outstanding at beginning of year	9,627,964	32.98	10,469,989	32.62
Granted	1,827,510	42.95	380,000	38.27
Exercised	(1,664,029)	32.28	(742,400)	30.83
Forfeited	(506,837)	35.04	(479,625)	32.66
Outstanding at end of year	9,284,608	34.78	9,627,964	32.98
Exercisable at end of year	7,433,244	31.75	5,094,436	31.39

The following table summarizes information on U.S. dollar-denominated stock options outstanding at December 31, 2007:

U.S. \$ range of exercise prices	Options outstanding		U.S. \$ weighted-average exercise price	Options exercisable	
	Number outstanding at 12/31/07	Weighted-average remaining contractual life		Number exercisable at 12/31/07	U.S. \$ Weighted-average exercise price
26.06 - 29.70	1,053,559	4.95	26.08	1,053,559	26.08
30.79 - 33.76	3,823,136	6.48	33.53	3,670,869	33.53
33.87 - 42.96	4,407,913	8.44	38.53	2,708,816	37.46

The Company expenses the fair value of all stock options using the Black-Scholes pricing model to calculate an estimate of fair value. Under this method, a fair value is determined for each option at the date of grant, and that amount is recognized as expense over the vesting period. For the year ended December 31, 2007, compensation expense recorded in connection with stock options was \$23 million (2006 — \$19 million), of which \$4 million was charged to discontinued operations (2006 — \$3 million).

Using the Black-Scholes pricing model, the weighted-average fair value of options granted was estimated to be \$8.58 and \$7.99 for the years ended December 31, 2007 and 2006, respectively. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions. In addition, the model requires the use of subjective assumptions, including expected stock price volatility. The principal assumptions used in applying the Black-Scholes option-pricing model for the years ended December 31, 2007 and 2006 were as follows:

	2007	2006
Risk-free interest rate	4.6%	4.6%
Dividend yield	2.3%	2.3%
Volatility factor	17.1%	18.5%
Expected life (in years)	6	6

Restricted Share Units

RSUs give the holder the right to receive a specified number of common shares at the specified vesting date or upon the achievement of certain performance goals. RSUs vest over a period of up to seven years. The holders of RSUs have no voting rights, but accumulate additional units based on notional dividends paid by the Company on its common shares at each dividend payment date, which are reinvested as additional RSUs. Compensation expense related to RSUs is recognized over the vesting period, based upon the closing price of the Company's common shares on the day prior to the date of grant. For the year ended December 31, 2007, compensation expense recorded in connection with RSUs was \$5 million (2006 — \$3 million).

A summary of the status of the time based restricted share units granted and vested as of December 31, 2007 and 2006, and changes during the years ended on those dates, is as follows:

	2007		2006	
	RSUs	U.S. \$ weighted-average value	RSUs	U.S. \$ weighted-average value
Outstanding at beginning of year	407,925	35.89	223,715	33.86
Granted	148,761	42.75	192,098	38.20
Cancellations	(36,723)	35.15	—	—
Vested	(26,220)	34.10	(7,888)	34.79
Outstanding at end of year	493,743	38.10	407,925	35.89

Performance Restricted Share Units

In 2006, the Company introduced a new form of long-term incentive program (“LTIP”) intended to reward certain senior executives. Previously, the Company’s LTIP awards were cash based.

Under the LTIP awards, participants are granted PRSUs which give the holder the right to receive one Thomson common share for each unit held in their PRSU account that vests on the vesting date, based upon the Company’s performance during the three-year performance period against pre-established goals. Between 0% and 200% of the initial grant amounts may vest.

The holders of PRSUs accumulate additional units based upon notional dividends paid by the Company on its common shares on each dividend payment date which are reinvested as additional PRSUs. Compensation expense related to each PRSU grant is recognized over the three-year performance period based upon the closing price of the Company’s common shares on the NYSE on the day prior to the date of grant and the number of units expected to vest.

For the year ended December 31, 2007, compensation expense recorded in connection with PRSUs was \$16 million (2006 — \$9 million).

A summary of the status of the performance based restricted share units granted and vested as of December 31, 2007 and 2006, and changes during the periods ended on those dates, is as follows:

	2007		2006	
	PRSUs	U.S. \$ weighted-average value	PRSUs	U.S. \$ weighted-average value
Outstanding at beginning of year	705,109	38.88	—	—
Granted	761,673	42.87	705,109	38.88
Cancellations	(167,025)	39.17	—	—
Vested	—	—	—	—
Outstanding at end of year	1,299,757	41.12	705,109	38.88

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan (“ESPP”) under which eligible U.S., Canadian and U.K. employees may purchase a maximum of 8,000,000 common shares. The maximum number of shares currently issuable for the U.S. ESPP is 6,000,000 and for the global ESPP is 2,000,000. Each quarter, employees may elect to withhold up to 10% of their eligible compensation, up to a maximum of \$21,250 per year (or a comparable amount in Canadian dollars or pounds sterling for the global ESPP), to purchase Thomson common shares at a price equal to 85% of the closing price of the shares on the NYSE as of the last business day of the quarter. The Company recognized an expense of \$5 million in 2007 relating to the 15% discount of purchased shares (2006 — \$4 million).

Note 21: Supplemental Cash Flow Information

Details of “Changes in working capital and other items” are:

	2007	2006
Accounts receivable	(135)	(141)
Prepaid expenses and other current assets	(93)	2
Accounts payable and accruals	99	67
Deferred revenue	100	78
Income taxes	(27)	(35)
Other	(77)	(21)
	(133)	(50)

Income taxes paid during 2007 were \$1,489 million, which included \$1,299 million relating to gains on sales of discontinued operations. Income taxes paid during 2006 were \$334 million, which included \$23 million relating to the 2006 sales of AHC, Peterson’s and Law Manager, Inc. Income tax refunds received during 2007 were \$23 million (2006 — \$20 million).

In connection with the sale of Prometric, the Company received a promissory note that was recorded at its estimated fair value of approximately \$60 million (see note 8).

Note 22: Related Party Transactions

As of December 31, 2007, Woodbridge and other companies affiliated with it together beneficially owned approximately 70% of the Company’s common shares.

From time to time, in the normal course of business, Woodbridge and its affiliates purchase products and service offerings from the Company. These transactions are negotiated at arm’s length on standard terms, including price, and are not significant to the Company’s results of operations or financial condition either individually or in the aggregate.

In the normal course of business, a Woodbridge-owned company rents office space from one of the Company’s subsidiaries. Additionally, a number of the Company’s subsidiaries charge a Woodbridge-owned company fees for various administrative services. In 2007, the amounts charged for these rentals and services were approximately \$1 million (2006 — \$2 million).

The employees of Jane’s Information Group (“Jane’s”) participated in the Company’s pension plans in the United States and United Kingdom, as well as the defined contribution plan in the United States, until June 2007. Jane’s had been owned by the Company until it was sold to Woodbridge in April 2001. As part of the original purchase from the Company, Woodbridge assumed the pension liability associated with the

active employees of Jane's. As a consequence of the sale of Jane's by Woodbridge in June 2007, Jane's employees have ceased active participation in the Company's plans. From April 2001 until June 2007, Jane's made proportional contributions to these pension plans as required, and made matching contributions in accordance with the provisions of the defined contribution plan. Coincident with the sale of Jane's by Woodbridge in June 2007, Jane's ceased to be a participating employer in any Thomson benefit plan. As a result of this change, and in compliance with applicable regulations in the United Kingdom, Jane's made a cash contribution to the Company's United Kingdom pension plan of approximately \$12 million (£6 million).

Thomson purchases property and casualty insurance from third party insurers and retains the first \$1 million of each and every claim under the programs via the Company's captive insurance subsidiary. Woodbridge is included in these programs and pays Thomson a premium commensurate with its exposures. In 2007, these premiums were approximately \$50,000 (2006 — \$50,000), which would approximate the premium charged by a third party insurer for such coverage. In 2007, Thomson paid approximately \$100,000 in claims to Woodbridge (2006 — none).

The Company has entered into an agreement with Woodbridge under which Woodbridge has agreed to indemnify up to \$100 million of liabilities incurred either by the Company's current and former directors and officers or by the Company in providing indemnification to these individuals on substantially the same terms and conditions as would apply under an arm's length, commercial arrangement. A third party administrator will manage any claims under the indemnity. Thomson pays Woodbridge an annual fee of \$750,000, which is less than the premium that the Company would have paid for commercial insurance.

During the course of 2008, Woodbridge plans to reinvest the equivalent of 50% of the dividends it receives during the first three quarters of 2008. Woodbridge's reinvestment in additional common shares of the Company will be made in accordance with the terms of the DRIP.

In September 2006, the Company entered into a contract with Hewitt Associates Inc. to outsource certain human resources administrative functions in order to improve operating and cost efficiencies. Under the current contract, the Company expects to pay Hewitt an aggregate of approximately \$165 million over the ten year period of the contract. In 2007 and 2006, Thomson paid Hewitt \$11 million and \$16 million, respectively, for its services. Mr. Denning, one of the Company's directors and the chairman of the board's Human Resources Committee, is also a director of Hewitt. Mr. Denning has not participated in negotiations related to the contract and has refrained from deliberating and voting on the matter by the Human Resources Committee and the board of directors.

Note 23: Segment Information

Thomson is a global provider of integrated information solutions for business and professional customers. Effective January 1, 2007, the Company realigned its continuing operations into five new segments consisting of Legal, Financial, Tax & Accounting, Scientific and Healthcare. Prior period segment data have been restated to conform to this presentation. The accounting policies applied by the segments are the same as those applied by the Company. The reportable segments of Thomson are strategic business groups that offer products and services to target markets, as follows:

Legal

Providing workflow solutions throughout the world to legal, intellectual property, compliance and other business professionals, as well as government agencies.

Financial

Providing products and integration services to financial and technology professionals in the corporate, investment banking, institutional, retail wealth management and fixed income sectors of the global financial community.

Tax & Accounting

Providing integrated information and workflow solutions for tax and accounting professionals in North America.

Scientific

Providing information and services to researchers, scientists and information professionals in the academic, scientific, corporate and government marketplaces.

Healthcare

Providing information and services to physicians and other professionals in the healthcare, corporate and government marketplaces.

Reportable Segments — 2007

<i>(millions of U.S. dollars)</i>	Revenues	Depreciation	Segment operating profit	Additions to capital assets ⁽¹⁾ and goodwill	Total assets
Legal	3,318	205	1,044	335	6,562
Financial	2,186	172	454	230	3,618
Tax & Accounting	705	21	184	316	1,440
Scientific	651	32	175	110	1,419
Healthcare	452	24	85	38	772
Segment totals	7,312	454	1,942	1,029	13,811
Corporate and other ⁽²⁾	—	14	(389)	122	9,010
Eliminations	(16)	—	—	—	—
Continuing operations	7,296	468	1,553	1,151	22,821
Discontinued operations					10
Total					22,831

Reportable Segments — 2006

<i>(millions of U.S. dollars)</i>	Revenues	Depreciation	Segment operating profit	Additions to capital assets ⁽¹⁾ and goodwill	Total assets
Legal	3,008	187	943	329	6,445
Financial	2,025	180	380	395	3,489
Tax & Accounting	598	22	168	66	1,086
Scientific	602	23	151	57	1,344
Healthcare	374	16	81	351	755
Segment totals	6,607	428	1,723	1,198	13,119
Corporate and other ⁽²⁾	—	10	(235)	28	1,452
Eliminations	(16)	—	—	—	—
Continuing operations	6,591	438	1,488	1,226	14,571
Discontinued operations					5,571
Total					20,142

Geographic Information — 2007

<i>(by country of origin) (millions of U.S. dollars)</i>	Revenues	Capital assets ⁽¹⁾ and goodwill	Total assets
United States	5,859	9,519	14,830
Europe	1,011	1,758	6,866
Asia Pacific	230	192	304
Canada	170	237	788
Other countries	26	19	43
Total	7,296	11,725	22,831

<i>(by country of origin) (millions of U.S. dollars)</i>	Revenues	Capital assets ⁽¹⁾ and goodwill	Total assets
United States	5,350	8,962	15,531
Europe	871	1,857	3,113
Asia Pacific	193	158	387
Canada	155	164	948
Other countries	22	36	163
Total	6,591	11,177	20,142

(1) Capital assets include computer hardware and other property, capitalized software for internal use and identifiable intangible assets.

(2) Corporate and other includes corporate costs, costs associated with the Company's stock-based compensation expense, THOMSONplus and Reuters transaction costs.

In accordance with CICA Handbook Section 1701, *Segment Disclosures*, the Company discloses information about its reportable segments based upon the measures used by management in assessing the performance of those reportable segments. The Company uses segment operating profit, which is Operating profit before amortization of identifiable intangible assets, to measure the operating performance of its segments. Management uses this measure because amortization of identifiable intangible assets is not considered to be a controllable operating cost for purposes of assessing the current performance of the segments. While in accordance with Canadian GAAP, the Company's definition of segment operating profit may not be comparable to that of other companies.

The following table reconciles segment operating profit per the business segment information to operating profit per the consolidated statement of earnings.

	For the year ended December 31	
	2007	2006
Segment operating profit	1,553	1,488
Less: Amortization	(256)	(240)
Operating profit	1,297	1,248

Note 24: Reconciliation of Canadian to U.S. Generally Accepted Accounting Principles

The consolidated financial statements have been prepared in accordance with Canadian GAAP, which differs in some respects from U.S. GAAP. The following schedules present the material differences between Canadian and U.S. GAAP.

	For the year ended December 31	
	2007	2006
Net earnings under Canadian GAAP	4,004	1,120
Differences in GAAP increasing (decreasing) reported earnings:		
Business combinations	92	17
Derivative instruments and hedging activities	(8)	12
Income taxes	(26)	(6)
Net earnings under U.S. GAAP	4,062	1,143
Earnings under U.S. GAAP from continuing operations	1,096	932
Earnings under U.S. GAAP from discontinued operations	2,966	211
Net earnings under U.S. GAAP	4,062	1,143
Basic earnings per common share, under U.S. GAAP, from:		
Continuing operations	\$ 1.70	\$ 1.44
Discontinued operations, net of tax	\$ 4.63	\$ 0.33
Basic earnings per common share	\$ 6.33	\$ 1.77
Diluted earnings per common share, under U.S. GAAP, from:		
Continuing operations	\$ 1.69	\$ 1.43
Discontinued operations, net of tax	\$ 4.60	\$ 0.33
Diluted earnings per common share	\$ 6.29	\$ 1.76

	For the year ended December 31	
	2007	2006
Comprehensive income under Canadian GAAP	3,775	1,337
Differences in GAAP increasing (decreasing) reported comprehensive income:		
Differences in net earnings as per above	58	23
Foreign currency translation	—	(2)
Pension adjustment (including tax charge of \$118 million in 2007, \$7 million in 2006)	137	16
Comprehensive income under U.S. GAAP	3,970	1,374

	As of December 31	
	2007	2006
Shareholders' equity under Canadian GAAP	13,571	10,481
Differences in GAAP increasing (decreasing) reported Shareholders' equity:		
Business combinations	(498)	(590)
Employee future benefits	(257)	(512)
Derivative instruments and hedging activities	1	9
Income taxes	195	339
Shareholders' equity under U.S. GAAP	13,012	9,727

Descriptions of the nature of the reconciling differences are provided below:

Business Combinations

Prior to January 1, 2001, various differences existed between Canadian and U.S. GAAP for the accounting for business combinations, including the establishment of acquisition related liabilities. The \$92 million increase to income (2006 — \$17 million) primarily relates to (i) costs that are required to be recorded as operating expenses under U.S. GAAP which, prior to January 1, 2001, were capitalized under Canadian GAAP; (ii) overall decreased amortization charges due to basis differences; and (iii) differences in gain or loss calculations on business disposals resulting from the above factors, principally related to the sale of Thomson Learning.

The \$498 million decrease in shareholders' equity as of December 31, 2007 (2006 — \$590 million) primarily relates to basis differences in identifiable intangible assets and goodwill due to the factors discussed above, as well as a gain of \$54 million recorded for U.S. GAAP resulting from a 1997 disposal mandated by the U.S. Department of Justice, which was required to be recorded as a reduction of goodwill under Canadian GAAP. On a U.S. GAAP basis, goodwill was \$6,658 million at December 31, 2007 (2006 — \$6,260 million). On the same basis, identifiable intangible assets, net of accumulated amortization, were \$3,227 million at December 31, 2007 (2006 — \$3,227 million).

Derivative Instruments and Hedging Activities

Under U.S. Statement of Financial Accounting Standards ("FAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities* as amended by FAS 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*, all derivative instruments are recognized in the balance sheet at their fair values, and changes in fair value are recognized either immediately in earnings or, if the transaction qualifies for hedge accounting, when the transaction being hedged affects earnings. Effective January 1, 2006, the Company adopted the same recognition and measurement principles as allowed under new Canadian GAAP accounting standards as discussed in note 2.

Prior to January 1, 2006, in accordance with Canadian GAAP, the Company disclosed the fair values of derivative instruments in the notes to the annual consolidated financial statements, but did not record such fair values in the consolidated balance sheet, except for derivative instruments that did not qualify as hedges. From January 1, 2004, derivative instruments that did not qualify as hedges were recorded in the balance sheet at fair value, and the change in fair value subsequent to January 1, 2004 was recorded in the income statement. The fair value as of January 1, 2004 was deferred and amortized into earnings in conjunction with the item it previously hedged. The reconciling items subsequent to January 1, 2004 relate to historical balances due to the fact that the adoption of the standards occurred at a later date for Canadian GAAP than for U.S. GAAP.

For 2007, the reconciling differences between Canadian and U.S. GAAP relate to certain swap agreements that qualified for hedge accounting under Canadian GAAP but that, for the first three quarters of 2007, did not qualify for hedge accounting under U.S. GAAP.

Income Taxes

The income tax adjustment for each period is comprised of the tax effect of the U.S. GAAP reconciling items. The adjustment to shareholder's equity relates entirely to deferred tax liabilities.

As discussed in note 2, effective January 1, 2007, the Company adopted a new accounting policy under Canadian GAAP for uncertain income tax positions which conforms to the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48 ("FIN 48"). The adoption of FIN 48 was required for U.S. GAAP purposes as of January 1, 2007. As a result of this adoption, there is no difference in treatment between Canadian and U.S. GAAP for uncertain income tax positions.

Employee Future Benefits

In September 2006, the FASB issued Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)* ("FAS 158"). FAS 158 requires an employer to recognize a net liability or asset and an offsetting adjustment to accumulated other comprehensive income to report the funded status of defined benefit pension and other postretirement benefit plans effective for the Company's year ended December 31, 2006. Additionally, FAS 158 requires employers to measure plan obligations at their year-end balance sheet date, effective for the Company's year ending December 31, 2008. The Company has applied and will apply the requirements of FAS 158 prospectively at each stage of adoption.

Under the provisions of FAS 158 treatment, the Company's reported financial position as of December 31, 2006 under U.S. GAAP reflects an increase in net pension related liabilities of \$502 million, a decrease in net deferred tax liabilities of \$195 million and a decrease in shareholders' equity, reflected in accumulated other comprehensive income, of \$307 million. There was no impact to reported earnings.

The following table summarizes the incremental effect, at adoption, of applying FAS 158 upon individual line items in the consolidated balance sheet under U.S. GAAP.

	FAS 158 adjustments
Other non-current assets	(380)
Accounts payable and accruals	19
Other non-current liabilities	103
Long-term deferred income tax liability	(195)
Accumulated other comprehensive loss	(307)

Recently Issued Accounting Standards

In September 2006, the FASB issued FAS 157, *Fair Value Measurements*. This statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard had originally been effective for the Company in the first quarter of 2008. In February 2008, the adoption date for the standard was deferred until the first quarter of 2009 with respect to the valuation of certain nonfinancial assets and liabilities. The Company is currently evaluating the statement's impact on its financial statements.

In February 2007, the FASB issued FAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. This statement permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. FAS 159 is effective for the Company in the first quarter of 2008. The Company does not believe that there will be a material impact upon its financial statements upon adoption.

In December 2007, the FASB issued FAS 141 (revised 2007), *Business Combinations* ("FAS 141R"), and FAS 160, *Noncontrolling Interests in Consolidated Financial Statements*, an amendment of ARB 51 ("FAS 160"). Both FAS 141R and FAS 160 are effective for the Company in the first quarter of 2009. FAS 141R will be applied prospectively. FAS 160 requires retroactive adoption for existing minority interests and otherwise is prospective. Early adoption is not permitted. The Company is evaluating both these statement's impact on its financial statements.

Note 25: Subsequent Events

TaxStream Acquisition

In January 2008, the Company completed the acquisition of TaxStream, a provider of income tax provision software for corporations. TaxStream will become part of the Thomson Tax & Accounting segment.

Dividends

In February 2008, the Company's board of directors approved an annual 2008 dividend of \$1.08 per common share, an increase of \$0.10 per common share, or 10%, over 2007. The new quarterly dividend rate of \$0.27 per share is payable on March 17, 2008, to common shareholders of record as of February 21, 2008.

TradeWeb Partnership

In October 2007, the Company announced that it had agreed to form a partnership with a consortium of nine global securities dealers to seek to further expand TradeWeb, its electronic trading unit within Thomson Financial. This transaction closed in January 2008 (see note 19).

Reuters Acquisition

On February 19, 2008, the Company announced that the European Commission, the U.S. Department of Justice and the Canadian Competition Bureau had given approval for its acquisition of Reuters.

In order to obtain antitrust clearance for the acquisition, the Company agreed to sell a copy of the Thomson Fundamentals (Worldscope) database and Reuters has agreed to sell a copy of Reuters Estimates, Reuters Aftermarket Research and Reuters Economics (EcoWin) databases. These sales include copies of the databases, source data and training materials, as well as certain contracts and employees connected to the databases.

The Company and Reuters do not expect the required sales to have any material adverse effect on the revenues or profitability of Thomson Reuters or to have any impact on the synergies expected to be generated by the acquisition. The two companies are not required to complete the sales prior to the closing of the acquisition. All regulatory approvals to close the transaction have now been obtained.

The Company and Reuters will be seeking shareholder and court approvals and expect the transaction to close on or about April 17, 2008.

Litigation

In February 2008, a purported class action complaint alleging violations of U.S. federal antitrust laws was filed in the United States District Court for the Central District of California against West Publishing Corporation, d/b/a BAR/BRI and Kaplan Inc. Thomson intends to defend itself vigorously in this case.

Summary Description of Thomson Reuters PLC American Depositary Shares

The following is a summary of certain provisions of the Deposit Agreement, among Thomson Reuters PLC, Deutsche Bank Trust Company Americas, an indirect wholly owned subsidiary of Deutsche Bank A.G., acting in its capacity as depositary (the "Depositary") and the Holders and Beneficial Owners from time to time of the Receipts issued thereunder (collectively, "Holders"). This summary does not purport to be complete and is qualified in its entirety by reference to the Deposit Agreement. Copies of the Deposit Agreement are available for inspection at the principal office of the Depositary in New York (the "Principal Office"), which is presently located at 60 Wall Street, New York, New York 10005. Capitalized terms used in this Description of ADSs and not otherwise defined shall have the respective meanings set forth in the Deposit Agreement.

Receipts evidencing ADSs are issuable by the Depositary pursuant to the terms of the Deposit Agreement. Each ADS represents, as of the date of this Annual Report, the right to receive six Thomson Reuters PLC ordinary shares ("Shares") deposited under the Deposit Agreement (together with any additional ordinary shares deposited thereunder and all other securities, property and cash received and held thereunder at any time in respect of or in lieu of such deposited ordinary shares, the "Deposited Securities") with the Custodian under the Deposit Agreement (together with any successor or successors thereto, the "Custodian"). Only persons in whose names Receipts are registered on the books of the Depositary will be treated by the Depositary and the Company as Holders.

Deposit, Transfer, and Withdrawal

Subject to the terms and conditions of the Deposit Agreement and applicable law, Shares or evidence of rights to receive Shares (other than Restricted Securities) may be deposited by any person at any time, whether or not the transfer books of the Company or the Foreign Registrar, if any, are closed, by Delivery of the Shares to the Custodian. Every deposit of Shares shall be accompanied by the following: (A)(i) in the case of Shares issued in registered form, appropriate instruments of transfer or endorsement, in a form satisfactory to the Custodian, (ii) in the case of Shares issued in bearer form, such Shares or the certificates representing such Shares and (iii) in the case of Shares delivered by book-entry transfer, confirmation of such book-entry transfer to the Custodian or that irrevocable instructions have been given to cause such Shares to be so transferred, (B) such certifications and payments (including, without limitation, the Depositary's fees and related charges) and evidence of such payments (including, without limitation, stamping or otherwise marking such Shares by way of receipt) as may be required by the Depositary or the Custodian in accordance with the provisions of the Deposit Agreement, (C) if the Depositary so requires, a written order directing the Depositary to execute and deliver to, or upon the written order of, the person or persons stated in such order a Receipt or Receipts for the number of ADSs representing the Shares so deposited, (D) evidence satisfactory to the Depositary (which may include an opinion of counsel satisfactory to the Depositary provided at the cost of the person seeking to deposit Shares) that all conditions to such deposit have been met and all necessary approvals have been granted by, and there has been compliance with the rules and regulations of, any applicable governmental agency in the United Kingdom, and (E) if the Depositary so requires, (i) an agreement, assignment or instrument satisfactory to the Depositary or the

Custodian which provides for the prompt transfer by any person in whose name the Shares are or have been recorded to the Custodian of any distribution, or right to subscribe for additional Shares or to receive other property in respect of any such deposited Shares or, in lieu thereof, such indemnity or other agreement as shall be satisfactory to the Depositary or the Custodian and (ii) if the Shares are registered in the name of the person on whose behalf they are presented for deposit, a proxy or proxies entitling the Custodian to exercise voting rights in respect of the Shares for any and all purposes until the Shares so deposited are registered in the name of the Depositary, the Custodian or any nominee. No Share shall be accepted for deposit unless accompanied by confirmation or such additional evidence, if any is required by the Depositary, that is satisfactory to the Depositary or the Custodian that all conditions to such deposit have been satisfied by the person depositing such Shares under the laws and regulations of the United Kingdom and any necessary approval has been granted by any governmental body in the United Kingdom, if any, which is then performing the function of the regulator of currency exchange. The Depositary may issue Receipts against evidence of rights to receive Shares from the Company, any agent of the Company or any custodian, registrar, transfer agent, clearing agency or other entity involved in ownership or transaction records in respect of the Shares.

The Depositary, its Affiliates and their agents, on their own behalf, may own and deal in any class of securities of the Company and its affiliates and in ADSs. The Depositary may issue ADSs against evidence of rights to receive Shares from the Company, any agent of the Company or any custodian, registrar, transfer agent, clearing agency or other entity involved in ownership or transaction records in respect of the Shares. Such evidence of rights shall consist of written blanket or specific guarantees of ownership of Shares furnished on behalf of the holder thereof. In its capacity as Depositary, the Depositary shall not lend Shares or ADSs; provided, however, that the Depositary may (i) issue ADSs prior to the receipt of Shares pursuant to the Deposit Agreement and (ii) deliver Shares prior to the receipt and cancellation of ADSs pursuant to the Deposit Agreement, including ADSs which were issued under (i) above but for which Shares may not have been received (each such transaction a "Pre-Release Transaction"). The Depositary may receive ADSs in lieu of Shares under (i) above and receive Shares in lieu of ADSs under (ii) above. Each such Pre-Release Transaction will be (a) accompanied by or subject to a written agreement whereby the person or entity (the "Applicant") to whom ADSs or Shares are to be delivered (1) represents that at the time of the Pre-Release Transaction the Applicant or its customer owns the Shares or ADSs that are to be delivered by the Applicant under such Pre-Release Transaction, (2) agrees to indicate the Depositary as owner of such Shares or ADSs in its records and to hold such Shares or ADSs in trust for the Depositary until such Shares or ADSs are delivered to the Depositary or the Custodian, (3) agrees to promptly deliver to the Depositary or the Custodian, as applicable, such Shares or ADSs and (4) agrees to any additional restrictions or requirements that the Depositary deems appropriate; (b) at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary deems appropriate; (c) terminable by the Depositary on not more than five (5) business days' notice; and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The Depositary will normally limit the number of ADSs and Shares involved in such Pre-Release Transactions at any one time to fifteen percent (15%) of the ADSs outstanding (without giving effect to ADSs outstanding under (i) above), provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate. The Depositary may also set limits with respect to the number of ADSs and Shares involved in Pre-Release

Transactions with any one person on a case by case basis as it deems appropriate. The Depositary may retain for its own account any compensation received by it in conjunction with the foregoing. Collateral provided pursuant to (b) above, but not earnings thereon, shall be held for the benefit of the Holders (other than the Applicant).

Subject to the terms and conditions of the Deposit Agreement, the Registrar shall register transfers of Receipts on its books, upon surrender at the Principal Office of the Depositary of a Receipt by the Holder thereof in person or by duly authorized attorney, properly endorsed or accompanied by proper instruments of transfer (including signature guarantees in accordance with standard industry practice) and duly stamped as may be required by the laws of the State of New York and of the United States of America, of the United Kingdom and of any other applicable jurisdiction. Subject to the terms and conditions of the Deposit Agreement, including payment of the applicable fees and charges of the Depositary, the Depositary shall execute and deliver a new Receipt(s) (and if necessary, cause the Registrar to countersign such Receipt(s)) and deliver same to or upon the order of the person entitled to such Receipts evidencing the same aggregate number of ADSs as those evidenced by the Receipts surrendered. Upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts upon payment of the applicable fees and charges of the Depositary, and subject to the terms and conditions of the Deposit Agreement, the Depositary shall execute and deliver a new Receipt or Receipts for any authorized number of ADSs requested, evidencing the same aggregate number of ADSs as the Receipt or Receipts surrendered.

As a condition precedent to the execution and delivery, registration of transfer, split-up, combination or surrender of any Receipt or withdrawal of any Deposited Securities, the Depositary or the Custodian may require (i) payment from the depositor of Shares or presenter of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees and charges of the Depositary as provided in the Deposit Agreement and in the Receipt, (ii) the production of proof satisfactory to it as to the identity and genuineness of any signature or any other matters and (iii) compliance with (A) any laws or governmental regulations relating to the execution and delivery of Receipts and ADSs or to the withdrawal of Deposited Securities and (B) such reasonable regulations of the Depositary or the Company consistent with the Deposit Agreement and applicable law.

The issuance of ADSs against deposits of Shares generally or against deposits of particular Shares may be suspended, or the issuance of ADSs against the deposit of particular Shares may be withheld, or the registration of transfer of Receipts in particular instances may be refused, or the registration of transfer of Receipts generally may be suspended, during any period when the transfer books of the Depositary are closed or if any such action is deemed necessary or advisable by the Depositary or the Company, in good faith, at any time or from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange upon which the Receipts or Share are listed, or under any provision of the Deposit Agreement or provisions of, or governing, the Deposited Securities or any meeting of shareholders of the Company or for any other reason, subject in all cases to compliance with applicable securities laws. The Holders of Receipts are entitled to surrender outstanding ADSs

to withdraw the Deposited Securities at any time subject only to (i) temporary delays caused by closing the transfer books of the Depository or the Company or the deposit of Shares in connection with voting at a shareholders' meeting or the payment of dividends, (ii) the payment of fees, taxes and similar charges, (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities, and (iv) other circumstances specifically contemplated by Section I.A.(1) of the General Instructions to Form F-6 (as such General Instructions may be amended from time to time). The Depository shall not knowingly accept for deposit under the Deposit Agreement any Shares or other Deposited Securities required to be registered under the provisions of the U.S. Securities Act, unless a registration statement is in effect as to such Shares.

Each person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that (i) such Shares (and the certificates therefor) are duly authorized, validly issued, fully paid, non-assessable and were legally obtained by such person, (ii) all preemptive (and similar) rights, if any, with respect to such Shares, have been validly waived or exercised, (iii) the person making such deposit is duly authorized so to do and (iv) the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim and are not, and the ADSs issuable upon such deposit will not be, Restricted Securities. Such representations and warranties shall survive the deposit and withdrawal of Shares and the issuance, cancellation and transfer of ADSs. If any such representations or warranties are false in any way, the Company and Depository shall be authorized, at the cost and expense of the person depositing Shares, to take any and all actions necessary to correct the consequences thereof.

Any person presenting Shares for deposit, any Holder may be required, and every Holder agrees, from time to time to provide to the Depository such proof of citizenship or residence, taxpayer status, payment of all applicable taxes or other governmental charges, exchange control approval, legal or beneficial ownership of ADSs and Deposited Securities, compliance with applicable laws and the terms of the Deposit Agreement and the provisions of, or governing, the Deposited Securities or other information as the Depository deem necessary or proper or as the Company may reasonably require by written request to the Depository consistent with its obligations under the Deposit Agreement. Subject terms of the Deposit Agreement, the Depository and the Registrar, as applicable, may, and at the request of the Company shall, withhold the delivery or registration of transfer of any Receipt or the distribution or sale of any dividend or other distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed, or such certifications are executed, or such representations and warranties made, or such information and documentation are provided.

Dividends and Distributions in Cash, Shares, etc.

Whenever the Depository receives confirmation from the Custodian of receipt of any cash dividend or other cash distribution on any Deposited Securities, or receives proceeds from the sale of any Shares, rights securities or other entitlements under the Deposit Agreement, the Depository will, if at the time of receipt thereof any amounts received in a Foreign Currency can, in the judgment of the Depository (upon the terms of the Deposit Agreement), be converted on a

practicable basis, into U.S. Dollars transferable to the United States, promptly convert or cause to be converted such dividend, distribution or proceeds into U.S. Dollars and will distribute promptly the amount thus received (net of applicable fees and charges of, and expenses incurred by, the Depositary and taxes withheld) to the Holders of record as of the ADS Record Date in proportion to the number of ADS representing such Deposited Securities held by such Holders respectively as of the ADS Record Date. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent. Any such fractional amounts shall be rounded to the nearest whole cent and so distributed to Holders entitled thereto. If the Company, the Custodian or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities an amount on account of taxes, duties or other governmental charges, the amount distributed to Holders on the ADSs representing such Deposited Securities shall be reduced accordingly. Such withheld amounts shall be forwarded by the Company, the Custodian or the Depositary to the relevant governmental authority. Any Foreign Currency received by the Depositary shall be converted upon the terms and conditions set forth in the Deposit Agreement.

If any distribution upon any Deposited Securities consists of a dividend in, or free distribution of, Shares, the Company shall or cause such Shares to be deposited with the Custodian and registered, as the case may be, in the name of the Depositary, the Custodian or their nominees. Upon receipt of confirmation of such deposit, the Depositary shall, subject to and in accordance with the Deposit Agreement, establish the ADS Record Date and either (i) distribute to the Holders as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date, additional ADSs, which represent in aggregate the number of Shares received as such dividend, or free distribution, subject to the terms of the Deposit Agreement (including, without limitation, the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes), or (ii) if additional ADSs are not so distributed, each ADS issued and outstanding after the ADS Record Date shall, to the extent permissible by law, thenceforth also represent rights and interest in the additional Shares distributed upon the Deposited Securities represented thereby (net of the applicable fees and charges of, and the expenses incurred by, the Depositary, and taxes). In lieu of delivering fractional ADSs, the Depositary shall sell the number of Shares represented by the aggregate of such fractions and distribute the proceeds upon the terms set forth in the Deposit Agreement.

In the event that (x) the Depositary determines that any distribution in property (including Shares) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, or, (y) if the Company, in the fulfillment of its obligations under the Deposit Agreement, has either (a) furnished an opinion of U.S. counsel determining that Shares must be registered under the Securities Act or other laws in order to be distributed to Holders (and no such registration statement has been declared effective), or (b) fails to timely deliver the documentation contemplated in the Deposit Agreement, the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable, and the Depositary shall distribute the net proceeds of any such sale (after deduction of taxes and fees and charges of, and expenses incurred by, the Depositary) to Holders entitled thereto upon the terms of the Deposit Agreement. The Depositary shall hold and/or distribute any unsold balance of such property in accordance with the provisions of the Deposit Agreement.

Upon timely receipt of a notice indicating that the Company wishes an elective distribution to be made available to Holders upon the terms described in the Deposit Agreement, the Depositary shall, upon provision of all documentation required under the Deposit Agreement, (including, without limitation, any legal opinions the Depositary may reasonably request, to be furnished at the expense of the Company) determine whether such distribution is lawful and reasonably practicable. If so, the Depositary shall, subject to the terms and conditions of the Deposit Agreement, establish an ADS Record Date in accordance with the Deposit Agreement and establish procedures to enable the Holder to elect to receive the proposed distribution in cash or in additional ADSs. If a Holder elects to receive the distribution in cash, the dividend shall be distributed as in the case of a distribution in cash. If the Holder elects to receive the distribution in additional ADSs, the distribution shall be distributed as in the case of a distribution in Shares upon the terms described in the Deposit Agreement. If such elective distribution is not lawful or reasonably practicable or if the Depositary did not receive satisfactory documentation set forth in the Deposit Agreement, the Depositary shall, to the extent permitted by law, distribute to Holders, on the basis of the same determination as is made in England and Wales in respect of the Shares for which no election is made, either (x) cash or (y) additional ADSs representing such additional Shares, in each case, upon the terms described in the Deposit Agreement. The Depositary shall not be obligated to make available to the Holder a method to receive the elective distribution in Shares (rather than ADSs). There can be no assurance that the Holder will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of Shares.

Upon receipt by the Depositary of a notice indicating that the Company wishes rights to subscribe for additional Shares to be made available to Holders of ADSs, the Company shall determine whether it is lawful and reasonably practicable to make such rights available to the Holders. The Depositary shall make such rights available to any Holders only if the Company shall have timely requested that such rights be made available to Holders, the Depositary shall have received the documentation required by the Deposit Agreement, and the Depositary shall have determined that such distribution of rights is lawful and reasonably practicable. If such conditions are not satisfied, the Depositary shall sell the rights as described below. In the event all conditions set forth above are satisfied, the Depositary shall establish an ADS Record Date and establish procedures (x) to distribute such rights (by means of warrants or otherwise) and (y) to enable the Holders to exercise the rights (upon payment of the applicable fees and charges of, and expenses incurred by, the Depositary and taxes). The Depositary shall not be obligated to make available to the Holders a method to exercise such rights to subscribe for Shares (rather than ADSs). If (i) the Company does not timely request the Depositary to make the rights available to Holders or if the Company requests that the rights not be made available to Holders, (ii) the Depositary fails to receive the documentation required by the Deposit Agreement or determines it is not lawful or reasonably practicable to make the rights available to Holders, or (iii) any rights made available are not exercised and appear to be about to lapse, the Depositary shall determine whether it is lawful and reasonably practicable to sell such rights, in a riskless principal capacity or otherwise, at such place and upon such terms (including public and private sale) as it may deem proper. The Depositary shall, upon such sale, convert and distribute proceeds of such sale (net of applicable fees and charges of, and expenses incurred by, the Depositary and taxes) upon the terms of the Deposit Agreement. If the Depositary is unable to

make any rights available to Holders or to arrange for the sale of the rights upon the terms described above, the Depositary shall allow such rights to lapse. The Depositary shall not be responsible for (i) any failure to determine that it may be lawful or feasible to make such rights available to Holders in general or any Holders in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or exercise, or (iii) the content of any materials forwarded to the Holders on behalf of the Company in connection with the rights distribution.

If registration (under the Securities Act or any other applicable law) of the rights or the securities to which any rights relate may be required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to the Holders (i) unless and until a registration statement under the Securities Act covering such offering is in effect or (ii) unless the Company furnishes to the Depositary opinion(s) of counsel for the Company in the United States and counsel to the Company in any other applicable country in which rights would be distributed, in each case reasonably satisfactorily to the Depositary, to the effect that the offering and sale of such securities to Holders are exempt from, or do not require registration under, the provisions of the Securities Act or any other applicable laws. In the event that the Company, the Depositary or the Custodian shall be required to withhold and does withhold from any distribution of property (including rights) an amount on account of taxes or other governmental charges, the amount distributed to the Holders shall be reduced accordingly. In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable to pay any such taxes or charges.

There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to exercise rights on the same terms and conditions as the holders of Shares or to exercise such rights. Nothing in any Receipt or in the Deposit Agreement shall obligate the Company to file any registration statement in respect of any rights or Shares or other securities to be acquired upon the exercise of such rights.

Upon receipt of a notice regarding property other than cash, Shares or rights to purchase additional Shares, to be made to Holders of ADSs, the Depositary shall determine, upon consultation with the Company, whether such distribution to Holders is lawful and reasonably practicable. The Depositary shall not make such distribution unless (i) the Company shall have timely requested the Depositary to make such distribution to Holders, (ii) the Depositary shall have received the documentation required by the Deposit Agreement, and (iii) the Depositary shall have determined that such distribution is lawful and reasonably practicable. Upon satisfaction of such conditions, the Depositary shall distribute the property so received to the Holders of record as of the ADS Record Date, in proportion to the number of ADSs held by such Holders respectively and in such manner as the Depositary may deem reasonably practicable for accomplishing such distribution (i) upon receipt of payment or net of the applicable fees and charges of, and expenses incurred by, the Depositary, and (ii) net of any taxes withheld. The Depositary may dispose of all or a portion of the property so distributed and deposited, in such amounts and in such manner (including public or private sale) as the Depositary may deem

practicable or necessary to satisfy any taxes (including applicable interest and penalties) or other governmental charges applicable to the distribution.

If the conditions above are not satisfied, the Depositary shall sell or cause such property to be sold in a public or private sale, at such place or places and upon such terms as it may deem proper and shall distribute the proceeds of such sale received by the Depositary (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes) to the Holders upon the terms of the Deposit Agreement. If the Depositary is unable to sell such property, the Depositary may dispose of such property in any way it deems reasonably practicable under the circumstances.

Compliance with Information Requests; Disclosure of Interests

Each Holder of the ADSs represented by a Receipt agrees to comply with requests from the Company pursuant to the laws of the United Kingdom, the rules and requirements of any stock exchange on which the Shares are, or will be registered, traded or listed, the Company's Articles of Association, which are made to provide information as to the capacity in which such Holder owns ADSs and regarding the identity of any other person interested in such ADSs and the nature of such interest and various other matters whether or not they are Holders at the time of such request. The Depositary agrees to use commercially reasonable efforts to forward any such requests to the Holders and to forward to the Company any such responses to such requests received by the Depositary.

Notwithstanding any provision of the Deposit Agreement or of the Receipts and without limiting the foregoing, by being a Holder of a Receipt, each such Holder agrees to provide such information as the Company may request in a disclosure notice (a "Disclosure Notice") given pursuant to the Great Britain Companies Act 1985 (as amended from time to time and including any statutory modification or re-enactment thereof, the "Companies Act") or the Articles of Association of the Company. By accepting or holding a Receipt, each Holder acknowledges, that it understands that failure to comply with a Disclosure Notice may result in the imposition of sanctions against the holder of the Shares in respect of which the non-complying person is or was, or appears to be or has been, interested as provided in the Companies Act and the Articles of Association. In addition, by accepting or holding a Receipt each Holder agrees to comply with the provisions of the Companies Act with regard to the notification to the Company of interests in Shares, which currently provide, inter alia, that any Holder who is or becomes directly or indirectly interested (within the meaning of the Companies Act) in 3% or more of the outstanding Shares, or is aware that another person for whom it holds such ADSs or Receipts is so interested, must within two business days after becoming so interested or so aware (and thereafter in certain circumstances upon any change to the particulars previously notified) notify the Company as required by the Companies Act. After the relevant threshold is exceeded, similar notifications must be made in whole respect of whole percentage figure increases or decreases, rounded down to the nearest whole number.

Restriction on Ownership

Holders shall comply with any limitations on ownership of Shares under the Articles of Association of the Company or applicable United Kingdom law as if they held the number of

Shares their American Depositary Shares represent. The Company shall inform the Holders and the Depositary of any such ownership restrictions in place from time to time.

Record Dates

Whenever necessary in connection with any distribution (whether in cash, shares, rights or other distribution), or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each ADS, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, or whenever the Depositary shall find it necessary or convenient in connection with the giving of any notice, or any other matter, the Depositary shall fix a record date (“ADS Record Date”) for the determination of the Holders who shall be entitled to receive such distribution, to give instructions for the exercise of voting rights at any such meeting, or to give or withhold such consent, or to receive such notice or solicitation or to otherwise take action, or to exercise the rights of Holders with respect to such changed number of Shares represented by each ADS. Subject to applicable law and the terms and conditions of the Receipt and the Deposit Agreement, only the Holders of record at the close of business in New York on such ADS Record Date shall be entitled to receive such distributions, to give such voting instructions, to receive such notice or solicitation, or otherwise take action.

Voting of Deposited Securities

As soon as practicable after receipt of notice of any meeting at which the holders of Shares are entitled to vote, or of solicitation of consents or proxies from holders of Shares or other Deposited Securities, the Depositary shall fix the ADS Record Date in respect of such meeting or solicitation of such consent or proxy. The Depositary shall, if requested by the Company in writing in a timely manner, at the Company’s expense and provided no U.S. legal prohibitions exist, mail by ordinary, regular mail delivery or by electronic transmission (if agreed by the Company and the Depositary), unless otherwise agreed in writing by the Company and the Depositary, to Holders as of the ADS Record Date: (a) such notice of meeting or solicitation of consent or proxies; (b) a statement that the Holders as of the ADS Record Date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the Company’s Articles of Association and the provisions of or governing Deposited Securities (which provisions, if any, shall be summarized in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Shares or other Deposited Securities represented by such Holder’s ADSs; and (c) a brief statement as to the manner in which such instructions may be given. Upon the timely receipt of written instructions of a Holder of ADSs on the ADS Record Date, the Depositary shall endeavor, insofar as practicable and permitted under applicable law and the provisions of the Company’s Articles of Association and the provisions of the Deposited Securities, to vote or cause the Custodian to vote the Shares and/or other Deposited Securities represented by ADSs held by such Holder in accordance with such instructions.

Neither the Depositary nor the Custodian shall, under any circumstances exercise any discretion as to voting, and neither the Depositary nor the Custodian shall vote, attempt to exercise the right to vote, or in any way make use of, for purposes of establishing a quorum or otherwise the Shares or other Deposited Securities represented by ADSs except pursuant to and

in accordance with such written instructions from Holders. Shares or other Deposited Securities represented by ADSs for which no specific voting instructions are received by the Depositary from the Holder shall not be voted. The Depositary shall not be liable for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which such vote is cast, provided that any such action or omission is in good faith and in accordance with the terms of the Deposit Agreement, or the effect of any such vote.

Inspection of Transfer Books; Reports and other Communications

The Depositary shall make available during normal business hours on any Business Day for inspection by Holders at its Principal Office any reports and communications, including any proxy soliciting materials, received from the Company which are both (a) received by the Depositary, the Custodian, or the nominee of either of them as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Company.

The Depositary or the Registrar, as applicable, shall keep books for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Company and by the Holders of such Receipts, provided that such inspection shall not be, to the Depositary's or the Registrar's knowledge, for the purpose of communicating with Holders of such Receipts in the interest of a business or object other than the business of the Company or other than a matter related to the Deposit Agreement or the Receipts.

The Depositary or the Registrar, as applicable, may close the transfer books with respect to the Receipts, at any time or from time to time, when deemed necessary or advisable by it in good faith in connection with the performance of its duties hereunder, or at the reasonable written request of the Company subject, in all cases, to applicable securities laws.

The Company is subject to the periodic reporting requirements of the Exchange Act and accordingly files certain information with the Commission. These reports and documents can be inspected and copied at the public reference facilities maintained by the Commission located at the date of this Agreement at 100 F Street, N.E., Washington, D.C. 20549.

Changes Affecting Deposited Securities

Upon any change in par value, split-up, cancellation, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting the Company or to which it otherwise is a party, any securities which shall be received by the Depositary or a Custodian in exchange for, or in conversion of or replacement or otherwise in respect of, such Deposited Securities shall, to the extent permitted by law, be treated as new Deposited Securities under the Deposit Agreement, and the Receipts shall, subject to the provisions of the Deposit Agreement and applicable law, evidence ADSs representing the right to receive such additional securities. Alternatively, the Depositary may, with the Company's approval, and shall, if the Company shall so request, subject to the terms of the Deposit Agreement and receipt of satisfactory documentation contemplated by the Deposit Agreement, execute and deliver additional Receipts as in the case

of a stock dividend on the Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts, in either case, as well as in the event of newly deposited Shares, with necessary modifications to this form of Receipt specifically describing such new Deposited Securities and/or corporate change. Notwithstanding the foregoing, in the event that any security so received may not be lawfully distributed to some or all Holders, the Depositary may, with the Company's approval, and shall if the Company requests, subject to receipt of satisfactory legal documentation contemplated in the Deposit Agreement, sell such securities at public or private sale, at such place or places and upon such terms as it may deem proper and may allocate the net proceeds of such sales (net of fees and charges of, and expenses incurred by, the Depositary and taxes) for the account of the Holders otherwise entitled to such securities and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to the Deposit Agreement. The Depositary shall not be responsible for (i) any failure to determine that it may be lawful or feasible to make such securities available to Holders in general or any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or (iii) any liability to the purchaser of such securities.

Amendment and Termination of Deposit Agreement

Subject to applicable law, the Receipt and any provisions of the Deposit Agreement may at any time and from time to time be amended or supplemented by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable without the consent of the Holders. Any amendment or supplement which shall impose or increase any fees or charges (other than the charges of the Depositary in connection with foreign exchange control regulations, and taxes and other governmental charges, delivery and other such expenses), or which shall otherwise materially prejudice any substantial existing right of Holders, shall not, however, become effective as to outstanding Receipts until 30 days after notice of such amendment or supplement shall have been given to the Holders of outstanding Receipts. The parties hereto agree that any amendments or supplements which (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act or (b) the ADSs or Shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by Holders, shall be deemed not to prejudice any substantial rights of Holders. Every Holder at the time any amendment or supplement so becomes effective shall be deemed, by continuing to hold such ADS, to consent and agree to such amendment or supplement and to be bound by the Deposit Agreement as amended or supplemented thereby. In no event shall any amendment or supplement impair the right of the Holder to surrender such Receipt and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law. Notwithstanding the foregoing, if any governmental body should adopt new laws, rules or regulations which would require amendment or supplement of the Deposit Agreement to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and the Receipt at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance with such laws, or rules or regulations.

The Depositary shall, at any time at the written direction of the Company, terminate the Deposit Agreement by mailing notice of such termination to the Holders of all Receipts then outstanding at least 30 days prior to the date fixed in such notice for such termination provided that, the Depositary shall be reimbursed for any amounts, fees, costs or expenses owed to it in accordance with the terms of the Deposit Agreement and in accordance with any other agreements as otherwise agreed in writing between the Company and the Depositary from time to time, prior to such termination shall take effect. If 90 days shall have expired after (i) the Depositary shall have delivered to the Company a written notice of its election to resign, or (ii) the Company shall have delivered to the Depositary a written notice of the removal of the Depositary, and in either case a successor depositary shall not have been appointed and accepted its appointment as provided herein and in the Deposit Agreement, the Depositary may terminate the Deposit Agreement by mailing notice of such termination to the Holders of all Receipts then outstanding at least 30 days prior to the date fixed for such termination. On and after the date of termination of the Deposit Agreement, a Holder will, upon surrender of such Holder's Receipt at the Principal Office of the Depositary, upon the payment of the charges of the Depositary for the surrender of Receipts referred to in the Deposit Agreement and subject to the conditions and restrictions therein set forth, and upon payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by such Receipt. If any Receipts shall remain outstanding after the date of termination of the Deposit Agreement, the Registrar thereafter shall discontinue the registration of transfers of Receipts, and the Depositary shall suspend the distribution of dividends to the Holders thereof, and shall not give any further notices or perform any further acts under the Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights as provided in the Deposit Agreement, and shall continue to deliver Deposited Securities, subject to the conditions and restrictions set forth in the Deposit Agreement, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, or charging, as the case may be, in each case the charges of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges or assessments). At any time after the expiration of one year from the date of termination of the Deposit Agreement, the Depositary may sell the Deposited Securities then held and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it, in an unsegregated account, without liability for interest for the pro rata benefit of the Holders of Receipts whose Receipts have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement with respect to the Receipts and the Shares, Deposited Securities and ADSs, except to account for such net proceeds and other cash (after deducting, or charging, as the case may be, in each case the charges of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges or assessments). Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations under the Deposit Agreement except as expressly set forth in the Deposit Agreement.

Resignation and Removal of the Depositary; Appointment of Successor Depositary

The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of resignation delivered to the Company, such resignation to be effective upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement, save that, any amounts, fees, costs or expenses owed to the Depositary under the Deposit Agreement or in accordance with any other agreements otherwise agreed in writing between the Company and the Depositary from time to time shall be paid to the Depositary prior to such resignation. The Company shall use reasonable efforts to appoint such successor depositary, and give notice to the Depositary of such appointment, not more than 90 days after delivery by the Depositary of written notice of resignation as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by written notice of such removal which notice shall be effective on the later of (i) the 30th day after delivery thereof to the Depositary, or (ii) upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement save that, any amounts, fees, costs or expenses owed to the Depositary under the Deposit Agreement or in accordance with any other agreements otherwise agreed in writing between the Company and the Depositary from time to time shall be paid to the Depositary prior to such removal. In case at any time the Depositary acting hereunder shall resign or be removed, the Company shall use its commercially reasonable efforts to appoint a successor depositary. Every successor depositary shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor. The predecessor depositary, upon payment of all sums due it and on the written request of the Company, shall (i) execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder (other than as contemplated in the Deposit Agreement), (ii) duly assign, transfer and deliver all right, title and interest to the Deposited Securities to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding Receipts and such other information relating to Receipts and Holders thereof as the successor may reasonably request. Any such successor depositary shall promptly mail notice of its appointment to such Holders. Any corporation into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

Charges of Depositary

The Depositary shall charge the following fees for the services performed under the terms of the Deposit Agreement; provided, however, that no fees shall be payable upon distribution of cash dividends so long as the charging of such fee is prohibited by the exchange, if any, upon which the ADSs are listed: (i) to any person to whom ADSs are issued, including, without limitation, issuances against deposits of Shares, issuances in respect of Share distributions, rights or other distributions, issuances pursuant to bonus distributions, stock dividends or stock splits declared by the Company, and/or issuances pursuant to a merger, exchange of securities or any other transaction affecting the ADSs or Deposited Securities, a fee not in excess of U.S. \$5.00 per 100 ADSs (or fraction thereof) so issued under the terms of the Deposit Agreement to be determined by the Depositary, (ii) to any person surrendering ADSs for cancellation and withdrawal of Deposited Securities including, *inter alia*, cash distributions made pursuant to a cancellation or withdrawal, a fee not in excess of U.S. \$5.00 per 100 ADSs (or fraction thereof)

so surrendered, (iii) to any Holder of ADSs, a fee not in excess of U.S. \$2.00 per 100 ADS held for the distribution of cash proceeds, including cash dividends or sale of rights and other entitlements, not made pursuant to a cancellation or withdrawal, to any holder of ADSs, a fee not in excess of U.S. \$5.00 per 100 ADSs (or portion thereof) issued upon the exercise of rights, (iv) for the operation and maintenance costs in administering the ADSs an annual fee of U.S. \$2.00 per 100 ADS and (v) for the expenses incurred by the Depositary, the Custodian or their respective agents in connection with inspections of the relevant share register maintained by the local registrar and/or performing due diligence on the central securities depository for England and Wales: an annual fee of U.S.\$1.00 per 100 ADSs (such fee to be assessed against Holders of record as at the date or dates set by the Depositary as it sees fit and collected at the sole discretion of the Depositary by billing such Holders for such fee or by deducting such fee from one or more cash dividends or other cash distributions).

In addition, Holders, person depositing Shares for deposit and person surrendering ADSs for cancellation and withdrawal of Deposited Securities will be required to pay: (i) taxes (including applicable interest and penalties) and other governmental charges, (ii) such registration fees as may from time to time be in effect for the registration of Shares or other Deposited Securities with the Foreign Registrar and applicable to transfers of Shares or other Deposited Securities to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively, (iii) such cable, telex, facsimile and electronic transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing or withdrawing Shares or Holders of ADSs, (iv) the expenses and charges incurred by the Depositary in the conversion of Foreign Currency, (v) such fees and expenses as are incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Shares, Deposited Securities, ADSs and Receipts, (vi) the fees and expenses incurred by the Depositary in connection with the delivery of Deposited Securities, including any fees of a central depository for securities in the local market, where applicable and (vii) any additional fees, charges, costs or expenses that may be incurred by the Depositary from time to time.

Any other reasonable charges and expenses of the Depositary under the Deposit Agreement will be paid by the Company upon agreement between the Depositary and the Company. All fees and charges may, at any time and from time to time, be changed by agreement between the Depositary and Company but, in the case of fees and charges payable by Holders, only in the manner contemplated by the Deposit Agreement and the Receipt.

Liability of Holder for Taxes, Duties and Other Charges

If any tax or other governmental charge shall become payable by the Depositary or the Custodian with respect to any Receipt or any Deposited Securities or ADSs, such tax, or other governmental charge shall be payable by the Holders to the Depositary. The Company, the Custodian and/or the Depositary may withhold or deduct from any distributions made in respect of Deposited Securities and may sell for the account of the Holder any or all of the Deposited Securities and apply such distributions and sale proceeds in payment of such taxes (including applicable interest and penalties) or charges, with the Holder remaining fully liable for any deficiency. The Custodian may refuse the deposit of Shares, and the Depositary may refuse to

issue ADSs, to deliver Receipts, register the transfer, split-up or combination of Receipts and the withdrawal of Deposited Securities, until payment in full of such tax, charge, penalty or interest is received. Every Holder agrees to indemnify the Depositary, the Company, the Custodian and each of their respective agents, directors, employees and Affiliates for, and hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit obtained for such Holder.

Holders understand that in converting Foreign Currency, amounts received on conversion are calculated at a rate which may exceed the number of decimal places used by the Depositary to report distribution rates (which in any case will not be less than two decimal places). Any excess amount may be retained by the Depositary as an additional cost of conversion, irrespective of any other fees and expenses payable or owing under the Deposit Agreement or the Receipt and shall not be subject to escheatment.

General Limitations

Neither the Depositary, the Custodian nor the Company shall be obligated to do or perform any act which is inconsistent with the provisions of the Deposit Agreement or shall incur any liability (i) if the Depositary, the Custodian or the Company or their respective controlling persons or agents shall be prevented or forbidden from, or subjected to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the Deposit Agreement and the Receipt, by reason of any provision of any present or future law or regulation of the United States, the United Kingdom or any other country, or of any other governmental authority or regulatory authority or stock exchange, or by reason of any provision, present or future of the Company's Articles of Association or any provision of or governing any Deposited Securities, or by reason of any act of God or war or other circumstances beyond its control, (including, without limitation, nationalization, expropriation, currency restrictions, work stoppage, strikes, civil unrest, revolutions, rebellions, explosions and computer failure), (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement or in the Company's Articles of Association or provisions of or governing Deposited Securities, (iii) for any action or inaction of the Depositary, the Custodian or the Company or their respective controlling persons or agents in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder or authorized representative thereof, or any other person believed by it in good faith to be competent to give such advice or information, (iv) for any inability by a Holder to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Holders of ADS or (v) for any consequential or punitive damages for any breach of the terms of the Deposit Agreement. The Depositary, its controlling persons, its agents, any Custodian and the Company, its controlling persons and its agents may rely and shall be protected in acting upon any written notice, request, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement.

The Company and the Depositary and their respective agents assume no obligation and shall not be subject to any liability under the Deposit Agreement or the Receipts to Holders or

other persons (except for the Company's and the Depositary's indemnity obligations specifically set forth in Section 5.8 of the Deposit Agreement), provided, that the Company and the Depositary and their respective agents agree to perform their respective obligations specifically set forth in the Deposit Agreement without gross negligence or bad faith. The Depositary and its agents shall not be liable for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any vote is cast or the effect of any vote, provided that any such action or omission is in good faith and in accordance with the terms of the Deposit Agreement. The Depositary shall not incur any liability for any failure to determine that any distribution or action may be lawful or reasonably practicable, for the content of any information submitted to it by the Company for distribution to the Holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the Deposited Securities, for the validity or worth of the Deposited Securities or for any tax consequences that may result from the ownership of ADSs, Shares or Deposited Securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the Deposit Agreement or for the failure or timeliness of any notice from the Company. In no event shall the Depositary or any of its Agents be liable for any indirect, special, punitive or consequential damage.

Governing Law

The Deposit Agreement is governed by and shall be construed in accordance with the laws of the State of New York.