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THOMSON REUTERS

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the Thomson Reuters fourth-quarter 2014 earnings call. (Operator Instructions) As a reminder, this call is being recorded.

I would now like to turn the conference over to our host, Mr. Frank Golden, Senior Vice President of Investor Relations. Please go ahead, sir.

Frank Golden - *Thomson Reuters Corporation - SVP IR*

Thank you. Good morning. We appreciate you joining us as we report our financial results for the full year and the fourth quarter of 2014. Our CEO, Jim Smith, will start today's discussion followed by Stephane Bello, our CFO.

Following their presentations we'll open the call for questions. We have a lot of material to share with you today, and therefore we'd appreciate it if you'd limit yourselves to one question each in order to get to as many questions as possible.

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

Today's presentation contains forward-looking statements. Actual results may differ materially due to a number of risks and uncertainties discussed in reports and filings that we provide to regulatory agencies. You can access these documents on our website or by contacting our Investor Relations department.

Let me now turn the call over to Jim Smith.

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

Thank you, Frank, and thanks to those of you on the call for joining us. What a difference another year makes. Over the past 36 months we've made significant progress in putting the Company back on solid footing. 2014 will be known as the year when Thomson Reuters returned to offense.

As you see on this slide, we met or exceeded each of the 2014 guidance metrics. In fact, this marks the third consecutive year that we've met or exceeded each of our guidance metrics.

Now, I've said for some time that I want our Company to be known for its deep and lasting customer relationships, for world-class products and services, and for the exceptional talent and commitment of our people. Thanks to the efforts of my colleagues around the world we are well on our way to making that a reality.

2014 was a year of solid progress with good execution across the Company. We are earning back the trust and confidence of our customers, as reflected in our higher customer satisfaction ratings and higher retention rates. This resulted in a significant improvement in year-over-year net sales.

Our Financial business recorded its first positive net sales since 2008 for the year, and the first positive fourth quarter I can recall. That business has shown year-over-year net sales improvement in eight of the last nine quarters. So, because of the actions we've taken to focus on the customer and to simplify the business, the trajectory is finally in our favor, and we expect that to continue in 2015.

The trajectory also continues to improve on the cost side, with our Financial business recording a 250 basis point improvement in its underlying EBITDA margin in the fourth quarter. That's before charges and currency. So, thanks to improving net sales and simplification we remain on our path toward nearing a 30% EBITDA margin for our Financial business.

Additionally, our Professional businesses continue to do a very good job of building from a solid foundation while targeting faster-growing opportunities, resulting in 4% growth last year, 3% of which is organic.

Now, underpinning the improving net sales and revenue growth trends are our Simplification and Transformation programs. Last year we achieved our run-rate savings target of $300 million from the Simplification program, and our Transformation program continues to make steady progress towards its goal of achieving savings of $400 million by 2017.

We also returned over $2 billion to shareholders last year in the form of dividends and share buybacks. Lastly, adjusted EPS in the fourth quarter was $0.43, with charges in the quarter $15 million higher than plan as we saw an opportunity to realize additional future savings; this had a $0.02 negative impact. Additionally, currency also had a $0.02 negative impact on the quarter.

I now want to return to a slide from our third quarter of 2013 presentation. The story of 2014 is the story of delivering on the three components of the strategy I outlined back then, so let's look at our performance last year with that in mind.

The first objective was to operate as an enterprise rather than a set of distinct portfolio businesses. We want to reap the benefits of scale in order to better serve our customers while focusing on organic revenue growth and driving greater simplification across the business.

I also said that the era of portfolio churn was over as we focus on simplification. Last year we spent just $170 million on acquisitions, a substantial decrease from prior years.

Second, we said we would accelerate the transformation of our Financial business, which included improving net sales, resetting the cost base, and improving profitability.

The final objective I outlined was to outline our capital strategy with our operating strategy in order to drive stronger returns to shareholders. This objective is targeted at gradually improving our top-line growth and improving free cash flow, thereby enabling us to return more cash to our shareholders without compromising either our growth strategy or our commitment to a solid investment-grade rating.

Framed by that reminder of our objectives, let's review how we performed. Although I'll speak to you today about the performance in each of our business segments, 2014 marked the beginning of a far more collaborative approach across our enterprise.

On the front end, we began developing an integrated approach for some of our largest customers, to expand our footprint and drive growth. On the back end, we've consolidated platforms and real estate to drive efficiency and effectiveness. We've also stepped up our innovation initiatives with dedicated funding to invest behind ideas, many of which can be leveraged across the business.

Now a few highlights by business segment. Despite Financial's revenue decline of 2% for the year -- which you will remember was primarily due to 2013's negative net sales -- we saw an improvement in the fourth quarter, with revenues down 1%. Even more importantly, net sales were positive for the fourth quarter and for the full year.

In Legal, performance also improved, with revenues up 2% with organic growth rate of 1%, tempered somewhat by a 7% decline in US Print. If you exclude US Print, full-year revenues increased 3% with organic growth of 2%.

We're particularly pleased with the continued strong performance from Legal Solutions businesses. Those of you who followed us for a long time remember when our Legal business was primarily composed of West and Westlaw, our core legal research offering in the US. Today, core legal research still represents slightly more than 50% of our Legal business, but only by a small margin.

We have built a Solutions business around Westlaw. This Solutions business today represents a revenue base of almost $1.6 billion, and it grew 6% organically in 2014. Within the next couple of years we expect our Solutions business will represent the majority of Legal's revenue base.

Our Tax & Accounting business continues to execute well and had another very strong year, with revenues up 12%, of which 9% was organic, improving on last year's organic growth rate of 5%. This business continues to benefit from increased market demand for our global tax solutions and from new product launches and strong execution.

In IP & Science revenues grew 3%, with subscription revenues up organically a healthy 5%. The growth was partly offset by an 8% organic decline in transactional revenues.

Our Global Growth businesses continued to perform, up 9% of which 5% was organic. Again I'll remind you that GGO's results are included within each of the four business segments.

Now turning specifically to the financial business, we can see how our Simplification program and our drive for innovation-led growth is paying off. Net sales were positive thanks to stronger gross sales and improving retention. We saw some significant wins and renewals, which is rewarding and encouraging.

So we are entering the new year in the best position since the acquisition of Reuters in 2008. With greater discipline, focus, and rigor, we have been able to reduce Financial's headcount by 20% since 2012 as we simplified the business by closing both legacy platforms and products, while increasing the number of customer-facing employees at the same time.

This is not strictly a cost story. It's also a growth story, with growth coming from a re-energized sales force, attributable to the launch of competitive new products on a modern, robust, and secure unified platform. This includes the launch of our new foreign exchange product, the launch of Eikon 4.0, and the launch of Eikon for the Buyside in the fourth quarter.

And in the Risk and Compliance business we launched Accelus Org ID, which is being very well received in the market. Each of these products is powered by the Elektron platform that provides customers with a reliable, fast, and more cost-efficient way of doing business.

The Professional businesses continued to deliver consistent results. Legal's prospects continue to improve as US online research appears to have stabilized. The Solutions businesses continue to grow mid single digits organically, with plenty of runway.

And US Print revenues are becoming an ever-smaller proportion of the business. This is reflected in a 200 basis point improvement in Legal's organic revenue growth in 2014 versus 2013, and four consecutive quarters of improving growth if you exclude Print.

Tax & Accounting has built an impressive business over the past five years, evidenced by a compound annual growth rate of 11%. Its prospects for continued strong growth and profitability in the coming years is encouraging, as global tax markets and our product offerings continue to expand.

Lastly, the IP & Science business broke the $1 billion revenue mark in 2014, an important milestone, with strong growth from about three-quarters of the business that is subscription based.

So let me wrap up 2014 by saying that I'm very pleased with the progress we've made aligning our operating model and capital strategy, as we move toward achieving the objectives we set out 15 months ago. As I said at the time, I believe this strategy will enable us to grow our free cash flow and create greater shareholder value, while enabling us to continue to return cash to shareholders, as evidenced by more than $2 billion returned last year.

Now let's look at 2015. Based on our 2014 results and the current pipeline, I'm pleased to report that we expect to return to organic revenue growth in 2015, and we forecast positive net sales for our Financial business for the full year.

That business is now in what should be the final year of large platform migrations. If we execute as well as we've done in the last three years on these migrations, our competitive position will be even stronger by the end of the year, and our Financial business should enter 2016 in the strongest financial position it's been since the acquisition and poised to deliver positive organic growth and strong EBITDA performance.

On the Professional side we expect another strong performance this year. 2015 will be a milestone year as we retire our Westlaw Classic platform and complete the migration of our remaining customers to WestlawNext.

Now, there are several large projects we plan to complete in 2015 in order to achieve our goals. 2015 marks the final year of large product and platform migrations for our Financial business.

As such, it will represent a key milestone in our transformation; but it's also a critical year from an execution perspective. Let me briefly describe three key product and platform migrations on which we need to execute flawlessly over the rest of the year.

On the back-end, we'll be migrating our large real-time infrastructure platform, which we refer to as ID and BON.

On Elektron: this platform migration will not only results in lower costs for us, it will also drive a big improvement in service levels and it will lower cost for our customers as well. This will be the most complex migration we've completed to date, but based on our recent experience I am confident our team will deliver as it has in the past.

Importantly, this is the platform migration that should generate substantial savings, and we expect to complete it in the latter part of the year. Therefore, we would expect to see a marked improvement in margins once this migration is complete.

On the front end, we will migrate our remaining buyside and foreign exchange customers to our unified platform. Together, these products represent approximately $700 million in revenues.

In many cases we are upgrading legacy products that are very old and, as a result, have low retention rates. For instance, our new foreign exchange offering replaces a product which has not undergone a major upgrade in many years. So we expect to be in a much stronger competitive position across the board by the time we complete these final migrations.

The early customer feedback has been encouraging. However, these migrations will result in downward pricing adjustments in some instances, which will constrain Financial's revenue growth this year. In fact, we would expect that -- for 2015 only -- the pricing adjustments we need to make as we complete these final product migrations will offset the positive impact of our annual price increase.

Nevertheless, we are expecting a marked improvement in Financial's top-line growth in 2015 due to last year's stronger net sales performance. Such an improvement in 2015 should in turn set the stage for continued improvement in top-line growth in 2016, which should be our first business-as-usual year without any major platform, product, or customer migrations. As such, we now have better visibility and confidence than ever in our ability to return our Financial business to low single digit revenue growth and good operating leverage in 2016.

Now for our 2015 outlook. First, we forecast a return to positive organic revenue growth. The level of underlying progress in our growth performance will be somewhat masked by the commercial adjustments in our Financial business I just discussed; but we believe 2015 will see a return to positive organic growth and will set the stage for more improvement in 2016.

Second, the adjusted EBITDA margin is expected to range between 27.5% and 28.5%.

Third, our underlying operating margin is forecast to range between 18.5% and 19.5%, which would represent a 150 to 250 basis point improvement. We forecast free cash flow to range between $1.55 billion and $1.75 billion.

Importantly, these projections are at constant currency rates relative to 2014. This is in line with the way we've always provided guidance in the past; however we do expect that currency will likely have a bigger impact than usual on our reported results, based on recent developments in the currency markets. While we obviously cannot predict the impact of foreign exchange fluctuations over the year on our results, Stephane will remind you of our currency footprint in a few minutes, in order to enable you to better estimate the impact of currency on our results as the year develops.

Now, given our strong capital position and our confidence in the cash-generating capacity of the Company, this morning we announced a dividend increase of $0.02 per share to $1.34 per share. This marks the 22nd consecutive annual increase in our dividend. In addition, we expect to continue to execute on the $1 billion buyback program we announced in the second quarter of last year, and we anticipate completing this program at some point in 2015.

So let me conclude by saying that we are pleased and encouraged with the continued progress we made in 2014, and I can confidently say that we are on course for a stronger growth and greater profitability moving into 2015 and looking ahead to 2016. Although our Financial business has significant platform and customer migration programs to complete this year, we've proven we can execute well on the things within our control and are confident we'll do it again this year.

We will not take our foot off the pedal as we work to drive better growth through improving net sales, while also capitalizing on greater operating leverage to further improve profitability. Moreover, our Transformation programs will continue to drive greater efficiency across the Company as we take advantage of the scale of our enterprise. I'm confident these programs will deliver substantial savings while also enabling us to invest for growth.

Lastly, we will continue to operate with an aligned operating and capital strategy, which I'm confident will lead us to gradually improving top-line growth, improving free cash flow, resulting in stronger returns to shareholders. With that I want to thank you and I will now turn it over to Stephane to discuss the fourth quarter's results.

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

Thank you, Jim; and good morning or good afternoon to you all. As usual I will speak to revenue growth before currency throughout today's presentation. As Jim just mentioned we do expect that currency will have a greater than usual impact on our results in 2015.

We started to see an impact of this higher currency volatility in our Q4 financial results. So as I always do, I will highlight the areas where currency had a material impact on our results.

This first slide provides a snapshot of our fourth-quarter and full-year results, which do reflect the impact of the charges which we flagged earlier this year and which impacted our performance over the past 12 months. At the EBITDA level, these charges had a $77 million impact in the fourth quarter and a $135 million impact for the full year. So we ended up incurring slightly higher charges than we had expected: $135 million versus our earlier expectations of about $120 million.

Fourth-quarter revenues were up 1%, all organic. Our Financial & Risk segment declined 1% and was down 2% organically, while our other businesses grew 4% in aggregate and 3% organically. Full-year revenues were up 1% and about flat organically.

Adjusted EBITDA in the quarter was up 30%, with an EBITDA margin of 24.7%. Excluding charges from both periods, the EBITDA margin was 27.1% in the quarter compared to 26.6% last year. And for the full year, EBITDA margin was 27.4% compared to 27.3% last year.

Finally, our fourth-quarter operating profit margin was up 20 basis points, excluding charges. Excluding the impact of currency, the operating margin was up 50 basis points in Q4. For the full year the operating profit margin was 18%, flat compared to last year, with minimal impact from currency.

Now let me provide you with some additional color on the performance of our individual businesses, starting with our Legal segment. Demand for legal services in the US market, as measured by Peer Monitor, was up 1% in 2014 versus down 1% in 2013. We saw modest growth in every quarter of 2014. For perspective, the last time we saw growth in each quarter of a calendar year was 2007.

Now, while improvement in the underlying market demand is encouraging, it remains modest overall. And demand for litigation services, which is the largest practice area, was still negative.

During the fourth quarter, Legal grew 2%, all organic. As expected, US Print revenues continued to be a drag, declining 6%. But excluding the impact of US Print, revenues rose 4% organically during the quarter.

For the full year, Legal revenue grew 2%, with organic revenue up 1%. That represented an improvement of 200 basis points compared to 2013. Excluding US Print, revenues were up 3% for the year and up 2% organically.

Transaction revenues for the quarter, which represent 12% of the total, were up 10%, driven by strong performances in our software business and in our legal outsourcing business. Subscription revenues, which represented about 75% of the total, were up 3%, all organic.

The continued strong organic performance of our subscription revenue base during the quarter is a good indicator of the underlying strength of the business. For the full year, subscription revenues were up 4%, and they were up 3% organically.

Now turning to our profitability metrics for the quarter, the EBITDA margin was up 300 basis points while the operating profit increased 320 basis points. Excluding charges from last year, the EBITDA margin was down 130 basis points while the operating profit was down 110 basis points, primarily due to an adverse revenue mix.

On a full-year basis, excluding charges from last year, the EBITDA margin was down 30 basis points and the operating profit was up 10 basis points. Given the challenging revenue mix resulting from the decline of high-margin US Print revenue, keeping our margins broadly flat was a good performance by the Legal business and very much in line with our expectations.

Now as you can see on this slide, the underlying trends in the Legal business are encouraging. As a reminder, US Print revenues represent about 15% of the total. So the graph on this slide shows the growth trend for the remaining 85%.

As mentioned on the prior slide, Legal's total revenue growth was 2% for the quarter. However, when you strip out US Print revenues, you can clearly see the improving trend in the business on this slide. The remaining 85% of Legal's revenue base has improved sequentially over each of the past four quarters.

Now the fourth quarter had a relatively easy comp because, as you may recall, we experienced a decline in our revenue from our Latin American legal business in the fourth quarter of 2013. But nevertheless the underlying improvement is clear.

Here's a more detailed look at the revenue performance of the three main subsegments in our Legal business. This graph provides a good depiction of the changing revenue mix dynamics, as our Solutions business has become an increasingly larger proportion of the total revenue base.

As a reminder the Solutions businesses consist of everything except US Online Legal Information and US Print. In aggregate they made up 46% of Legal's total revenue in the fourth quarter, and they grew 8%; 7% organically.

As I mentioned earlier some of the strong organic performance in Q4 was driven by higher transaction revenues at Elite and Pangea3. But overall the growth performance of our Solutions business is strong, as evidenced by the 6% organic growth rate they achieved for the full year.

US Print revenues were down 6%, and they were down 7% for the year. Finally, US Online Legal Information, which is 38% of total revenues, was flat for the quarter, which is encouraging. In fact we did see sequential improvement in US Online revenues every quarter in 2014, reflecting the improvement in the legal market I described earlier.

Now turning to our Tax & Accounting business, that business had another very strong year and quarter. Revenues for Q4 grew 10%, of which 7% was organic. For the full year, revenues grew 12%, of which 9% was organic.

Recurring revenue, which is about 85% of the total, grew 8% organically in the quarter. From a profit standpoint EBITDA was up 4% in the quarter with the margin declining 130 basis points as we continue to make organic investment in what is our highest-growth business. For the full year, the EBITDA margin was flat.

For the fourth quarter, operating profit was up 6%, with the related margin down 50 basis points. The operating margin for the full year was up 80 basis points, primarily as a result of higher revenues and flat depreciation and amortization expense.

As you can see on this next slide, we achieved strong growth across the business for the quarter. The Corporate and Professional segments were particularly strong, with organic revenue growth of 12% and 10%, respectively. Finally, the decline in the Government segment had a very small impact on Tax & Accounting's overall performance, given the small size of that segment.

IP & Science revenues were down 1% for the quarter, all organic. This performance was primarily the result of a lower number of transactional deals compared to the prior-year period; and I'll get back to that in a moment. For the year, revenues grew 3% with organic growth of 2%.

Turning to profitability metrics for the fourth quarter, the EBITDA margin and the operating profit margin were both up substantially, primarily reflecting the charges we incurred in the fourth quarter of last year. Excluding charges from the fourth quarter of last year, the EBITDA margin was actually down 30 basis points while the operating profit was down 120 basis points. This was primarily the result of an unfavorable revenue mix compared to the prior-year period.

On a full-year basis, excluding the charges incurred last year, the EBITDA margin was down 150 basis points and the operating profit was down 230 basis points, primarily due to organic investments in the business and also due to the dilutive effect of acquisitions we completed in 2013.

Although revenue declined overall for IP & Science in the fourth quarter, subscription revenues -- which make up about three-quarters of the total -- were up 6% and were up in each segment. Transaction revenues declined 17%, as large one-time deals signed in Q4 of 2013 were not repeated in the fourth quarter 2014.

As we always remind you, small movements in the timing of deal revenues and also of expenses can impact margins in any given quarter for the IP & Science business. And that's why full-year results are much more reflective of the segment's underlying performance.

Now turning to the fourth-quarter results for our Financial & Risk business, revenues were down 1% with a 1% contribution from acquisitions; so organic revenue was down 2%. This organic revenue decline primarily reflected the impact of lower price realization resulting from the migration of some of our foreign exchange and buyside product offering to the unified platform. For the full year, revenues declined 2% and were down 3% organically.

Now, as Jim just explained, we recently began migrating our remaining legacy buyside and foreign exchange products to our unified platform, which may lead to lower price realization for some products. As such, we do expect that the pricing adjustments we are making in connection with these product migrations will dampen the positive impact of improving net sales on F&R's overall revenue growth in 2015. In the fourth quarter we started to see some impact.

We still anticipate that the improving trends in net sales, combined with our regular annual price increases and greater price discipline on the rest of the F&R revenue base, will help mitigate this impact. So overall we do expect to see a year-on-year improvement in F&R's top-line growth performance in 2015, as Jim just mentioned.

Now the EBITDA margin for the quarter was up significantly on a reported basis. Excluding charges from both periods, the EBITDA margin was up 190 basis points; and the operating profit margin was up 100 basis points versus the fourth quarter of last year. Again, these numbers exclude the impact of the charges, which amounted to $70 million in Q4 this year compared to $178 million in the prior-year period.

For the full year, the EBITDA margin was up 70 basis points and the operating margin was up 50 basis points, again both excluding charges, which amounted to $130 million this year compared to $251 million in 2013. Over the last couple of years our Financial business has increased its underlying EBITDA margin by 140 basis points, from 24.9% in 2012 to 26.3% in 2014, despite revenue declines averaging 3% a year organically. As we gradually return this business to positive growth, the productivity improvements we've made will become more apparent in our margin performance.

Now as I mentioned in starting, currency had a larger than usual impact on our fourth-quarter results, and this was especially visible within our Financial & Risk business, which is where we carry the lion's share of our currency exposures. As you can see on this slide, excluding both charges and currency from both periods, F&R's adjusted EBITDA margin increased 250 basis points in the fourth quarter to 27.3%.

This represents significant progress towards achieving our objective of an EBITDA margin nearing 30%. This significant improvement in margins against a backdrop of a 2% organic revenue decline demonstrates how the simplification efforts of the Financial business are bearing fruit.

Now looking at the Financial & Risk revenue in a bit more detail, recurring revenues -- which were 75% of the total -- declined 2% during the quarter, 3% organically. This decline again was primarily the result of the commercial realignments we are implementing in connection with certain product migrations, as I just described earlier.

As Jim noted, the trend in our net sales performance has reversed, and we've now recorded positive net sales during the last three quarters. Recoveries, which are about 11% of total revenue, were up 5% for the quarter; and as you know, these are low-margin revenues.

Transaction revenues -- which is 14% of the total -- were flat, but they were down 3% on an organic basis. However we did see some improvement in transaction revenues in our foreign exchange business. While one quarter does obviously not constitute a trend, the recent increase in market volatility should have a positive impact on transaction volumes and, hence, on transaction revenues going forward.

For the full year, transaction revenues were down 5% organically for F&R, due to lower volatility in currency and fixed-income markets throughout most of the year. Since transactions represent a highly profitable revenue stream for the business, the decline in transactions revenues last year was obviously not helpful with regard to our margins goals, so we are hopeful that the trend will reverse in 2015.

As Jim mentioned earlier, 2015 should represent the last year of significant migration activity for Financial & Risk. As you can see on this chart, only 10% of F&R's revenue will remain on legacy desktop platforms by the end of 2015. This is a significant progress from the 45% of F&R revenue that legacy desktop represented in 2011.

The remaining 10% represent products such as wealth management, banker, and Tradeweb, which have comparable or higher retention rate to Eikon and are not expected to migrate to Eikon in the next two to three years. Finally, as shown on the pie chart on the far right of this slide, these legacy F&R desktop revenues will only represent 5% of the Corporation's total revenue base by the end of this year.

Now let me update you on our capital position, free cash flow, and earnings. 2014 was another active year from a capital structure standpoint. We issued $1.5 billion of new debt in 2014, and through these various transactions we maintained the average maturity across our debt portfolio at nine years, while at the same time reducing our average interest rate to below 5%.

We ended the year with a net debt-to-EBITDA ratio of 2.2 times, which is within our 2.5 times target. Maintaining a strong and stable capital structure obviously remains a key tenet of our overall capital strategy. We completed the first $1 billion share buyback program we had announced in late 2013, while also announcing an additional $1 billion repurchase program which we intend to complete in 2015.

Now turning to our free cash flow performance for the full year and working from the bottom to the top of this slide, free cash flow for 2014 was $1.4 billion. This included $306 million related to charges as well as a decrease of $67 million of cash related to disposals.

As such, ongoing free cash flow excluding the impact of disposals was up 32% for the full year. Ongoing free cash flow excluding the impact of the charges was about $1.7 billion. This was down very marginally from last year, as in 2013 we achieved a one-day improvement in our overall DSO, which we were able to maintain but not improve upon this year.

We continue to deliver on our commitment to return capital to shareholders. Over the past three years we have returned just under $5 billion of capital in the form of dividends and share buybacks.

Our acquisition activity was pretty modest in 2014. We completed just a handful of deals for a total capital commitment of about $170 million.

We will continue to pursue tactical acquisitions, but on a very selective basis. We expect our acquisition activity will be concentrated in our highest-growth areas, and our preference will be to seek medium-size deals, which have a greater impact on the business, and/or assets that can be integrated quickly and easily. Simply put, we do not want to distract the organization with complex integration processes at a time when we seek to improve the benefits of our scale through our Transformation efforts.

Now turning to our earnings per share performance, fourth-quarter adjusted EPS was $0.43 per share, $0.22 higher than a year ago. That $0.22 increase was attributable to lower charges, partially offset by higher tax rates.

As mentioned earlier we incurred $15 million of additional charges compared to our original projections: $135 million versus our earlier estimate of $120 million. This higher charge had a negative $0.02 impact on our Q4 results, and foreign currency also had a $0.02 negative impact on EPS in the quarter.

For the full year, adjusted EPS was $1.85 per share, $0.31 higher than a year ago, with the increase attributable to lower charges and interest expenses, partially offset by higher taxes. For the full year, foreign currency also had a $0.02 negative impact on EPS.

Now, in light of the increased volatility we have recently seen in the foreign exchange market, currency is likely to have a higher than usual impact on our results in 2015. As such, we wanted to take this opportunity to remind you of our currency profile.

As you can see on this slide, the vast majority of our revenue and expense base is denominated in US dollars. So we have a fairly well-balanced footprint overall.

The main exception is our euro exposure, where revenues exceed expenses by about $800 million annually. So the recent depreciation of the US dollar against the euro and a few other currencies, such as the Japanese yen or the Canadian dollar, will have a negative impact on our reported results, both at the revenue and at the profitability level. As a rule of thumb, a 1% movement in the euro against the US dollar exchange rate would translate into a $0.01 impact on EPS.

We do hedge this exposure through forward derivative instruments. But given the inherent volatility, the impact of these derivative contracts is removed from our adjusted EPS.

It is obviously impossible to predict what the ultimate impact of currency volatility will be, which is why we always provide our guidance before currency. But we wanted to highlight the fact that currency will likely have a greater impact than usual on our results in 2015, and we obviously will provide you with full transparency on this impact as the year progresses, as we always do.

Now, Jim has presented our key metrics for 2015 outlook, so I will speak to those he did not address. Capital expenditure, I expect it to remain at approximately 8% of revenue, similar to 2014. For perspective, our CapEx spending has remained roughly flat since [2011].

Interest expense is expected to range between $435 million and $465 million. This reflects how we have maintained interest rates broadly flat thanks to our financing activities.

Finally, we forecast that our effective tax rate will range between 14.5% and 16.5% in 2015, up slightly from 13.9% in 2014. I would like to remind you that we historically pay more in cash taxes than our effective tax rate may imply. For instance, our cash taxes in 2014 were about $260 million, as compared to the $146 million tax expense we booked last year based on our effective tax rate of 13.9%.

With that, let me now turn it back over to Jim for a quick conclusion.

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

Thank you, Stephane. In conclusion let me say that we are looking to 2015 as a milestone year both financially and operationally, as we set the stage for a return to organic growth for the first time in three years and for stronger improvement in 2016. We're feeling more optimistic for the first time in many years.

Our key focus over the last three years has been on fixing things. We have one more year of that in F&R, and we're now turning our attention to accelerating our growth trajectory, which is very energizing for me and for the whole organization.

We've proven over the past three years that we can manage the things effectively, and we have done that by shutting legacy platforms, migrating customers to our unified platform, and by launching products on time and on budget. I believe 2015 will mark the first year of organic growth since I took over as CEO, and we're making this prediction in spite of the negative impact of commercial adjustments we need to make this year.

So to finish up, the underlying trend is strong, and 2015 should set the stage for a stronger 2016, which should be a more business-as-usual year for the first time in a long time. Now let me turn it back over to Frank.

Frank Golden - *Thomson Reuters Corporation - SVP IR*

Thanks very much, Jim, and now we'd like to open the call for questions. So operator, if we could please take the first question.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Drew McReynolds, RBC.

Drew McReynolds - *RBC Capital Markets - Analyst*

Thanks very much and good morning. Just two for me. Just first with respect to the Q4 net sales, obviously I think us and most of the Street were expecting that to be negative in the quarter. Just, Jim, wondering if you could just point to the dynamics of that net sales period. I think you were a little bit cautious going in, but sound a little bit more optimistic coming out.

Then second question, just on approaching that 30% EBITDA margin target within F&R this year. You've highlighted a couple of puts and takes, from positive net sales price increases to transaction uncertainty, and obviously commercial adjustments etc. But at the same time you're going to rip a lot of cost out. So I'm just wondering: what are the one or two key deltas here that will ultimately determine whether you can meet that target that you've set?

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

Thanks, Drew. Jim here. I'll take the first one and let Stephane respond to the second one.

We were gratified by the net sales performance in Q4. If you think back over the last couple of years, I've been hesitant to call any particular quarter or any particular year on which side of the waterline we'll wind up. We've been confident that we had an improving trajectory, and we were very confident that we would have an improving trajectory in Q4.

And in fact we did; it's just that it was good enough, in fact, to break us into positive territory. You will recall, it's the biggest of our quarters and it's always been the big downtick.

So what we saw in Q4 and experienced in Q4 was substantially improved retention rates and gross sales that were able to overcome the downticks that we did get in Q4. So I'd just say it was gratifying.

For a little bit of color, we saw improvement in both the Americas and in Asia. Europe was still down for the quarter, but substantially improved over the prior year. You will recall we have seen that improving trend in Europe throughout the year, and in fact Europe was in positive territory for the first time in a long time in Q3.

So the overall trajectory continues to remain encouraging for us, and we were pleased to see it break above the waterline in Q4.

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

Yes, Drew, let me address your second question. Thanks for the question on F&R's EBITDA margin. I'll point out to a couple of things I said during the prepared remarks.

If you look at the improvement in margin at F&R, the F&R team has realized over the last couple of years, it amounted to like 140 basis points if you take away all the charges that polluted the results a little bit. So that 140 basis points improvement has been achieved in the face of revenue declines which were 3% organically each year in 2013 and 2014.

So that's a pretty good performance from that team. And in Q4 alone you've seen the improvement was even more marked, if you adjust for the charges and if you also adjust for currency, which is obviously the basis on which we think about that EBITDA margin goal.

Most of that has been achieved through the simplification efforts that we've made, these platform consolidation efforts. As we indicated on the call 2015 will be a big year from a platform consolidation perspective.

We're moving -- on the front end we're migrating our two largest remaining product categories, foreign exchange and buyside. That's not going to have a huge impact on margin per se, but it should dramatically improve the retention rate we get on that revenue base once we're done.

The big impact from a margin perspective is obviously what Jim referred to as the IDN BON platform, that big real-time data infrastructure. If you remember the margin progression that Tim Collier, the CFO of our Financial & Risk business, provided to you at Investor Day last year, he mentioned that 2 percentage point improvement should come from migrating platform.

Well, the IDN BON platform is the big deal when we talk about platform consolidation. That's really where you're going to see a lot of savings.

The way it will happen eventually is that you will see savings once we can get virtually the last customer off that platform. So we are in the midst of that migration right now; we're working with our customers.

Initially what's going to happen is that you're going to see some dual cost, some additional cost as we, like, have to run the two platforms, the new one and the old one, as customers, like, really want to make sure that everything works fine as we change the infrastructure. And at the moment we complete that migration, which as Jim said we expect to complete in the latter half of this year, that's when you're going to start seeing a big improvement in margin.

So what I would focus on, I would say, is really what's the exit rate at which we leave 2014 from a margin perspective. If we execute well on this platform migration, which we expect to do, we should see the exit rate margin for F&R very much at this objective that we mentioned.

And that obviously should increase the confidence that starting in 2016, once you start seeing then the revenue trajectory continue to improve as Jim said, and we've achieved that objective that we mentioned, as I said by the end of this year, that's really when you start benefiting from additional operating leverage from the revenue growth of the business. So overall that's a little bit the way I would think about the margin progression for F&R.

A lot of progress has been made. As you said there's going to be puts and takes.

Transaction certainly pushed us back a little bit last year. Just giving you a sense of the magnitude of that, transaction revenues declined by 5% organically. Had they simply been flat last year, the margin probably would have been 50 to 75 basis points higher than what we realized.

So we took these kind of headwinds in stride. We hope some of that reverses this year. But all the things that are under our control in terms of making these margins improvement are very much on track.

Drew McReynolds - *RBC Capital Markets - Analyst*

That's very helpful. Thank you.

Operator

Sara Gubins, Bank of America.

Sara Gubins - *BofA Merrill Lynch - Analyst*

Hi, thank you. Could you talk about how pricing changes for buyside subscribers as they are converting over to Eikon, and the retention that you're seeing?

Then also, at the March Investor Day you gave a 2017 adjusted EPS goal. Obviously FX is a big wildcard around that. But I'm wondering if anything has happened in the last year or what you see going forward changes that view. Thanks.

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

Again, Sara, Jim here. Thanks for the question. I'll take the first one and let Stephane answer the second one.

Just to clarify the difference of what we're doing here, if you will remember when we started off with the sellside with Eikon we were going in and replacing one-for-one. We replaced a Reuters Xtra 3000 terminal with an Eikon terminal; and we did that at the exact same price. Better product, massively improved the delivery of product for the exact same price. And it was a one-for-one terminal switch-out.

When we move to the buyside and when we think about FX, we don't have one all-inclusive terminal option. So what we have is subscription to multiple products that we're blending together into one offer per customer.

What will happen is that in many instances if you are, for example, taking five products for us at $100 apiece, your new offer may not add up to $500. In some instances it will; but in many instances it won't.

Likewise, if you look on the FX side we have constructed a combined offer for dealing, matching, Eikon, and FXall and offering a unified solution. We're pricing to be competitive in the market and to offer much greater value to our customers. And our expectation is that once we roll out the new platform, the new products and services, that we'll see the same kind of impact on retention rates as we saw on the sellside.

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

If I may add one point on the pricing, these commercial adjustments that Jim just explained are very much related to the migration of these products, this $700 million of revenue base. So they kind of like -- we know exactly where they are going to occur.

We took some of that impact in Q4 we said; there may be a little bit of spillover in 2016; but the bulk of the impact will be in 2015, which is the period during which we do these migrations obviously.

Now on your question about adjusted EPS, the target that we gave at Investor Day 2017, Sara, as you remember that target was really primarily dependent on our ability to achieve the Transformation savings that we wanted to achieve. Our efforts are very much on track with regard to achieving these Transformation savings.

The second component was obviously the beneficial impact we were expecting to see from the stock buyback program, and you know where we are on that. That's on track, too.

The last portion of the impact was really a return to revenue growth. And I think from the discussions we had today you can see how we believe that we've got better visibility on the revenue trajectory and the factors that will impact that revenue trajectory in 2015, which we just explained, and also in 2016.

So I'd say overall all the trends we described are very much still on track. There will be factors that obviously are not in our control, and foreign exchange is a perfect wildcard. At this point in time I would not -- we will not revise the target we've made with regard to our EPS target, because foreign exchange by definition can fluctuate a lot. And by the time we get to 2017 it may be a complete nonissue, as currency movements may have reversed by then. If that's not the case, obviously we will provide an update in due course.

Sara Gubins - *BofA Merrill Lynch - Analyst*

Thank you.

Operator

Paul Steep, Scotia Capital.

Paul Steep - *Scotiabank - Analyst*

Good morning. Jim, maybe could you just talk a little bit about the trends in the data feed and the risk business as we exit 2014, into 2015? It's been a while since we talked about it, and it's a material portion of the business.

Then the second one, Stephane, can you just clarify? Like, I think I heard you say flat on CapEx. And then just pension contribution and cash charges, what that would be in 2015; presumably a step down. Thanks.

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

Sure, Paul, happy to do that. I'm glad you called those out. Those are both businesses that are very strong businesses for us and growing businesses for us.

I'll start with on the Risk side, that business continues to be one of our fastest-growing segments. It's one in which we are investing behind, continuing to invest behind, and which has enormous take-up around the globe. So it's a very solid contributor to our growth profile going forward and becoming a bigger and bigger part of the business, particularly around the compliance risk side.

In fact one of our new big product offerings that we launched in the fourth quarter and are looking forward to this year is the launch of the Accelus Org ID, which is really creating -- we hope -- an industry standard for customer onboarding, screening, matching. That's something were quite excited in, continued strong growth business.

On the feeds business, while all the focus has been on the Eikon desktop terminals, we've made enormous progress on the Elektron side as well. If you look at the improvements that have been made on the underlying Elektron platform and on the continued growth of our feeds business, it's a huge part of the future going forward.

And I would dare say it's an area that you're going to hear a lot more about in coming months and years, particularly I think as our customers rely on us more for those kind of big enterprise services than just discrete terminal-versus-terminal. So both those businesses are incredibly important to us, have received a lot of attention -- again, under the covers -- but are also growing nicely for us.

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

Paul, let me take your second question. CapEx, we are projecting CapEx to be flat as I said; that will be the fourth or fifth year in a row now that we've maintained flat capital spending overall.

There is a lot of movement under the sheets, however, in that we have dramatically reduced the amount of Capex spending going to infrastructure-type projects. And we've redeployed this CapEx towards product development, essentially towards the offense. So that's really our ambition, is to keep that CapEx flat but continue to, like, shift the mix of our CapEx towards growth areas.

In terms of your question on pension, interest, and tax and the impact on free cash flow, you remember we made a very large pension contribution back in 2013. There was not such a comparable big provision in 2014. We don't anticipate one in 2015 either.

There are ongoing pension contributions. I would quantify the impact of increase in all these nonoperating items, not truly operating items -- meaning increase in cash taxes, interest, and pensions -- to be in the range maybe of, call it like $30 million to $50 million in 2015, not more than that. So it's pretty steady.

Paul Steep - *Scotiabank - Analyst*

Perfect. Thank you.

Operator

Andrew Steinerman, JPMorgan. (Operator Instructions) Manav Patnaik, Barclays.

Manav Patnaik - *Barclays Capital - Analyst*

Good morning, gentlemen. I just want to get back to that exit rate of 30%. If I recall, at Investor Day you had said that almost 450 of that 500 basis point improvement, on a constant currency basis at least, was more driven by your cost efforts; and then it would only be that remaining 50 basis points that would be dependent on the top-line growth. So just tying that in with your commentary around the dependency, I guess, on transaction revenue, is it fair to say on a constant-currency basis at least that 29%, 29.5% is in the bag? Or is there some more volatility behind that?

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

I think I can only point you to what I said earlier, which is I think on the cost side we're very much executing according to what we planned and very much realizing the savings we were expecting to realize. What happened on the revenue is that we were expecting a combination of lower recovery revenues and probably flat to slightly increasing transaction revenues.

Now, from a mix perspective transaction revenues are highly profitable; and instead of being flat to up slightly they were down 5% as I said. And recovery revenues as you know are low-margin revenues; and instead of being down they ended up being (technical difficulty). So we had a little bit of a negative mix impact from a revenue perspective, which probably in aggregate amounted to a little bit more than 50 basis points.

But as I said, I think that these are timing with revenues that hopefully will -- over time the trajectory of these two revenue components will be in line with what we thought. So we very much are expecting to get the margin improvement.

I think that the trajectory is not very different from what we expected. I'll be honest with you: if the revenue trajectory had been exactly what we had expected, we probably would hit a 30% margin a little earlier. But as I said, we can only manage what is in our control.

Manav Patnaik - *Barclays Capital - Analyst*

Okay. Then I guess just to talk about just the FX a little bit more, so I understand your guidance in constant currency, and we appreciate that. In terms of the margin, firstly, like including FX -- where it is today, let's say -- what sort of impact on the margin should we expect in F&R?

And then just generally -- I know you said you'll give us the mix of currencies for the total Company, and you said the lion's share was in F&R. I was wondering if you could help us parse that out with maybe some specific percentages just to help our modeling.

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

What we will do is the following. We will post on our IR website an estimate of what we expect the impact to be both on the revenue and on the EBITDA or OI for the largest currency pairs that we have -- the largest currency exposures we have. So hopefully that should enable you getting at least a good approximation in your models of what currency impact will be.

It probably will be too lengthy for me to, like, describe on this call what the impact will be by business by currency. But we will try to provide you with additional granularity on our website.

Frank Golden - *Thomson Reuters Corporation - SVP IR*

In fact, Manav, we've done that this morning. There's a supplemental schedule on our website that essentially shows you the potential impact on both a revenue and an op profit basis for the four major currencies that Stephane had referenced in that slide that he used during his presentation.

Manav Patnaik - *Barclays Capital - Analyst*

Okay, I'll check that out. Thank you.

Operator

Vince Valentini, TD Securities.

Vince Valentini - *TD Securities - Analyst*

Yes, thanks very much. A couple of questions on currency. I'm actually looking at that supplemental (technical difficulty) up there. The exposure to the euro I guess is a little bit worse than I would've thought. A 1% change impacts your operating profit by $8 million, so it seems like that could be pretty big this year.

Stephane, can you flesh out a little bit more what you said about hedging? Because I'm not quite sure I get that. You have lots of hedges in place, but you don't include them in your adjusted EPS. But do they actually get included in free cash flow, so in terms of the economic impact you have somewhat of a buffer?

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

Yes, Vince, that's exactly the way you described it. As I mentioned on the call, you're exactly right; the euro is by far the most impactful currency exposure we have. It's about $8 million, so -- given that we have got 800 million shares roughly. That's why I said that a 1% change in that exchange rate, the US dollar-euro exchange rate, translates into about a $0.01 impact on EPS, which is a meaningful impact, as you just mentioned.

We do hedge our currency exposure. We've got a program in place where we hedge anywhere between 50% and 100% of our annual exposure on an ongoing basis. That obviously creates a fair level of volatility; so we exclude the impact of these hedging programs from EPS.

But the impact is included in free cash flow. So from an economic perspective you should see the benefit of that in free cash flow.

Vince Valentini - *TD Securities - Analyst*

Okay. One side question on FX exposures. I think you have a fair amount of employees and intellectual property rights in Switzerland. Is there any specific exposure you have there, given the rapid change in its currency? And does that perhaps have any impact on your higher tax rate for 2015?

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

Not really. We do have a large employee base in Switzerland, as you point out. We also have revenues in Swiss francs, so there our exposure is a little bit more balanced overall.

What I think has an impact on the tax rate -- it's obviously a very complicated calculation. Last year we ended up actually really smack within the guidance that we provided at 13.9%; and our guidance was, if I recall, 13% to 15%.

This year we see an increase. It's mainly driven by the geography of where are we going to realize earnings. So to the extent that we earn more in jurisdictions where our marginal tax rate is a little higher, like the US, that would drive a slight increase in the tax rate. That's really what's going on for 2015.

Vince Valentini - *TD Securities - Analyst*

Thank you.

Operator

Tim Casey, BMO.

Tim Casey - *BMO Capital Markets - Analyst*

Thanks, good morning. Jim, one of the narratives that used to be out there as a concern was that on the F&R side you were getting squeezed from the top and the bottom. So Bloomberg has a premium offer, and then there was new competitors coming up underneath.

Given the turn in net sales, do you believe you are capturing share, or that the overall seat count -- or screen count, if I could use that -- is improving in your favor? What do you think is driving the turn in net sales that you've talked about today?

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

I think there are three things I'll point to -- well, four. First we've got a better product. We've got a lot better product out there.

And we've increased the number of people we've put in our customer-facing support roles, both on sales and in support. So better product, better service, and a sales force that's energized by having both of those things helps you on the gross sales side.

And if we look at -- we monitor all the head-to-head situations we find ourselves in. In the old days with Reuters Xtra 3000 we lost all the head-to-heads. We lost the head-to-heads with the big players and we lost head-to-heads from startups.

And now we hold our fair share. Frankly I think we win more than our fair share in many areas, and we're pretty proud of that.

But on the other side, the great thing that a better product has done for us is that our retention rates are up. So not only are gross sales improving, but the cancels are going down. That notion of marked improvement in the retention rates gives us a much more solid base to compete against.

So I think it's a combination of factors. But it's really based on the back of better product and better services, and we are winning our fair share of the bake-offs where we weren't.

Tim Casey - *BMO Capital Markets - Analyst*

Is your sense, though, that the addressable market is stable? Or do you think it's improving with the --?

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

I think the addressable market has stabilized. I don't think it's -- I think there's -- the desktop market is unlikely to be a growth market in the future. It's a place where we can continue to improve and I think continue to increase our position.

And I think we have lots of room on the buyside as well, particularly as we begin to penetrate there with fit-for-purpose product, particularly in North America. So I think there are opportunities for us there.

So I don't get a sense that the market has returned -- the desktop market has returned to some kind of period of growth where we are going to see increasing seat counts there. But I do get a sense that it has stabilized in terms of reductions, and certainly our competitive position is much improved.

Tim Casey - *BMO Capital Markets - Analyst*

Thank you.

Operator

Andre Benjamin, Goldman Sachs.

Andre Benjamin - *Goldman Sachs - Analyst*

Thank you, good morning. My first question was on the Legal side. I was wondering if based on what you're seeing, do you think that Legal ex-print organic growth can sustain the recent levels of 3% to 4% as we look to 2015? Or should we assume that that tapers a bit, particularly as the comps get a bit tougher?

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

I think what you're going to see on the Legal business is going to be the following. The best way to think about the Legal business is looking at this pie chart that we have shown and the three components.

Print is going to continue to decline at a hefty pace, the call it 7%. But it's becoming a smaller and smaller percentage of the total.

Our Legal Solutions business, we actually feel pretty good about that business. It generated 6% organic growth rate. We think that's pretty sustainable. It's a very solid business, and as Jim said, within a couple of years it should become the majority of our Legal revenue base.

The last component, which is our US Online business, that one has seen an improvement, a steady improvement. It was negative 2% in 2013; negative 1% in 2014; and actually flat in the fourth quarter of 2014. So you could see a very gradual improvement there. It's not going to be a hockey-stick improvement, but we are confident that that business has clearly stabilized.

So the combination of these three trends -- in particular the fact that our highest-growth business is becoming a greater and greater percentage of the total -- should in our opinion lead to an overall revenue growth rate that should continue to steadily, gradually improve. But as I said it's not going to be a hockey-stick improvement.

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

Andre, if I could just add to that, you hesitate to, like, commit to a number and is this particular number sustain -- I think the trends that underlie what's happening in our Legal business are sustainable. I think you've heard me hint for the last few quarters that we've been encouraged by the underlying trends that we've seen, and those continue, and now they are flowing into the numbers, particularly evidenced on the slide that Stephane to put up to see that sequential performance.

That's what we've seen. And if we peel under the covers of that, the reason I'm so encouraged is because a big part of that is because quality counts. We've seen improving retention rates even in the very price-sensitive small law space for Westlaw.

So I think that we've got a very good quality product, and once again we see that that pays off with customers. And if you think about the new Solutions businesses that Susan and the team in Legal are focusing on now, there is great confidence in the trend.

Andre Benjamin - *Goldman Sachs - Analyst*

Thank you. I guess my follow-up would be as to the wins and the improvement in net sales that you're seeing in F&R, could you maybe talk about the role that bundling is having in your conversations with customers? When you are getting the wins, are you seeing the trends be that you're typically displacing other bundled products? Or are you typically displacing the more specialty niche products -- that people do like the fact that you can offer them a bundle that's maybe at a lower combined price?

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

It's probably -- it's early days of that process, so it's probably premature to comment on how that's going to play out. And frankly for competitive reasons I'd rather not go too deeply into that one; and I hope you can appreciate that.

Let's just say we think we have constructed attractive value propositions to compete across the range of competitors, and the early results are encouraging. More details to come when we have more experience under our belt.

Andre Benjamin - *Goldman Sachs - Analyst*

Thank you.

Operator

Aravinda Galappatthige, Canaccord Genuity.

Aravinda Galappatthige - *Canaccord Genuity - Analyst*

Good morning, thanks for taking my questions. A couple for Stephane around the guidance. With respect to the currency assumption there, you've indicated you're talking about constant currency assumptions.

I just want to clarify the guidance. Is that based on the year-end 2014 or the beginning of 2015 currencies, particularly for the euro, GBP? Or are you taking the average for 2014?

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

It's the average rate of 2014.

Aravinda Galappatthige - *Canaccord Genuity - Analyst*

Okay. Just around that I wanted to know, you hadn't indicated if there were any restructuring charges included in the 2015 adjusted EBITDA margin guidance. Is that something that you're disclosing at this point?

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

We always provide the guidance all-inclusive. So if we need to take -- we don't expect to take large charges in 2015. We think that the programs we've taken in 2013 and 2014 will represent the majority of the charges that we have to take.

As we've mentioned in Investor Day our Transformation program is predicated much more on steady improvements that rely on natural attrition, as opposed to big disruptive charges. It doesn't mean that we will not have some charges, but we'll absorb them in the number. And that's what our guidance is based on.

Aravinda Galappatthige - *Canaccord Genuity - Analyst*

Okay, great. Thank you, Stephane.

Operator

Ato Garrett, Deutsche Bank.

Ato Garrett - *Deutsche Bank - Analyst*

My first question is on the 2015 revenue guidance. I was wondering, can you provide any more specificity around what exactly the organic growth rate for -- well, would be?

Also just thinking about the organic growth rate, and I know we had a lot of questions on FX so far, I think that that would imply probably maybe a reported revenue growth or revenue decline in 2015, just given where FX headwinds may be.

Then as a follow-up I was wondering, given the revenue dynamics you're seeing within Legal, how should we think about the margin for the year? Thanks.

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

Let me try to answer these questions. First of all, on foreign exchange I think that your assumption on what the reported revenue growth rate will be is probably correct. You could see a decline, given that we've got 40% of our revenue base which is non-US dollar-based; and the US dollar has strengthened against virtually every currency in the world lately.

So unless there is a turnaround in the US dollar rate, reported revenue growth obviously could be impacted by that. As you know we very much focus on growth excluding currency, because we do think that this is a much better way to look at the trajectory of our business.

In terms of the overall organic growth guidance that we've provided, look, look, we're stating that we expect it to be positive from an organic perspective, that this will be the first year of organic growth that we will achieve since Jim and I got into our roles. If you look at essentially our history since the Reuters acquisition, I think we only had one other year of positive organic growth rate.

So this is obviously pretty meaningful from a signal perspective, and we have tried to describe on this call what we expect the trajectory of the revenue growth to be, not just in 2015 and 2016. So getting to that positive organic growth rate is obviously a pretty important milestone.

And the improvement will come primarily obviously from our Financial business. The rest of the business, the Professional businesses have had like a pretty good performance for a number of years; we do expect them to continue to deliver that strong performance. We really expect now to start seeing the turnaround in the top-line performance of our Financial business, and that's really what's impacting the improvement in the guidance we've given from a top-line perspective.

And I forgot your last question was on --

Ato Garrett - *Deutsche Bank - Analyst*

The second question was on the margin in the Legal business. Yes.

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

I would expect more of the same, which means Legal has done -- the Legal management team has done a very nice job in keeping or trying to maintain more or less their margin in the face of what has been a very, very negative mix impact. And we would expect that they will continue to do that in 2015.

So I would not expect an improvement in margin. As I said our objective in that business is more to keep the margins more or less stable and continue to improve the top-line performance.

Ato Garrett - *Deutsche Bank - Analyst*

Thank you.

Operator

Doug Arthur, Evercore ISI.

Doug Arthur - *Evercore ISI - Analyst*

Yes, good morning, just a simple question. Just to clarify, Jim, on the revenue growth outlook for F&R in 2015. A lot of moving parts. Bottom line, ex-currency you expect ex-currency F&R to be positive in 2015. Is that the right read?

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

I want to treat the answer to that the same way I treated net sales last year and the year before. We expect to see a marked improvement in the revenue performance in F&R. But due to the number of moving parts that you've noted, it's tough to call.

It will be tough to call where you break above the line or below the line, because it will depend upon -- I am very confident in the trajectory of the subscription sales that we have made today and will make throughout the year, particularly on the sellside, and how pricing -- our ability to realize net pricing increases, particularly on those sellside contracts that are in place today.

But the moving parts that involve the transaction volumes as Stephane pointed out are a significant moving part. We've got another moving part in terms of recovery revenues, where a number of vendors for whom we simply pass through their data and vend their data along, they are starting to bill for that directly in many cases; so that is another moving part.

And then the notion of how the buyside migration actually progresses and what our yield is, it adds some -- just a number of moving parts there to say -- to try to call a number. So I would prefer at this point to just express the confidence, as we did in net sales in the past: we're going to see an improving trajectory.

If it's on the top side of the line or below the line, that will develop throughout the year. And we'll have more visibility into it as the year unfolds.

Doug Arthur - *Evercore ISI - Analyst*

Okay, got it. Thank you.

Operator

Peter Appert, Piper Jaffray.

Peter Appert - *Piper Jaffray & Co. - Analyst*

Thanks. Jim, in response to one of the earlier questions it seemed like you might have been implying a bit of a strategy change in terms of the pricing model. Are you guys moving to more of an all-you-can-eat model for the F&R division versus the a-la-carte pricing you've done historically?

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

I don't think so. I mean, not across the board.

We've done a lot of work, Peter, about looking at what our customers buy from us, where they place value, in which products, their propensity to cross-buy multiple products, where we could add more value by either putting together a bundle at an attractive price, or where putting together a bundle would actually destroy value for us because the customer really values both of those products at separate prices.

So it's not so much a change across the board in our strategy. It's just a desire to put together compelling packages that our customers value and get the right price on all the various services so that we're competitive in the marketplace.

I think we've been talking I think in a broad range about that for the past 18 months or so. It's just now we're at the point of executing on it.

I think we'll be able to provide far more valuable products and commercial arrangements with our customers. But no, it's not going to be so much the all-you-can-eat package.

Peter Appert - *Piper Jaffray & Co. - Analyst*

Understood. And Jim, could you say anything on Symphony as a competitor in terms of how seriously you're taking them?

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

Look, I think Symphony is a very interesting development in the market. We've always been on the side of open. I think we've been in the middle of all of the discussions that -- or certainly involved in, if not in the middle of, all of the discussions about messaging in the financial services community.

To the extent that Symphony provides an alternative messaging system and multiple players are going to interact with one another, we're all ears. I think in this day and age you have to be very attentive to changes in the market. I think you have to note that there will be competitors, and there will be partnerships that you will form that will look different than relationships in the past.

I view the Symphony development is a positive one and one which we will continue to engage in a dialogue about. But I think anything that helps the industry and helps change some of the closed dynamic of messaging in the industry has the potential to be a very positive thing for the industry and for us.

Peter Appert - *Piper Jaffray & Co. - Analyst*

Great. Thanks, Jim.

Operator

Toni Kaplan, Morgan Stanley.

Toni Kaplan - *Morgan Stanley - Analyst*

Hi, thanks. In terms of timing regarding Eikon for the buyside, initially I expect you'll target legacy customers to migrate. When do you expect to start going after totally new customers?

And similarly for Elektron, which quarter is the migration supposed to be completed in? So should we expect that margin improvement is more weighted towards after that is completed, so maybe the back half of 2015? Thanks.

Stephane Bello - *Thomson Reuters Corporation - EVP, CFO*

Let me answer the second question first, Toni. And it's a definite yes answer to the question, for exactly the reason you mentioned.

We knew that these margins improvement would come in step changes, and obviously the completion of the IDN BON platform migration is going to be a key step. And it needs to be completed before you start seeing the savings going through the P&L. So that will certainly be back loaded.

I would say as I mentioned earlier, actually prior to completing that there's going to be the old and the new platform running together for a little while. So that may lead to a slight increase in cost, while we're back doing that; and then a marked improvement in the margin.

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

Yes. We'll follow our strengths as we move to the buyside, and I think what you'll see is that we'll continue to add features and functionality and content for the buyside migration.

As Stephane said that migration will go through the end of -- certainly through the end of this year and frankly into 2016 as well. But once we are able to shut down the old platforms, we'll get the bulk of the savings.

But I think there's a pretty fertile field out there for us on the buyside and one which we'll want to continue to serve and find new ways to serve. We'll look for the greatest areas of opportunity, and we'll build appropriate product, and we'll go where we're fit for purpose, and let that opportunity and our readiness guide our entry into the market.

Frankly we've had continuous and ongoing discussions, certainly with the largest folks on the buyside. And we think that's a very attractive opportunity for us.

Toni Kaplan - *Morgan Stanley - Analyst*

Thanks a lot.

Frank Golden - *Thomson Reuters Corporation - SVP IR*

We'd like to take one final question, please.

Operator

Matthew Walker, Nomura Securities.

Frank Golden - *Thomson Reuters Corporation - SVP IR*

Okay, if Matthew is not there then that will conclude our call. I don't think we have anyone else in the queue. So with that we will wrap it up, and we want to just thank you all for joining us today.

Operator

Ladies and gentlemen, this conference will be available for replay after 10:30 AM Eastern through midnight on February 18, 2015. You may access the AT&T teleconference replay system at any time by dialing 1-800-475-6701 and using access code 349783. International participants please dial 1-320-365-3844. (Operator Instructions)

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