

Thomson Reuters Corporation

Reconciliation of Adjusted Earnings Per Share (EPS) ⁽¹⁾⁽²⁾ Excluding the Effects of Foreign Currency (Slides 7 & 27)

(U.S. Dollars)

(unaudited)

Excluding Q4 Charges								
Three Months Ended December 31,								
						\$ Change		
2016	2015	Total		Foreign Currency			Before Currency	
Adjusted EPS	\$ 0.60	\$ 0.55	\$ 0.05	\$ 0.01			\$ 0.04	
Twelve Months Ended December 31,								
						\$ Change		
2016	2015	Total		Foreign Currency			Before Currency	
Adjusted EPS	\$ 2.07	\$ 1.78	\$ 0.29	\$ 0.07			\$ 0.22	

(1) Adjusted earnings and adjusted earnings per share (EPS) include dividends declared on preference shares but exclude the post-tax impacts of fair value adjustments, amortization of other identifiable intangible assets, other operating (gains) and losses, certain impairment charges, other finance (income) costs, Thomson Reuters share of post-tax (earnings) losses in equity method investments, discontinued operations and other items affecting comparability. Thomson Reuters calculates the post-tax amount of each item excluded from adjusted earnings based on the specific tax rules and tax rates associated with the nature and jurisdiction of each item. Adjusted earnings per share is calculated using diluted weighted-average shares and does not represent actual earnings or loss per share attributable to shareholders. Thomson Reuters uses adjusted earnings and adjusted EPS as they provide a more comparable basis to analyze earnings and they are also measures commonly used by shareholders to measure the company's performance.

(2) The change in adjusted earnings per share before currency (at constant currency or excluding the effects of currency) is determined by converting the current and prior period's local currency equivalent using the same exchange rates.

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Reconciliation of Net Debt to Adjusted EBITDA and Debt Outstanding ⁽¹⁾ (Slide 29 & 31)

(millions of U.S. Dollars)

(unaudited)

	December 31, 2013	December 31, 2014	December 31, 2015 ⁽²⁾	December 31, 2016
Current indebtedness	596	534	1,595	1,111
Long-term indebtedness	7,470	7,576	6,829	6,278
Total debt	8,066	8,110	8,424	7,389
Swaps	(86)	207	370	327
Total debt after swaps	7,980	8,317	8,794	7,716
Remove fair value adjustments for cash flow hedges	(27)	6	26	23
Remove transaction costs and discounts included in the carrying value of debt	78	78	67	65
Less: cash and cash equivalents	(1,316)	(1,018)	(966)	(2,368)
Net debt ⁽¹⁾	6,715	7,383	7,921	5,436
Adjusted EBITDA	3,134	3,307	3,392	2,954
Net Debt / Adjusted EBITDA	2.1x	2.2x	2.3x	1.8x

(1) Net debt is total indebtedness including the associated fair value of hedging instruments on our debt, but excluding unamortized transaction costs and premiums or discounts associated with debt, less cash and cash equivalents. Net debt provides a measure of indebtedness in excess of the current cash available to pay down debt. Given that we hedge some of our debt to reduce risk, we include hedging instruments as we believe it provides a better measure of the total obligation associated with our outstanding debt. However, because we intend to hold our debt and related hedges to maturity, we do not consider certain components of the associated fair value of 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. Debt outstanding is net debt less cash and cash equivalents.

(2) The December 2015 cash and cash equivalents, and current indebtedness balances have been revised following guidance issued in April 2016 by the International Financial Reporting Committee regarding when bank overdraft in cash-pooling arrangements would meet the requirements for offsetting. There is no change to net debt reported for December 2015.

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Reconciliation of Net Earnings and Earnings from Continuing Operations to Adjusted EBITDA ⁽¹⁾

FOR USE IN COMPUTATION OF NET DEBT TO ADJUSTED EBITDA (Slide 29)

(millions of U.S. Dollars)

(unaudited)

	<u>FY 2013 ⁽²⁾</u>	<u>FY 2014 ⁽²⁾</u>	<u>FY 2015 ⁽²⁾</u>	<u>FY 2016 ⁽³⁾</u>
Net earnings (2013-2015)/Earnings from continuing operations (2016)	\$ 175	\$ 1,959	\$ 1,311	\$ 1,056
Adjustments:				
Tax expense	848	62	56	(15)
Other finance costs (income)	53	85	(39)	(50)
Net interest expense	460	442	416	403
Amortization of other identifiable intangible assets	641	647	581	528
Amortization of computer software	773	778	752	711
Depreciation	416	397	347	313
EBITDA	<u>3,366</u>	<u>4,370</u>	<u>3,424</u>	<u>2,946</u>
Adjustments:				
Share of post tax earnings in equity method investments	(20)	(3)	(10)	(4)
Other operating gains, net	(198)	(969)	(15)	(8)
Fair value adjustments	(14)	(91)	(7)	20
Adjusted EBITDA ⁽¹⁾	<u><u>\$ 3,134</u></u>	<u><u>\$ 3,307</u></u>	<u><u>\$ 3,392</u></u>	<u><u>\$ 2,954</u></u>

(1) Thomson Reuters defines adjusted EBITDA as Underlying Operating Profit excluding the related depreciation and amortization of computer software.

(2) For 2013-2015 adjusted EBITDA in the net debt to adjusted EBITDA ratio includes the adjusted EBITDA of discontinued operations.

(3) For 2016 adjusted EBITDA excludes discontinued operations as the proceeds from the sale of the IP&S business were used to repay debt. Excluding the adjusted EBITDA from discontinued operations puts the denominator on a like basis to the numerator in the net debt to adjusted EBITDA calculation.

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Reconciliation of Earnings from Continuing Operations to Adjusted EBITDA ⁽¹⁾⁽²⁾ (Slide 33)

(millions of U.S. Dollars)

(unaudited)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Earnings from continuing operations	\$ 188	\$ 1,759	\$ 1,127	\$ 1,056
Adjustments:				
Tax expense	637	47	34	(15)
Other finance costs (income)	53	88	(41)	(50)
Net interest expense	460	442	416	403
Amortization of other identifiable intangible assets	599	605	548	528
Amortization of computer software	723	721	694	711
Depreciation	408	389	340	313
EBITDA	<u>3,068</u>	<u>4,051</u>	<u>3,118</u>	<u>2,946</u>
Adjustments:				
Share of post tax earnings in equity method investments	(20)	(3)	(10)	(4)
Other operating gains, net	(199)	(970)	(13)	(8)
Fair value adjustments	(15)	(92)	(6)	20
Other businesses	(64)	6	-	-
Adjusted EBITDA (Including Charges)	<u>\$ 2,770</u>	<u>\$ 2,992</u>	<u>\$ 3,089</u>	<u>\$ 2,954</u>
Charges	<u>237</u>	<u>137</u>	<u>-</u>	<u>212</u>
Adjusted EBITDA (Excluding Charges)	<u><u>\$ 3,007</u></u>	<u><u>\$ 3,129</u></u>	<u><u>\$ 3,089</u></u>	<u><u>\$ 3,166</u></u>
Revenues	\$ 11,618	\$ 11,648	\$ 11,257	\$ 11,166
Adjusted EBITDA Margins (Including Charges)	23.8%	25.7%	27.4%	26.5%
Adjusted EBITDA Margins (Excluding Charges)	25.9%	26.9%	27.4%	28.4%

(1) Thomson Reuters defines adjusted EBITDA as underlying operating profit excluding the related depreciation and amortization of computer software. Adjusted EBITDA margin is adjusted EBITDA expressed as a percentage of revenues. Thomson Reuters uses adjusted EBITDA as it provides a measure commonly reported and widely used by investors as an indicator of a company's operating performance and as a valuation metric. Additionally, this measure is used by Thomson Reuters and investors to assess a company's ability to incur and service debt.

(2) Adjusted EBITDA excludes discontinued operations for all periods presented. Additionally the charges presented above for Q4 2013, full year 2014, and Q4 2016 are on a consistent basis.