THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

TRI.TO - Thomson Reuters Corp Investor Day

EVENT DATE/TIME: DECEMBER 04, 2018 / 1:30PM GMT

CORPORATE PARTICIPANTS

Andy Martens

Brian Peccarelli *Thomson Reuters Corporation - Co-COO*

Charlotte Rushton

Frank J. Golden *Thomson Reuters Corporation - SVP of IR*

James C. Smith *Thomson Reuters Corporation - President, CEO & Director*

Michael Eastwood

Neil T. Masterson *Thomson Reuters Corporation - Co-COO*

Piotr Marczewski

Stephane Bello *Thomson Reuters Corporation - Executive VP & CFO*

CONFERENCE CALL PARTICIPANTS

Adam Shine *National Bank Financial, Inc., Research Division - MD, Head of Montreal Research and Research Analyst*

Andrew Charles Steinerman *JP Morgan Chase & Co, Research Division - MD*

Aravinda Suranimala Galappatthige *Canaccord Genuity Limited, Research Division - MD*

David Emerson Ridley-Lane *BofA Merrill Lynch, Research Division - VP*

Drew McReynolds *RBC Capital Markets, LLC, Research Division - Analyst*

Giasone Ulisse Salati *Macquarie Research - Senior Media Analyst*

Kevin Damien McVeigh *Crédit Suisse AG, Research Division - MD*

Manav Shiv Patnaik *Barclays Bank PLC, Research Division - Director & Lead Research Analyst*

Toni Michele Kaplan *Morgan Stanley, Research Division - Senior Analyst*

Vince Valentini *TD Securities Equity Research - Analyst*

PRESENTATION

Unidentified Participant

Ladies and gentlemen, please welcome Senior Vice President, Investor Relations, Frank Golden.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Good morning, everyone, and thank you for joining us today for the Thomson Reuters 2018 Investor Day. Now if you've peeked into your binders and you've looked at the agenda, you know that we have a full day scheduled for you, and we're very excited to present the new Thomson Reuters to you.

Now today, our management team will deliver a series of presentations that I think that you'll find informative and very useful. We'll start with Jim Smith outlining our new organizational structure and how this new structure is expected to drive growth and profitability. Next, our Co-Chief Operating Officers, Brian Peccarelli and Neil Masterson, will discuss our new go-to-market approach and how our Operations & Enablement group will support our customer-facing initiatives.

We'll then have presentations from our Tax Professionals, Corporates and Legal businesses, followed by a demonstration of the power of Westlaw Edge by Andy Martens. And we'll finish up with a presentation from Stephane Bello and Mike Eastwood discussing our capital structure and financial objectives going forward. And I know from the lobby, where a lot of you have come up, you've already peeked in the book and looked at what some of those financial objectives will be, so...

But today's presentation will run from about 8:30 until 11:30. So we have a full 3 hours. And then we'll follow that up with about a 30-minute Q&A session at the end. We'll take a 15-minute break at 10:00 and we'll conclude the second half of the program at noon. Now following the session, our management team will host a luncheon directly across the street at the St. Regis Hotel, and the luncheon will be on the 10th floor in the ballroom. So I hope as many of you as possible can stay and join us for that.

So before we begin, let me mention that today's series of presentations contain forward-looking statements. Actual results may differ materially due to a number of risks and uncertainties discussed in reports and filings that we provide to regulatory agencies. You can access these documents on our website or by contacting our Investor Relations department.

It's now my pleasure to introduce the President and CEO of Thomson Reuters, Jim Smith.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Thanks, Frank. I really appreciate the introduction. My goodness, a good full room. Thank all of you for coming out today, and hello to those on the webcast as well. We really appreciate this opportunity of kind of bringing you up to speed on where we are. It is safe to say we have been looking forward to this day for a long time, and it's a great opportunity for us to give you a look at what we've been working so hard on for the past year or so, and to give you, we hope, a bit of an idea of why we're so excited about the business going forward.

During today's presentation, what we hope to do is to outline our new organization structure, to discuss our strategies to accelerate growth, to introduce some new members of our management team that many of you have not met. And then we'll finish up by discussing our financial goals and aspirations for 2020, a date that used to seem like a long-range aspirational target but which, as we all know now, is just a few months away.

So let's get started. Just a bit of context that I think sets the framework for why we're so excited about being here today. 2018 has been a monumental year for our organization by any standard. If you think about it, we've done a lot of things at once this year. First, we've spun off our market data and trading businesses into a new financial partnership with Blackstone. We've done all of the machinations of the return of capital to shareholders, of how we're going to spend those proceeds of allocating that out. We've successfully separated the 2 businesses. We've worked to stand up and reposition our new business.

And any one of these things would've been monumental in a given year, but of course, we've done all of them. And while you certainly hope no balls are dropped, I'm amazed at the team and the work that they've turned in. Because not only have no big balls dropped, we've actually seen an acceleration in our underlying sales momentum in the business. And I think that gives us incredible confidence going into 2019, looking at the ramp that we're building.

And I think all of us -- and you'll hear it today in the presentations, all of us are more confident about our chances of success than we've been in a long, long time. And if you think about the external markets, I have to say it's been a long time, a really long time since we've felt some wind in our back, and we do feel that now.

I know we have a number of new investors with us today. So I thought it'd be worthwhile just to spend a moment highlighting what we believe are the core key strengths of our business. Suffice it to say, few businesses possess the inherent strengths of our Legal and Tax businesses. We operate in stable and growing markets, with opportunities to continue to grow in those markets in new ways. We hold leading positions in the markets in which we compete, #1 or #2 in most every key category.

We have a highly attractive business model. About 75% of our revenues are recurring in nature, either materials we sell electronically or software, and they produce very consistent free cash flow. We have very high retention rates, around 90% overall. And we have a history, as many of you will know, of maintaining strong financial discipline based on that solid free cash flow. We try to take a balanced approach is what we do with that cash.

We invest back in the business and we all believe we have the necessary funding envelope to drive our growth in the future. We also believe in returning a portion of that cash flow back to our shareholders, as evidenced by 25 consecutive years of dividend increases and buybacks.

We also highly value a strong capital structure and are committed to maintaining that for the future. And then finally, as a result of the transaction, we've ensured the wherewithal to take whatever moves we need with a solid position, with $2 billion of cash on the balance sheet for future deployment.

We believe there are both organic and potentially some inorganic opportunities to expand our current positions. And if we look at the broader market, and you look at this slide here, and you take what we sell and what our competitors sell in the content and content-enabled software world, you come up with a market, an addressable market of something like $32 billion directly addressable, and that's a market that's growing 3% to 4%. We have a really solid position in that market.

But if you look more broadly at what our clients -- our current clients spend on technology and software and things to which we could aspire, you see a much bigger market there. And that part of the market, that outer layer is actually growing 8% to 10%.

So putting those together, and there's always a little more art than science, or it's a blend of both when you're doing this market-sizing maps, we think we have an addressable market around $44 billion that, blended, is growing 5% to 6%. That's a great opportunity for us to move from our strong base in the lower-growing segments into the higher-growing segments and thereby accelerate our revenues overall. We feel really, really good about that, and we think we've got a market to address the $44 billion that's growing at 5% to 6%.

As we're all aware, business models and markets are rapidly changing out there and our customers are dealing with this every day. Our customers' world, like ours, is becoming more complex. Everyone's time pressured. There are all kinds of economic pressures. And our clients require more knowledge to serve their customers and better tools to help make the most of their time.

I'm reminded that early in my career, I was cautioned against talking about efficiencies and productivity to people who build by the hour. It's not the case anymore. Everybody is looking at becoming more efficient these days, and we have a great opportunity to serve our clients with productivity and workflow tools.

If you think about the outside world, certainly there's greater regulatory complexity and it's ongoing, and all of us know how massively regulatory regimes have changed just in the past 12 months. We like to think we work best at that intersection of commerce and regulation where the world is complex. And as we see more of these regulations expand across geographies, we see greater regulatory fragmentation which presents opportunities for us. Our biggest customers operate on a global scale and they rely on our solutions to bring them the expertise that they need to pull together all these regulatory regimes across our geographies.

Changing business models are another concern and opportunity. To remain competitive, our customers need to evolve their own business models. We support this transformation through solutions that enable that productivity that I mentioned. And many of our customers, when you think about their structure in law firms and accounting firms, don't have the organizational structure or the financial capacity or human capital or even the will to manage their own internal systems, and that's a real opportunity for us to leverage our subject matter expertise, our positioning, our brand, our relationships with those customers to be the partner of choice to create solutions tailored to their specific workflows. You're going to see a great example of that later today when that all comes together.

And that comes together particularly with the addition of artificial intelligence and machine learning, and what that's making possible in the marketplace today. AI, cognitive computing is impacting every industry. Ours is no different. We think we have a real opportunity to deploy that technology in meaningful ways, and the example will serve better than anything I can describe.

The world is shifting from the software installed on premises to software-as-a-service platforms and deployed cloud solutions. And as you're going to hear today, we're ramping up to do exactly that and to provide the solutions in the cloud that our clients are demanding. So later today, I think the example you'll see for Westlaw Edge will pull that all together in a very dramatic way.

So with all this change flying around our clients, why are we confident that we can help them succeed? Well, first and foremost in the Legal and Tax fields, we are clearly viewed as the leader. Whether it's our comprehensive content, whether it's the way we deliver that content accurately and reliably every single day, whether it's our domain experts who develop and curate that information, our customers know they can count on us, and that is an enormous competitive advantage.

Secondly, our customers know us and trust us, and that trust has been earned over many decades. And thirdly, as you're going to hear throughout the day today, we are adapting and changing in order to better serve our customers by taking a customer-first approach.

What do we mean by that? We mean providing unmatched customer experience from the front end to the back end. It means taking a programmatic approach to increasing things like cross-selling, optimizing our offerings and getting the pricing right in ways that improve retention. And by serving customers in a way they want to be served, that means supporting the deep relationships that we have with efficient and effective digital channels and improving the customer experience.

To better serve our customers, we've organized the company into these 5 big business segments that you see here on the slide. The Legal Professionals, Corporates and Tax Professionals are where we're going to focus today. Each of these businesses, as you see, are leaders in their respective markets and grew 5% in the third quarter. So these are the segments where we really plan to invest behind and to drive the growth parade for us certainly in the near term.

To achieve that, we're going to expand the range of products that we cross-sell to our customers, and you'll hear some specific plans for that. We're going to add features to our products that enhance the customer experience, we hope increase demand, certainly focused on improving retention and will provide us will with greater pricing flexibility as well.

And we want to access new customers. While we have strong positions, we still have lots of opportunity to reach out and bring in new customers. And every one of our businesses has targets for each and every one of those levers in a more granular way than we've ever had before.

I want to point out that due to the time constraints today, we're not going to go into Reuters News or our Print business. We will talk more in depth about those later and give you an opportunity to go deep on those businesses. Suffice it to say that we are very proud of the work Reuters News and its journalists do every single day, providing award-winning content to our customers around the world. Two Pulitzer Prizes this year, a foundational contract that secures the near term future.

And new commercial leadership. Michael Friedenberg is here today as our new commercial leader -- oh in the back, in the back, the new commercial leader. It's his first week on the job as President of Reuters, and we're looking forward to great things as he takes the reins and we believe can make Reuters an even greater part of our growth story going forward.

We're also -- Elizabeth Beastrom is here today as well in the room. She runs our $800 million print portfolio. And while we need to manage that business differently because of the different dynamics around print, our focus there -- and Elizabeth has done a really good job of beginning to help us understand how we can take that foundational relationship that we have with those print customers and build a broader relationship through more products and services and giving them exactly what they need in different ways. It's important to point out as well that just the foundational nature of both of those businesses in securing that -- the relationship with our core customers, not to mention the high profitability that goes with that print portfolio.

So as we enter 2019 and look ahead to 2020, we're focusing on 5 key priorities. One, create this more-centric organization you're going to hear about today. Two, to deliver higher revenue growth. And we think we have a plan to accomplish that and have great confidence in our ability to deliver that. We're going to be investing in the technologies to enable our customers to transact with us through digital channels and to support the digital -- support their customer experience with digital platforms.

We're going to simplify the company in every way that we can. That includes this new organization structure we're talking about, working on sales effectiveness and working on ways to make it easier both for our customers to do business with us and for our front-line troops to navigate inside the organization. And finally, we're going to continue to invest in our people, empowering them to take action while working to flatten the organization and get bureaucracy out of the way.

I'd just kick off the day by saying I've never been more enthused nor more confident in the prospect of the new Thomson Reuters. I hope you will agree with me when we conclude today's program.

It is now my pleasure to turn the program over to Brian Peccarelli, our Co-Chief Operating Officer. Brian?

Brian Peccarelli - *Thomson Reuters Corporation - Co-COO*

Thank you, Jim, and good morning, everyone. As Jim mentioned, our target markets are attractive and our current market leadership position is very strong. Today, I'm going to outline how we are positioning ourselves for growth within these markets and how we have positioned ourselves to better align and serve our customers.

The primary message I want to leave you with is that we are laser focused on accelerating growth. The main focus is on accelerating organic growth, but we'll use inorganic opportunities to allow us to serve our customers in bigger and better ways as demonstrated by our recent acquisition of Integration Point. As you know, we operate in large markets that are growing and the products we provide are needed in good times and in bad. Tax compliance, for example, never ends and penalties for noncompliance are increasing both financially and reputationally.

What you may not know is these markets are right for us to drive innovation. Regulation continues to change and on an unprecedented pace. Technologies continue to advance and the digital revolution allows us to engage with our customers in new and better ways, aligned with how they want to engage with us. Our customers are relying on us to be their information and technology partner as they navigate these changes, and their feedback has led us to the changes that we have made.

Now I'd like to walk you through how our new organizational structure is aligned to better serve our customers. Let me tell you about why we are making these organizational changes. The fundamental change in our business structure is intended to drive growth and better serve our customers. It's not about reshuffling numbers. We have changed our access points as a result of working closely with our customers. They have been the catalyst for our change as compared to the chart on the left, which was product-centric.

In the past, it was about looking at the world through the lens of the product and then taking those products to market across all customer types: accounting firms, law firms, corporations and governments. For many customers, this caused them to engage with many parts of the business, salespeople, product service people, building people in order to receive the full value Thomson Reuters has to offer.

The new structure on the right puts a laser focus on the customer. It allows us to view the world through the eyes of the customer in order to better align ourselves to do business with them the way they want to do business with us, a customer-centric approach. With the new structure, it's not about decreasing the importance of the product, it's about aligning ourselves with our customers to better bring all the products Thomson Reuters has to offer to them in a more simplified fashion. In the past, we operated in silos, product silos, now our conversations with the customers are based upon how best we can partner with them to solve their pain points versus selling individual solutions by individual groups.

We look at the new world through the lens of customer segments. Organizing around the customer allows us to change our conversation and views internally, but more importantly, this changes how we interact and serve our customers. These different conversations allow us to communicate our full value proposition to different buyers rather than selling individual products as we did before.

And importantly, we have deep customer relationships, strong market positions, high levels of credibility and trust with our customers, all of which combine to generate high levels of recurring revenue and high retention rates. These different conversations will lead us to growth. While you will hear further details of each of these segments a little later from Charlotte, Piotr and myself, let me share with you a few examples.

In Corporate, I've heard time and time again recently since we announced the changes that where we had our strong relationship with the CFO, for example, they want to bring the General Counsel into the conversation to partner with us in bigger and broader ways, allowing us to bring more products to the customer. And likewise, in Tax Professionals, which is focused on accounting firms, where we had a strong relationship with our research product Checkpoint, for example, now we can be better aligned to have the conversation regarding our software solutions as well.

Before I move forward to the next slide, I want to leave you with the fact that while we have 460,000 existing customers, the average customer uses less than 2 of our current solutions, which is a cross-selling opportunity we plan to be focused on and capitalize on.

As a consequence of these changes and flipping the lens by which we view the world, we know it'll lead to more cross-selling opportunities and allow us to better serve our customers. For example, if you look at how we brought Checkpoint to market in the past, we could have the same sales rep selling to a small accounting firm, a mid-sized law firm and a Fortune 100 company, and so on and so forth. It's hard to have the deep knowledge of what's most important to each of our customers when you're interacting with such a divergent customer base.

Also, when we are product-focused, we have different sales teams going in to see the same customer and not necessarily well aligned. This moving forward is about aligning those teams together. Now the expertise and sales experiences is different and we are now holistically looking at our customer needs. This makes us more of a strategic partner for our customers. The resulting cross-sell activity is 1 of 4 growth levers that I'll talk about in a moment. So let me go through those levers now.

The heart of our growth strategy is the 4 levers. First and foremost, sell more to existing customers. As I mentioned before, we have 460,000 current customers and we currently sell less than 2 products per customer. This represents a real opportunity for us. Being aligned around our customers will allow us to strategically bring more products to them and engage with them the way they want to be engaging with us.

Secondly, while we have a leading position with our larger customers, there's room for us to acquire more customers at the lower end of each of our segments. For example, in the Legal segment, there are over 100,000 smaller law firms that we don't have a relationship with. We haven't been able to reach them in the past given our legacy go-to-market approach.

As you'll hear from Neil in a moment, we are rolling out digital offerings to smaller customers which will allow us to more efficiently serve a customer segment that we hadn't been able to reach before. We know smaller customers often have different needs. They may just want to use some of our technology or some of our information and not all of it. By looking at customers based upon their unique needs, we will be able to optimize and price our products in a way that'll be compelling for them and drive revenue for us.

Thirdly, improving retention will be another benefit resulting from organizing around the customer and a relentless focus on improving the overall customer experience including a robust digital experience, removing friction from renewals and simplifying our commercial policies.

Now let me take you down to a more practical level. By subsegmenting, we can further dissect the customer and their unique product needs and financial constraints. In all of our overall segments, we have subsegmented into various groups by looking closely at customer needs, buying patterns and their desire for how they want to engage with us. We have a high penetration with our large customers but huge opportunities to cross-sell and up-sell. These customers want to engage in a very strategic way on a global basis, and thus, we are organized to meet their needs.

There's a lot of greenfield with our medium-sized customers, both in terms of increasing the number of products they buy from us and in expanding our reach. Finally, with smaller customers, legal, tax and corporations, we now have -- we have low penetration and a tremendous opportunity to acquire more customers. We can adjust our broad offerings and cater to their unique needs. How these levers roll up to enable us to accelerate growth becomes much more achievable when broken down and dissected into our new operating model. So let me show you.

We believe improved growth rates are a realistic target. Let me put the impact of each of our growth levers into a financial context for you. When you look at the broad 460,000 customer base that has less than 2 products per customer, the realignment around the customer we have completed, you can see why we are optimistic in the up-sell and cross-sell target. And we believe we can access and acquire new customers through the combination of new digital capabilities and tailoring our products to small customers, customers that we currently have no relationship with.

And third, simplifying how we do business, aligning points of contact and tailoring customer experiences will enable us to improve retention and better utilize our commercial levers. The end result add up to how we will drive an increase in organic growth.

Now to summarize. I'm truly excited and confident that aligning around the customer will enable us to achieve our growth targets. We will be doing business with our customers in the way they want to do business with us.

So here are a few of my key takeaways for you. First, our go-to-market channels have been organized to better align with customers, enable us to better understand and serve them. It's about aligning the disparate teams so they can work in a coordinated fashion the way our customers are asking to work with us. We are careful not to break long-standing customer relationships but see the benefit of aligning those relationships around the customer.

While some products are targeted to particular customer segments, we have assets that reach different customers across segments. This positions us to accelerate organic growth across 3 go-to-market priorities: increase cross-sell and up-sell, increase retention and commercial levers, and acquire new customers. We have a path to grow revenues into the mid-single-digit range.

I'll be back to speak to you in more detail about the Legal Professionals segment, and you'll also hear more details about the Tax and Corporates segments from Charlotte and Piotr in a little while. But first, I'd like to welcome Neil Masterson, Co-COO, to talk to you about the Operations & Enablement group, which is the engine that powers the company that will be an integral part of our go-to-market strategy.

Neil T. Masterson - *Thomson Reuters Corporation - Co-COO*

Thank you. Thank you, Brian. Good morning, and thank you for joining us today. My name is Neil Masterson, Co-Chief Operating Officer at Thomson Reuters. And for those of you who have follow the company for a while, I used to be the Chief Transformation Officer. Now following the separation with Refinitiv, I get to spend 100% of my time on the new Thomson Reuters. And as -- and the more time I spend, the more opportunity I see. I now run the Operations & Enablement function, which, as Brian mentioned, is the operational engine that powers Thomson Reuters and helps the segments grow.

So we will begin today with an overview of Operations & Enablement, what it is, what we do, how we serve our customers and how we support Brian's go-to-market organization. I will then dig into how we're executing our mission of reorientating around the customer and shifting to software and running leaner.

So I'll dwell on this slide for just a moment, but Operations & Enablement represents about 1/3 of Thomson Reuters in terms of employees and operating expense and 100% of the capital investment. The organization is -- it wants the means of production and also significant amounts of the secret sauce that blends technology and content, the 2 of which underpin our business. It also includes other capabilities that enable growth such as marketing, analytics, sales effectiveness and digital.

Now working from left to right from back office to customer facing, I'll briefly discuss the role of each group, and we'll start off with technology on the left-hand side. The technology organization comprises around 4,000 engineers who are not only technically talented but understand how to apply technology to the detailed use cases applicable to our customers. This is a key competitive advantage for us.

The technology organization also manages external engineers via partners. This helps provide flexibility and helps manage cost, but also it gives us fungibility in our development organization. This is also the group that is responsible for delivery and service, critical elements related to customer satisfaction and retention.

Next up is content. The content organization collects, categorizes and creates content. This varies from robotic scraping of content from websites to tax and legal attorneys curating content. This is another competitive advantage, and you'll see more of this in Andy Martens' presentation later. These capabilities are the foundation for research and content-enabled software solutions.

THOMSON REUTERS

Now over the recent years, we've ramped up our cybersecurity investment and its capabilities. Security reports directly to me. These 3 groups: technology, content and security, represents between 80% to 90% of the Operations' enablement cost base. The strategy team works to identify our best organic and inorganic opportunities and ensure that we invest and execute on them.

Commercial excellence is responsible for measuring and directing sales resources, determining the most effective packaging and routes to market as well as devising appropriate incentive plans. Marketing is primarily focused on demand generation and increasing the lifetime value of our customers. And finally, our digital group works very close with marketing to drive our digital customer experience, and more on this specifically in a moment.

So the mission for the new Thomson Reuters is to reorientate around the customer, shift from content to software and run leaner. Now first and foremost, reorientating the entire business around the customer is a profound change. It not only brings focus but also enables us to have far broader conversations with our customers with a cohesive go-to-market approach. Importantly, it unlocks the opportunity for cross-selling and it also helps us develop new solutions tailored to the workflows of our customers.

We are at a pivot point where our customers not -- ask not just for content but also for insights and workflow tools to make them more productive. And increasingly, we see our customers making the move to software solutions. Our opportunity is to help customers make this pivot. Now we can do this by leveraging our existing leading content and research positions to play into the faster-growing software market.

Now this strategy has important implications on how we operate. As the velocity of technology change increases and the iteration cycles become ever shorter, the new Thomson Reuters needs to run leaner, be faster and more effective. And also, of course, following the Refinitiv deal, we also have to operate within a smaller, more focused operating envelope.

So let's start off with running leaner as I know everyone's interested in corporate costs. Now at the last Investor Day 4 years ago, I stood in front of you and talked about how we would remove $400 million from our cost base by 2017. We delivered a $500 million reduction. At the time, we focused most of our efforts and attention on our financial business as it simply represented the largest opportunity in front of us. As you can see from the exhibit, we yielded some quite good results.

Now importantly, the team that led this is largely intact in the new Thomson Reuters. Our technology organization continues to be led by our CTO, Stewart Beaumont. Now many of the benefits of our earlier efforts flow into the new Thomson Reuters, not least the improved technology talent, simplified infrastructure and improved critical mass. And importantly, we have a seasoned team who knows how to execute and we now get to focus this team on the new Thomson Reuters.

So as I mentioned, the team has now shifted their focus to the new Thomson Reuters, and we see opportunity to reduce our expenses. Collectively, we have a plan which has 3 levers, which will yield a headcount reduction of around 12% by 2020. Lever 1 is aimed around improving the speed and nimbleness of the organization. This is manifesting itself in reducing management layers with greater spans of control.

Lever 2 is the renewed focus on consolidating talent and fewer locations, 30% fewer locations. Lever 3 is an acceleration of product convergence and a shift to public cloud. This simplifies our offerings, makes them increasingly SaaS-based and cheaper to deliver. Now as I speak, the majority of the headcount reduction has been communicated and 90% of the site consolidation is already underway.

Now let's go a little deeper on the topic of platforms. Now since the separation over the summer, I spent most of my time focused on the new Thomson Reuters and meeting with lots of customers. What is clear from our customer meetings, our user conferences and direct voice to the customer feedback is that there's a strong demand from our customers to connect the workflows of their firms with their customers. Additionally, our customers also have a strong bias to consume solutions that form components of a platform rather than multiple point solutions that are not integrated.

These strong customer preferences provide us with an opportunity to integrate and package products to drive cross-sell and further improve retention. To meet these customer needs, we need to leverage shared technology platforms and this in turn will drive scale, yielding cost efficiencies and improve speed to market.

Now this brings us to capital efficiency and effectiveness. So today, we are at a 10% capital to revenue ratio. Our goal is to get to between 7% and 8% by 2020. Now we have 2 principal means of doing this. Now first of all, right now, our CapEx is elevated as we front-load investments in digital and in business systems infrastructure to improve the customer experience and unlock cross-sell and new customer acquisition. These investments will taper down in 2019 and 2020.

Second, as we follow this strong customer demand for integrating -- integrated solutions, we collapse platforms and accelerate sharing technology access -- technology across products. This will enable us to sunset stand-alone products. This will drive improvements in capital efficiency and will also reduce operating expenses. Now again for followers or longtime followers of the company, this is not -- this approach is not new to us. We used it very successfully during our transformation work within the Financial & Risk business.

So bringing this little section all together, we have a proven team focused on building a leaner, faster, more cohesive organization that can deliver more effectively for our customers. As an organization, we have proven that we respond well to targets, and accordingly, we have set ourselves to following efficiency and effectiveness targets. So by 2020, we are targeting a 12% reduction in headcount, an 11% reduction in the number of products, a 30% reduction in the number of locations, a reduction in management layers to an average of 6 and a reduction in CapEx as a percentage of revenue from 10% to between 7% and 8%.

Now the team has begun executing. And as of today, I can tell you the majority of the headcount target has been communicated. 90% of the location reduction target has been communicated and we are underway on delayering. Now before I leave this section, one thing I do want to emphasize is that as we're making these operational efficiency changes, we are not impacting our go-to-market capacity.

Now I want to turn our attention to capturing growth and solutions and how we're executing on that. Now as Jim mentioned, our customers are facing 3 macro trends: more regulation, which is a boon to our business; a faster pace of technology change; and changing economics to their business models. Now this is manifesting itself in customers of all sizes across all our markets, accelerating the adoption of technology to improve productivity so they can better serve their customers.

This shift to software is a pattern we have seen before in the large Tax space, and which we successfully exploited under Brian's leadership. When the Big 4 accounting firms moved to fixed-fee assignments, they adopted software solutions that made their professionals more efficient. This business model change is now rippling through the legal industry and all our Corporates customers are always looking at ways to be more effective.

We see this as a big opportunity for Thomson Reuters. The additional $12 billion on this chart captures the current spend for solutions that our customers use to become more efficient. We see this as highly complementary to our existing suite of products with opportunities for us to grow into the software market both organically and inorganically. As Brian has mentioned, we have the customer relationships and the experience to take advantage of this opportunity, and we also have the technical capabilities, the financial discipline and the capacity to position ourselves into this faster-growing market.

So let's start off at how we allocate resources to ensure we take advantage of this shift to software. Now over recent years, we've managed to deploy increasing funding to growth projects. This is the result of an increasingly disciplined resource allocation framework. All projects from across Thomson Reuters and the associated spend are categorized into 1 of 6 buckets. This approach has enabled us to reduce spend in compete and optimize, boxes 4 and 5, in favor of grow initiatives, as well as important enterprise initiatives such as digital, cloud and security.

Over the last 2 years, we've been able to increase the overall spend in growth initiatives from 50% to 60% of our total investment envelope. Similarly, we've been able to ramp up investments in our Toronto tech center and Thomson Reuters labs, and these investments are beginning to bear fruit.

For example, Westlaw Edge is an AI-powered legal research platform, which you'll experience with the demo later courtesy of Andy Martens here. This was the fruit of our product, content and the research teams working closely with our customers. This is a powerful combination and something few of our competitors can match. Our goal is to continue this reallocation of resources and the acquisition of technical talent to accelerate the build-out of intelligent, content-enabled software solutions.

Now for inorganic acceleration opportunities, we also have a reinvestment fund of $2 billion to help accelerate the shift to software. The recent acquisition of Integration Point exemplifies how we are thinking about acquisitions. First of all, it represents an acceleration opportunity for our core business. It complements existing products and geographies. Second, it's a high growth segment. The global trade management segment is growing at double digits.

And third, and this is key, we can quickly deploy it into our distribution network and cross-sell it to existing customers. And four, it is not just software, it's content-enabled software based on very complex rules and regulations which continue to evolve and change. This is not easy to replicate by competitors. So in summary, this is a sweet spot, and by integrating it into our platform, it enhances the whole proposition for our customers.

So let's come back to how we are organizing around our customers and the opportunity this presents us. We see significant opportunity for cross-sell and up-sell in large and medium segments, and we also see significant opportunity in the smaller segments for customer acquisition as well as for better commercial packaging, particularly that smaller end of the market.

Now as Brian mentioned, we have translated this opportunity into specific growth levers to help accelerate our organic growth in 2020, and you'll hear from Charlotte and Piotr and Brian in a second how that applies to each of our businesses.

Now historically, we have focused on retention and up-sell with some success. However, cross-sell and new customer acquisition are really underexploited levers for Thomson Reuters. The cross-sell and up-sell opportunity is fueled by strong customer analytics, and equally, digital marketing channels and interfaces are critical to accelerating new customer acquisition in the mid-sized and small segment while maintaining profitability and scale.

So as you heard from Brian, we are underpenetrated in smaller law and tax practitioners. Now to give you a sense of scale, there's around 400,000 professional practitioners in smaller firms in the United States alone. So we see digitization as an opportunity to better service more customers and acquire more of them. It's really a force multiplier. Digital enables us to market to them, provide trials to them, sell to them and service them in a scalable way, something we are only just beginning to scratch the surface of.

It also enables us to serve and provide more value to existing customers by dynamically pricing, predicting and testing compelling proposition bundles. Most importantly of all, digital is how our customers increasingly want to interact with us. Now this skill set is not native to Thomson Reuters. So we've been importing talent from consumer and retail backgrounds to build this capability rapidly and then blending that with our own unique domain expertise in these markets.

So digital is the most visible example of how we've been building out capabilities to simplify the experience for our customers. But at the same time, we've been building professional sales operations capabilities, again importing talent from scaled players in the software and consumer industries.

We see leverage and opportunity by doing the basics really well, simplifying commercials, ensuring our sales force is ready, systematic lead generation and expanding our digital marketing capabilities. Now these are proven techniques in many other industries which we are applying for the first time at scale in Thomson Reuters. Now it is early days, but we have begun executing and we are encouraged by the early returns.

So to summarize, we are confident. Running leaner, we have a focused experienced team who've done this before, which has clear targets, and execution is well underway. And the shift from content to software, this is our sweet spot. The shift absolutely plays to our strengths. We have a great domain expertise, impressive technology credentials and leading content, and these are underpinned by strong operational capabilities. And most importantly of all, reorientating around the customer, this is a profound powerful change for us. We believe we are well positioned and we fully intend to exploit the opportunity.

Thank you very much for your time. And now I'd like to introduce Charlotte Rushton, President of our Tax Professionals segment.

Charlotte Rushton

Thank you. Thank you, Neil. Good morning. As Neil mentioned, I'm Charlotte Rushton, I'm President of the Tax Professionals segment here at Thomson Reuters, and I'm excited to be here this morning to introduce you to our newly customer-aligned customer segment. I'm going to take a little bit of time to introduce you to our customers, talk a bit about their needs and their pain points and also how our solutions help address those needs, and then I'll talk about how we're accelerating growth in the segment.

Our Tax Professionals business serves tax, accounting and audit professionals in large, mid-size and small accounting firms across the globe, excluding the Global 7, which are looked after by our Corporates segment. We also serve tax professionals within governments.

The work our customers do really matters. They're helping small and large businesses be compliant, manage their accounts and keep up with regulations, which are changing rapidly. And we're proud to serve them with a suite of software and expert content to ensure that they're keeping up with that regulatory change as well as they're delivering the most effective and efficient solutions to their clients.

We're known in the market for our product leadership, for our fully integrated suite of software solutions and our best-in-class customer service. Our customers consistently say that they couldn't do their work without us.

We've organized the business around our customers with subsegments that are focused on different customer needs. We have market-leading products that we offer to these customers, and I'll talk about those in a bit more depth on the next slide.

Our largest firms, these are 30 professionals and above, they tend to serve larger, more complex corporations and high-net-worth individuals, and therefore, they have more complex needs. They buy our integrated suite of software solutions and our Checkpoint research platform, but some of those larger customers also buy our corporate focus solutions, which are ONESOURCE, and you'll see a demonstration of ONESOURCE in the lobby today.

Our largest customers subsegment is the mid-sized firms. These are fully integrated solution providers to large and medium-sized corporations because the software -- they build the software, their workflow around it. Our small and solo practitioner firms tend to be more oriented towards individuals and some small mostly micro businesses, and they tend to be more tax compliance focused, although they do offer full accounting solutions to some of their clients.

And our government subsegment, these are property tax departments, usually at the county level. The customers need software solutions to help them track land registration, property valuation and to administer and collect property taxes. We have a large recurring revenue base, driven by the subscription nature of our products. And as I mentioned, our customers tend to build their workflow, their processes around our software and solutions, and so they're very sticky once they're implemented.

Let me introduce you to some of our market-leading solutions, which consistently receive high satisfaction scores and market surveys. Checkpoint is the #1 tax, accounting and audit online research platform. It's used by over 100,000 customers across our Tax Professionals, our Corporates and our law firm's customers base. It's a subscription product with 87% retention. And it's one of our most heavily used solutions because it helps our customers find answers to their toughest accounting, tax and audit questions.

The CS Professional Suite is an integrated suite of tax, accounting and audit software. Within the CS Professional Suite, the market-leading solution for tax compliance is UltraTax CS, which our Tax & Accounting customers used to automate tax preparation and tax compliance for their clients. Our most progressive customers also use our fully integrated suite, including practice management to manage their firms, as well as payroll, accounting, fixed assets and planning solutions. We have the only fully integrated suite on the market.

And then Onvio is our next generation cloud-based solution for accounting software. We're building Onvio in AWS and it already has advanced firm management and client collaboration tools available in the cloud. Later in 2019, we're releasing a fully featured version of Onvio tax so our customers can manage their tax calculation and compliance work online in the cloud. Onvio backward integrates with our legacy solutions and so our customers can choose to migrate on their time frame. And we're also providing a demonstration of Onvio in the lobby today.

THOMSON REUTERS

And then Aumentum is advanced software that governments use to manage property tax registration, land management, taxation and property tax collection. By streamlining processes and data into one integrated platform, we allow our customers to focus on what they need to do, which is funding for public services and supporting their constituents. We already have a high-profile implementation ongoing at Riverside County in California, and we believe this solution is eminently scalable into other government agencies.

We have a great formula for success in the Tax Professionals segment. We have attractive end markets, we have a leadership position and we're singularly focused on accelerating our growth. We estimate our global market size to be about $6 billion, growing at an estimated 4% to 5%. And as Brian mentioned, this market has been historically recession-resistant because the demand for tax accounting and audit services is independent of market conditions.

Our customers have to keep up with constant regulatory change and our solutions enable them to do that. And they're also finding their work become more and more automated and commoditized, and we are ideally positioned to help them take advantage of that change.

Our leadership position. A few months ago, when we combined our software and our content businesses to form the Tax Professionals segment focused on the customer, we became #1 in our market. As a combined software and content organization, we're #1 in both North and South America. We have a really strong customer base, over 110,000 customers, and we can add much more value to them by unlocking the potential that this combination has provided.

And then our focus on accelerating growth, we already have over 70% of our revenue coming from highly recurring, high-retention software solutions, and we are continuing to invest. We're investing heavily in the next-generation cloud solutions like Onvio, and we're also incorporating new technologies like AI into our solutions. We recently hosted 1,400 of our customers at our annual user conference in Orlando, and I heard firsthand from them about how excited they were with some of the AI capabilities that we trialed at the user conference.

And then as you heard from Neil, we're investing in digital. The digital channel will really help us reach the customers that have been typically hard to reach, especially the long tail of smaller firms.

As I mentioned, our global addressable market is around $6 billion growing at 3% to -- 4% to 5% and our customers are dealing with relentless change. Change is constant for them and we've just had a somewhat unprecedented year in terms of regulatory change. We had the Wayfair ruling here in the U.S. We have regulators toughening their stance on the Big 4 in audit. There are new government initiatives around the world aimed at simplifying tax, as well as digital initiatives like they're making tax digital in the U.K. And of course here in the U.S., we have the Tax Cuts and Jobs Act, which was the most sweeping tax reform we've seen in the United States for decades. Keeping up with the regulatory change is why customers use our solutions.

The other persistent theme of change for our customers is technology. Advances in technology have continued and they're only increasing in pace. Technologies that we've been hearing about for a while, like AI, machine learning, cloud computing, big data analytics, are fast becoming mainstream. And the advantages to our clients is really clear, using these new technologies to automate or eliminate some of their more routine or administrative tasks, freeze them up to spend more time on value-add advisory services with their clients.

The cloud is especially exciting because it enables real-time collaboration for our customers with their clients and with their clients' data. It also enabled work from anywhere which is, obviously, a very important thing for the millennial generation who now make up over 50% of the workforce. And whereas security concerns used to hold back a number of our customers from moving to the cloud, the mindset has changed. And because of all the investment that cloud providers have put in security, there's much more now agreement that cloud providers actually provide more security than most of our firm's internal IT.

Keeping up with changes in regulations and keeping up with changes in technology was recently voted as the top 2 concerns of our customers in a survey we conducted.

We're singularly focused on addressing our customer needs and we've organized around these subsegments because they're indicative of differences in their needs. As I mentioned, large firms, 30 or more professionals, tend to work with larger global corporations, more complex corporations as well as high-net-worth individuals. And so their needs are more complex, and therefore they look for more complex solutions from us. However, the largest of our large firms is still less than 1/10 of the size of the largest of the Big 4. They don't have the budgets to invest in innovation and in technology, so they're looking to Thomson Reuters to make that investment for them.

The mid-sized firms offer more of a full suite of solutions to their clients and they're increasingly seeing the benefits of the cloud and artificial intelligence and increased automation to enable them to free up more time to focus on value-added services for their customers. In a recent survey of our customers, 66% said that they expected advisory services to increase for them over the next 2 years, and we're ideally positioned to help support them in making that move.

And then the smaller firms, as I mentioned, are more tax compliant focused, and their key needs are managing through the busy season. They have little time or resources to spend on thinking about firm strategy or how to grow the firm, and automation is absolutely critical for this segment of the market.

As Brian and Neil mentioned, we've reoriented around our customer, and this is a view of how our solutions match the Tax Professionals segment. So I've already talked about our Tax Professionals specific software solutions, CS Professional Suite, Aumentum and Onvio. Checkpoint goes across our customer segments in terms of providing a research -- online research tool for both tax professionals, corporations and law firms. And then ONESOURCE for our larger firms is an important tool because it helps them deal with more complex corporate customer needs.

Reorienting around the customer has unlocked opportunity for us to sell all of the Thomson Reuters solutions to our customers where there's a need. A great example is our contract automation software, which was initially built for corporate legal departments but is now being used and taken advantage of in both law firms and accounting firms. I can tell you that our sales force are very excited about having the opportunity to sell all of Thomson Reuters' solutions to their customers.

So we see a path to single digit -- mid-single-digit growth for 4 main reasons. Onvio, which is the next generation cloud-based solutions, the benefits of the cloud are clear to our customers including security, mobility, collaboration and cost reduction.

Secondly, we're focused on digital, as Neil mentioned, as a fourth multi-player of our sales and marketing efforts. We've already had advanced highly scalable inside sales models, but there's still opportunity to expand our reach and especially in the longer tail of smaller firms. Also, as the tax workforce ages, the next generation of leaders are coming into our Tax & Accounting customer base, and they expect to be able to transact and interact with us digitally.

Then thirdly, we have a significant cross-sell and up-sell opportunity in Tax Professionals. Thousands of our content customers don't buy software from us and thousands of our software customers don't buy content from us. We have a huge opportunity to deliver even more value to our clients by looking at them across our product base, and we're using predictive analytics to help target where we go after.

We're also looking to expand globally. The needs of tax, accounting and audit professionals don't differ that much in different countries around the world except, of course, for jurisdictionally specific tax content. And as an example, we've seen great growth in our Latin America software business. And we see our firm management and other capabilities that we're building in Onvio in the cloud as very applicable across the globe. We've already launched Onvio in Argentina, Australia, the U.K., Canada, as well as the U.S.

In addition to the 4 main drivers, we're also investing in AI and other advanced technologies because that enables our clients to automate more of their routine administrative work and free them up to spend much more time on the value-add of advisory services for their clients.

So in summary, I'm really excited about the prospects of the Tax Professionals segment. We are the leading solution provider in our North and South American market segments. We're harmonizing our approach to the customer and our knowledge of the customer is unlocking additional opportunity. We're helping our customers with their top needs, keeping up with regulatory change and new technologies. And we have attractive growth opportunities to expand our footprint with current clients and in new segments.

Thank you. I'm now going to turn over to my colleague Piotr Marczewski, who is the President of our Corporates segment.

Piotr Marczewski

Thank you, Charlotte. Thank you, Charlotte. Good morning. I'm Piotr Marczewski. I'm very excited to be here. I'm excited about our business and about our opportunity, and I have the privilege of leading our Corporates customer segment. Now today, I will introduce this new operating unit at Thomson Reuters to you. I'll talk about our opportunity and our focus. And most importantly, I'll talk about how we will deliver growth and contribute to the success of Thomson Reuters.

First, how does our Corporates customer segment fit into Thomson Reuters? We are a $1.2 billion unit growing at 6%. And probably in the beginning of our presentation, we have to reflect on who our customers are. So our customers are corporations or, more specifically, professionals working at corporations in tax, legal and compliance functions. Now over the next few slides, I will introduce the segment and I'll address some of the most foundational aspects of our business.

So first, let me talk about our market, the market we serve and the trends that impact our customers. So the market we serve is large. It represents $14 billion, and it is growing at 5% to 6% rate. Now our customers are faced with those 4 key trends, and you heard my colleagues speak about them before, but the flavor of those trends towards corporations is slightly different.

First, changing regulation. I have a few examples for you. Compliance with BEPS Transfer Pricing rules. Different requirements for e-filing across multiple countries, different requirements across different countries. Customers in Europe talk to me about the level of complexity this introduces into their tax work, in particular in oil and gas segment. But it's not just Europe. In this side of the world, the cases mentioned before by Charlotte, the South Dakota versus Wayfair ruling that changes the way remote sellers process tax. Or the Tax Cuts and Jobs Act last year. We changed the way corporations need to approach tax and those professionals work.

Secondly, technology innovations, moving to the cloud, enhancing the ability to analyze data, deploying artificial intelligence, seeking competitive advantage and efficiency on operations by automating their work. That's what professionals do in corporations.

Third, new business models. More and more customers want integrated workflow solutions on a single platform from a single vendor. And a very particular trend that I've identified here for you, which is about legal operations. Corporate legal counsels are bringing more work in-house to be more efficient, and they build and expand those legal operations functions in corporations.

And finally, the global dynamic, fragmented and dynamic tariffs impacting global supply chains. Just yesterday, the news we all see about the U.S.-China trade war and truce in that war, that impacts the way professionals need to tackle their jobs when they come to work in the morning.

Now on this slide, I also cover competition, the way we operate in a very dynamic competitive environment. We compete with our traditional competitors. We also compete with focused software providers, operating in their particular niches. We compete with large technology companies and with the Big 4.

Now on the next slide, let me talk more about our customers. So who are our customers and how do we serve their needs? In order to meet the specific needs of our customers, we have organized around 3 customer subsegments. The first one, Global 7. That's EY, Deloitte, KPMG, PwC, BDO, Grant Thornton and RSM. Now those firms are investing in new technology for automation. They are exploring new growth verticals. They are utilizing tax software to serve their customers. And they're also partners, vendors and competitors to us in different parts of our business.

Now secondly, large corporations. We define those as $750 million of revenues and above. They face all the complexity of operating in today's world. They need to monitor and comply with a wide range of ever-changing regulations. Their complex tax filings require specialized software for efficiency and for accuracy. And they're looking to better manage external legal spend and strengthen their own in-house capabilities.

And finally, the emerging accounts segment that we define as $750 million in revenues and below. Their legal and tax staff need to be generalists, not as specialized, and they are increasingly using software to simplify their work.

THOMSON REUTERS

Now on the next slide, we will see a little more about those 3 customer segments and how do they contribute to our revenues today. Now large corporations are representing 68% of our revenue with complex operations, and they rely on the full suite of our products. Second, emerging corporations. They are representing 17% of our revenue and they are mainly buying our content products today.

Thirdly, Global 7 representing 7% of our revenue and mainly using our tax products to serve their customers. Our international business, representing 8% of revenue and serving corporations in Latin America, Asia and emerging markets. All combined, a $1.2 billion of revenue. And a very important data point for you, ladies and gentlemen, 78% of that revenue is subscription.

On the next 2 slides, we will see a little more about our products. So first, how does our product portfolio in Corporates align with that of Thomson Reuters? There's 3 types of alignment here. First, we leverage products from other customer segments and offer them to Corporates. Westlaw, Westlaw Edge, Practical Law, these are good examples here. Secondly, we provide products dedicated to corporations. Tracker, regulatory intelligence are good examples. And finally, we offer products that are predominantly focusing on corporations but we also are -- but they're also leveraged by other operating units in the company. Our ONESOURCE suite is a good example here.

So on the next slide, let me talk about a few of our flagship corporate products. Four examples of our flagships that simplify the work professionals do in corporate, tax, legal and compliance functions.

First, the ONESOURCE tax suite. A customer recently in our conversation referred to this product in -- to me as the ERP for corporate tax. This is a Global Tax solution. It serves multiple needs of corporate tax department -- tax compliance, tax provision transfer pricing, trade compliance and information reporting. It's a #1 proposition in this domain. We offer it to corporate tax department and to global accounting firms. It's a subscription service and it enjoys 92% retention rate.

Secondly, our Checkpoint proposition. This is the integrated information solution about tax -- tax research, editorial insight, news updates, workflow productivity tools and online learning covered by Checkpoint. #1 proposition in its domain, which we offer to corporate tax departments. It's a subscription service, 87% retention rate.

Thirdly, the Legal Tracker proposition, a solution for corporate legal counsel. It helps corporations manage their external legal spend. It has matter intake functionality, document storage, search and retrieval. #2 in its market. We offer it to general counsels, legal operations. It's a subscription service, 91% retention rate.

And finally, Practical Law Connect, which is designed with corporate legal counsel in mind. It integrates the know-how of Practical Law with the legal research of Westlaw. It is organized by task and practice area, helping our corporate counsel customers complete the wide variety of tasks that they have to handle every day. #1 in its domain. We offer it to general counsels and legal operations. It's a subscription service, 90% retention rate.

So I recognize the Corporates business unit is a new operating entity in our company. So let me just summarize what I've covered so far. First of all, we operate in attractive markets, $14 billion growing at 5% to 6%, primed for innovation due to those strengths that I described to you before. Secondly, our leading position. We have 93,000 corporate customers. And a very important data point for you, ladies and gentlemen, on average, those corporations only buy 1.3 products from us today. So there's a significant scope for growth here.

So now let me turn to this most exciting part of the presentation, which is about how we accelerate growth in corporations. We do this by bringing more value to our customers across their different workflows by providing them with innovative solutions, such as Practical Law Connect or Data Privacy Advisor. We do it by targeted investment to supplement that growth. The Integration Point acquisition that Brian talked about earlier is a good illustration here. And finally, we extend our reach through partners and the digital channel.

Now since growth is our primary focus, let me inspire you with some more clarity of how we are going after growth in Corporates. So we are operating with a very clear path. First, it's about growing within the departments. This is what we call up-selling. For example, a client who buys direct tax, we have the opportunity to sell them tax provision, work papers or statutory reporting. Or for a legal customer who buys research, we have the opportunity to sell them Tracker. That's expansion opportunity within the department.

But then we also have opportunities to grow across departments. That's the notion of cross-selling. We tackle corporations who only use our services in tax domain and have unsolved needs, unmet needs in the legal departments and vice versa. And we're empowering our go-to-market organization to do just that, to carry this broader proposition of tax, legal and compliance needs.

And finally, we are working to deepen our partnerships with Global 7 firms who are very often our implementation partners. And we are also working to partner with software providers such SAP Ariba, where our solutions are complementary.

Now our path to growth is further underpinned by our focus on customer experience and customer retention and commercial discipline and policies. We're also working to deliver in the cloud and through the digital channels. And this is how we are targeting a 6% to 8% growth while growing our margins.

Now I'll now go a little deeper into how we are approaching that notion of selling across the departments, just for your clarity. On the previous slide, I talked about reaching across to additional departments, cross-selling, offering more value to our existing customers, to corporations. We have already been executing on such initiatives opportunistically, but now we are organized to take maximum advantage of that opportunity. How will we do that?

First, the propositions we currently offer often require deep domain expertise, an understanding of our customers' business. We will sustain the depth of our service and of our customer relationships. And the new segmented organization allows us to gradually introduce account executives who carry the broader list of our propositions in their bag. So sustaining the depth, enhancing the breadth and deepening the relationships is how we will cross-sell and deliver more value to our customers. That's how we will drive growth.

So to sum it up, let me conclude with a few takeaway points for you. First of all, changes in regulatory frameworks drive continued growth in markets in which we operate. We are the leading provider of tax, legal and compliance technology solutions to a broad base of corporate customers with compelling value proposition. We see growth opportunities by providing more value to our current customers and acquiring new customers, and we are driving towards mid-single-digit organic growth by executing on cross-sell, new customer acquisitions and customer retention.

Thank you very much. And now, I'll invite you into break. Break until 10:15, I believe. Coffee is in there for you. Thank you very much.

(Break)

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Okay. I think everybody is back in the room and settled. And we'd now like to get started with the second half of our program. So we will do that by me introducing Brian Peccarelli, who will discuss the Legal Professionals segment. Brian?

Brian Peccarelli - *Thomson Reuters Corporation - Co-COO*

Now I would like to spend the next while taking you into a deeper dive of the Legal Professionals segment. Legal Professionals is the largest segment in Thomson Reuters. We sell to legal professionals in law firms and governments. As you heard from Piotr, corporate general counsels are now serviced by our Corporates segment. Legal Professionals in 2017, growth was 2%, and growth accelerated to 4% in both the third quarter of 2018 and for the first 9 months of this year. We've reorganized Legal into 5 customer subsegments, as you can see reflected on this slide. Again, a very customer-centric approach. These subsegments were determined by studying buying behaviors, product needs, geographical boundaries, overall complexity, et cetera, in order to align ourselves to better serve our customers. Our global large firms segment caters to the largest and most global law firms, such as the AM Law 100, Magic Circle, Seven Sisters, among others. These are law firms with thousands of professionals. They value a tailored partnership with a global specialized partner such as Thomson Reuters. Many of these customers use multiple Thomson Reuters products, such as Westlaw, Practical Law, Elite, among others in many locations around the world. We have a deep, long-standing relationship with these firms, built over many decades of service, the highest quality and most accurate content and innovation and trust. Our mid-sized law firms segment includes firms that are still large and ambitious, but typically do not have the same complexity as the largest firms. These firms still need to modernize and improve productivity to compete for the best clients and value more off-the-shelf type of products. Westlaw, Practical Law and Elite are examples of products required by these firms. These firms seek out and appreciate our market expertise and breadth of products, which help them compete more effectively. Now our small law firms segment caters to a large number of smaller firms, typically, single-office firms with a limited number of lawyers. These firms cater more to smaller businesses and individuals and have less complex needs. We provide small firms the essential legal information they require with Westlaw, and we help them find clients and generate business with FindLaw. Our government segment caters to public officials that work for government entities across the board, in courts, counties, universities, security agencies, among others. We sell multiple products in this segment such as Westlaw, CLEAR, our court management solutions, C-Track, and Practical Law. Finally, the international segment includes our operations outside of the U.S., namely, Canada, the U.K. and Europe, Asia and Latin America.

Now one of our key strengths in our Legal business is that we are leaders in the segments in which we compete and our products are at the core of what law firms need to thrive. These leading positions are based on deep and broad industry knowledge, proprietary databases and deeply embedded workflow tools and analytics. CLEAR is #2 to LexisNexis in the investigative space, with room to drive aggressively and grow share. The CLEAR investigative business is in high demand from federal and local security agencies and police forces. It is an area in which we plan to continue to invest and is growing double-digit. Given the must-have nature of these products, it's no surprise our retention rates are quite high, with revenues generated on a subscription basis.

As mentioned earlier, we are on attractive end markets. We estimate the size of the Legal Professionals markets at $12 billion, growing 3% to 4%, and includes research and other solutions, such as business development, practice management, know-how, e-discovery and investigative. Our mix today is biased towards research. But as you heard Stephane say in our Q3 earnings call, demand for legal services as noted in Peer Monitor, was up 1.9% in Q3, one of the highest year-over-year growth rates seen in the last 7 years. Now one quarter does not constitute a trend, but the market does feel better. This is also a historically stable market, even during the downturn in 2008. It's also a market ripe for technological-related innovation. Our customers are asking us to innovate with them. Westlaw Edge and the adoption that we are seeing is a great reminder the market is welcoming innovative products, but also, that they want reliable, integrated solutions from a partner they can trust.

Our leadership positions not only in the U.S., but also in the U.K., Canada, Australia and New Zealand drive high retention rates. For example, retention is 95%, with large, mid-sized and government customers; 85% in a small law firms; and is a bit lower in FindLaw, given the nature of the small law market. And we have a deep customer base of about 250,000 customers.

Now we are focused on accelerating growth. And accelerating growth in this segment is expected to come from several sources. First, we will continue to invest organically, including building AI-enhanced software products such as Westlaw Edge. That is expected to help drive growth over the next few years, and you're going to see a demo and receive further information on that in a few minutes. Second, we will invest inorganically to supplement our product offerings and seek to further distribute our nonjurisdictional software solutions, including Elite and Contract Express, outside of the U.S. core market; and third, we see additional opportunity to reimagine and streamline legal workflow solutions, which is being demanded from our customers. No one is better positioned to meet those needs and those demands than we are.

Now as I mentioned, we estimate that this market segment is about $12 billion, growing 3% to 4%. We see a favorable market evolution as customers are adopting more technology and asking for advanced technology such as AI, analytics, cloud and blockchain. In order to modernize and be more productive, they need these new technologies to effectively thrive in a market where regulation is changing fast and new business models are being introduced. Examples are start-ups that are using AI to offer do-it-yourself type services, alternative legal service providers or nontraditional law firms entering the market, such as the big 4 accounting firms. We compete with a broad range of companies. Traditional competitors include LexisNexis, Bloomberg BNA, Aderant and Wolters Kluwer. Now multiple start-ups are active in the legal space. Some have introduced great innovations and are having some success. This environment actually plays to our advantage, as our clients value a partner they trust that can provide more integrated solutions and that can provide the quality of service that they need and they demand.

The changes occurring in the legal profession remind me of the changes accounting firms went through starting about 15 years ago. As business models changed, engagements based on hourly billing started declining. The need for productivity tools increased dramatically. The change that occurred, along with working closely with our customers during this transition, helped fuel the long-term growth we have had in our historical Tax & Accounting business. At the beginning of this trend, our Tax & Accounting business was approximately 80% content solutions and 20% software solutions. This has since flipped to be roughly 80% software solutions and 20% content solutions. We know how to work closely with our customers as new business models emerge. We have done this before, and we have already begun gearing up activities in our tech labs to innovate alongside our legal customers that are beginning this journey.

I have already touched on some of the items on this slide, but I thought it would be helpful for you to see how we subsegment the market. It is a more detailed view of our legal customer segments and some of our top customers in each segment. Each customer segment has differing needs and no one is better positioned to meet those very needs than us. By centering on the unique customer subsegments, we'll now have a holistic view of each customer and we'll be better able to serve them in the way they want to be served. Across the board, we have very strong relationships and customers across each of our customer subsegments.

Now you have seen this slide before. The only additional point I wanted to make is that our product offerings include Legal Professionals-specific products as well as products that cut across segments, and that gives us a scale that most players in the industry just don't have. Now we have 4 levers to drive organic growth in the Legal Professionals segment: First, we are investing in digital as a way to reach new smaller customers in a cost-effective manner. This will also improve the customer experience in day-to-day operations, such as making minor changes to their accounts. We've already developed specific offerings for digital channel for smaller customers at a price point that would have been prohibitive if we were using our traditional sales channels. And we are already seeing market adoption of those solutions. Digital is also transforming the way we renew subscriptions in the small law firms segment, with a significant portion of customers preferring to do it online without human intervention.

Secondly, we are investing heavily in cross-selling and up-selling our products. We have a broad offering that is unparalleled in the market and that could provide a great customer value given its integration. Our new customer-centric organization is enabling us to uncover multiple opportunities that is making it easier for us to broaden our relationship with customers. At the same time, we continue to make our customers more productive by simplifying the way they work. Westlaw Edge, our AI-powered analytics, on top of Westlaw content and Elite 3E, our cloud-native practice management platform, are great -- are proven to be great up-sell opportunities as customers are embracing their new functionalities.

Third, we see significant opportunities to expand our government business. The investigative space, in particular, the fraud, waste and abuse market, is growing double-digit. And we have proven to have a winning value proposition that can be extended to other customers as well as into other markets. 2018 has been very successful year in this area and we are bullish on the prospects over the next few years for this particular business.

The fourth lever is a major priority for us and a key enabler of our strategy to further enhance our customer relationships and enable us to do business with our customers the way they want to do business with us. We enjoy a great reputation and have strong partnerships with our customers, but the fact is, we can improve the way we reach out to them. One recurring theme is we have had multiple salespeople reaching out to customers, each selling specific products in an uncoordinated fashion. A big priority in our customer-centric realignment is to make sure we coordinate internally and have a holistic view of our customer without losing the product-specific knowledge and relationships that customers value most. Another area where we are increasing our activity and deepening our relationship with larger customers is around co-innovation. We are running several joint co-innovation projects with global law firms currently, and developing better solutions which can be scaled across the industry. We believe that these 4 levers can generate organic revenue growth of 4% to 5% by 2020, with gradual margin expansion.

In summary, we have been -- we have the leading position in the Legal Professionals market segment with industry-leading products. We are leading the way in introducing AI and other technologies and expanding our product offerings in areas that enable greater productivity for our customers. Our customers are looking to adopt technology solutions to enable increased productivity due to changing business models and an overall transformation that is occurring in the legal industry. No one is better positioned to help our customers. We have done this before in the accounting firm segment, and our legal customers are already asking for our help. And lastly, our new organization opens up growth prospects by expanding our customer base and strengthening our relationships with our customers.

Now to discuss in greater detail our utilization of AI to create a market-leading solution, Andy Martens, our Global Head of Product & Editorial for Legal, will give you a look into why there is so much excitement in the market around Westlaw Edge.

Andy Martens

Thank you, Brian.

Brian Peccarelli - *Thomson Reuters Corporation - Co-COO*

Here you go.

Andy Martens

Thanks very much. And thanks to all of you for joining us this morning. I've already had some really exciting conversations with a number of you and I look forward to having more. What I'd like to do today is talk about Westlaw Edge in a little more detail. Now many of you will recognize these first 2 slides because they're slides that Jim used at our Q2 earnings call to introduce Westlaw Edge. As you know, we launched Westlaw Edge in July of this year.

A couple points I want to emphasize before we get started. This was an organic build that we embarked on, and it is something that we've made available to all of our legal customers, whether they're in law firms, small, medium or large; corporate counsel's office; or government customers. We're seeing a significant premium, able to be achieved with Westlaw Edge, and that is a conscious business decision that we've made. And the response from customers, thus far, has been very encouraging. What I'd like to do in the next 20 or 25 minutes is talk about what Westlaw Edge is, why it's unique in the market today and why it's resonating with our customers.

So you've also seen this slide earlier. Westlaw Edge contains 4 big innovations: WestSearch Plus, Litigation Analytics, KeyCite Overruling Risk and Statutes Compare. I'll talk about the first 3 of these features in a little bit of detail, and I'm happy to talk about all of them as well as Statutes Compare at the demo station, as we've already done a few times yet already this morning. These innovations are driven by a collection of technologies that's oftentimes referred to as artificial intelligence. Today, I'm going to be using artificialist intelligence as a shorthand for some of the key technologies that we've used, like machine learning, like natural language processing.

So I thought it would be helpful to start with a little background on artificial intelligence. There's a huge buzz on artificial intelligence across the markets today, including in the legal market, where customers are starting to recognize that the winners in the legal space will be those firms and those practitioners that find a way to take full advantage of artificial intelligence. So the concept has been embraced, but it's a very difficult thing to actually make real. So first, an example from a different industry. In the medical field, artificial intelligence has been shown to be more effective in diagnosing heart disease and lung cancer than trained, experienced medical professionals. The reason for that, in my opinion, is because of the richness of patterns contained in medical records, combined with EKG reports and a variety of other materials that provide access from initial diagnosis to ultimate resolution for that particular patient. Patterns are really important for artificial intelligence, and the quality of the patterns drives the quality of the artificial intelligence.

There are patterns in legal information, too. There are patterns of a variety of levels of richness. So all legal data, whether it's available for free on a government website, whether it's available from one of our competitors, has certain patterns in it. There's text that's discursive. There are citations to cases and other authorities. However, some legal data is relatively low resolution, like this example I'm showing you here. At Thomson Reuters, we have the advantage, the privilege of working with data that's been editorially enhanced for over 120 years to enhance the patterns innate in that data. So human intelligence is being combined with the patterns that are originally there. Our editorial assets like headnotes, key numbers, key cite actually connect and track legal arguments across jurisdictions, across legal authority with remarkable precision. And that difference in the level and richness of patterns matters. Low-resolution legal data has very limited potential for machine learning and artificial intelligence. However, high-resolution legal data has incredible potential, some of which we've achieved today, more that we'll continue to achieve over time.

As I've already talked with a number of you about, today, in the world of artificial intelligence, the technology is not the only thing. This machine learning, natural language processing algorithms are available very freely, oftentimes open-source and oftentimes for free. So Andrew Ng, who's one of the leading names in artificial intelligence, gave a perspective that I really agree with, that since the technology is largely open-source, the scarce and crucial resources for artificial intelligence fall into 2 categories. One is the data, and the second is the talent working on the data. We have, again, the privilege of having very richly enhanced data that our attorney editors have been working on for hundreds of years. We have the privilege of working with the key number system that connects and ties together American jurisprudence at a level of granularity and detail that no one else has access to in the market. We also have remarkable domain expertise: hundreds of attorney editors with years of experience working for Thomson Reuters, with years of practice experience, enhancing our data. We also have a remarkable asset here in Toronto, at the center for artificial intelligence and cognitive computing, where we have more than 50 PhD research scientists who are experts in all of the relevant technologies and who also have experience, specifically in the legal vertical, and specifically working with our enhanced legal data. This allows us to do some pretty interesting things from an AI perspective, and I'd love to walk you through what some of the things are right now.

So the first big component of Westlaw Edge is WestSearch Plus, and what this does is really 2 things: First, as a user is interacting with Westlaw Edge, the system predicts what they're actually looking for. We suggest to the user that we know what they're looking for and then we can take them directly to the most responsive text to their question. So what does this look like? Here, a user has started typing in, "How does an employee show pretext?" At that point, based on the millions of user interactions we have with Westlaw as well as our editorial and technology assets, we know what that user is looking for. They are looking for a pretext for a retaliation in the context of a Title VII employment discrimination crime. We offer that suggestion to the user. They click on it. And we don't just give them a list of documents with the best documents at the top. We actually respond directly to their question. This is precisely how an employee shows pretext for retaliation in a Title VII claim. Now we are not trying to build robot lawyers. We're trying to get legal professionals to the answers they need as fast as they can. So we don't expect any lawyer to take this, paste into a brief and submit it to the court. So of course, we provide links to the dispositive authority from which that answer is extracted. But it is something that has really resonated with our customers, and it was not a simple problem to solve.

So this is not just a natural language processing issue. Here, I've got 4 examples of from when we were building gold data and training this algorithm. The first 2 of these examples, backlit in green, are what we would classify and did classify as A-grade answers. They're directly responsive to the question asked and are 100% on point. The second group of questions here, backlit in red, are what we graded as F or failing answers. And these are failing answers, even though they contain all of the words that were in the question. And they were failing answers at that point because of certain issues around syntax and semantics that we needed to work with the R&D team to sort out and polish so we could make sure that we kept these out of the proposed answer sets. So again, not just a natural language processing question. Syntax, semantics make a huge difference. When we talk to customers, they were really appreciative of this enhancement for 2 real reasons: One, as all of us have discussed today, our customers are under different business imperatives than they were 10 years ago. So it will help them get answers faster at a lower cost for their client. They're also really happy to see this because it gives them more confidence. One of the hardest things about legal research is knowing when you're done, and starting with the very best responsive text makes that a lot easier and faster.

The second big enhancement we released in Westlaw Edge was Litigation Analytics, and what this does is scan through all of our 160 million-plus state and federal dockets as well as the cases and arguments underneath those dockets and extract insights, insights about judges, courts, lawyers, causes of action and makes it easier to interact with. So for example, if I am a litigator appearing in front of a judge, I would want to know that in contract cases, her rulings on motions for summary judgment are more favorable to plaintiffs than defendants. I would also want to know that her rulings are higher than the average for the federal district, where she sits on the bench. Again, these insights are very easily seen and revealed to users. Litigation Analytics helps better understand opposing counsel. If the firm I'm appearing against is more than 3 times as likely as average to take this case all the way to verdict, I need to know that so I can plan for it in my resourcing the case; and I need to tell my client that chances are, we're going all the way through on this one because this attorney doesn't settle these cases. Litigation Analytics helps with venue evaluation. The likelihood that a motion to dismiss will be granted in a securities case varies wildly, depending on the jurisdiction, from 79% granted in the Middle District of Georgia to 16% in the Western District of Wisconsin. This helps plaintiffs choose where to bring actions, so long as they have the required minimum contacts with the jurisdiction, and it helps defendants decide whether or not to remove an action from a state court to a federal court. We've also heard from litigation teams that this information is really helpful for generating new business. If my firm is more successful on certain types of motion than the firm I'm pitching for the business against, we heard that 94% of the time, that's going to influence who the corporation chooses to represent them in this matter. Finally, and perhaps most interestingly for me, Litigation Analytics helps do better, substantive legal work. Because we have easy access to all of this information, it's very easy for me as a litigant to go directly to the judge I'm appearing in front of, here, Melinda Harmon, for the type of case I'm litigating, here, it's a Fair Labor Standards Act case, and see the arguments that were made to her and how she ruled on those arguments. Then I can see which fact patterns, in fact, leaded her to rule in favor of the employer versus which ones led her to rule in favor of the employee. This allows me to easily tailor my arguments to things that are most likely to be well received by that judge. When we talk to practitioners at about this, similar kinds of time savings. Some of this information could have been extracted before, but now a user can do in 5 minutes what used to take them 80 hours to do. A corporate client have said, "We'll ask all of our counsels if they have access to this feature." Some corporate counsel went as so far to say things like, "It's borderline malpractice not to use a capability like this."

Finally, the last thing I'll talk about substantively here is KeyCite Overruling Risk. So one of the challenges that all legal professionals are faced with is being absolutely certain that what they're looking at and what they're citing to the court is good law. So this is just a random example of a case that was decided in a Florida court in 2008. It established a legal standard. It doesn't matter what that standard is right now. What does matter is that, that case was later overruled 5 years later by a superior court. So the rule in Kerzner is bad law. You may not cite it for that, and if you do, you will get in all kinds of trouble. Because there's a direct explicit citing relationship here, we put a red flag on Kerzner that tells users caution, you need to do more work, more diligence before you rely on this. The problem that has always existed, though, is that in the interim between 2008 and 2013, other courts have cited Kerzner relying on the standard they established. And although Kerzner got a red flag because it was explicitly overruled, these other cases that cited Kerzner in the interim have historically not been flagged. With Westlaw Edge, for the first time anywhere, we're warning users about the risk of overruling. So today, on Westlaw Edge, if you look at one of these cases decided in the interim, you'll see an orange flag that says there's an overruling risk. This, too, was a very difficult problem to solve because some of these cases cited in the interim are still good law because they cited it for something else. So to accomplish this, it required us to pull together all 3 of those assets that we talked about before: talent from both the editorial perspective. So we had attorney editors reviewing and analyzing thousands of citations to thousands of overruled cases across multiple legal issues, jurisdictions and time frames, and then work with our R&D team here to build an algorithm that could correctly ascertain when these flags needed to be put on these cases. Again, uniquely challenging work, but able to provide uniquely valuable assets to our clients. When we talk to practitioners about this, similar focus on reducing time. All of this can be ascertained manually. It just takes hours and hours to follow all the citation strings and do it. More importantly, it reduces risk. It lessens the risk that you're going to get blindsided. Every attorney's biggest fear is citing law that's not valid. So again, we're providing significant benefits to our clients.

The market has been very receptive to this product offering. When we talk to law firm partners about why they lose work, why a corporate client takes a case away and gives it to another firm, they identified 4 reasons for us. The biggest reason, again, harkens back to what Jim and all the other presenters have talked about: the pressure on cost and productivity. If I am handling a matter, I provide my client with a budget, and I go over that budget, I'm likely to lose that work and not get any new work from that client in the foreseeable future. I simply didn't manage the budget effectively. They also saw a significant issue around value and efficiency even if they stayed within their budget. They were concerned that their corporate clients perceive an inefficiency, and then they're likely to lose work. Now this is the perspective from the law firm partners. We also, of course, went and talked to their clients, the corporations, to see what their perspective was on moving work. And we got a similar but slightly different set of responses. Value and efficiency, rather than being the #2 reason, was the top reason that work was moved. Even if the firm represented -- representing me as a corporation stayed within their budget, if I could see clearly that they were being inefficient, I'm not going to work with that firm again. We also saw another criteria that hadn't been mentioned by law firm partners. Sometimes, the quality of the legal work isn't up to par, and that, too, would cause the movement of work from one law firm to another. So real need in the market that's being addressed by these enhancements.

One of the most important decisions corporate counsel has to make is when or whether to settle a case. So we did some digging around this as well. And what we found was, almost 40% of the time, when a case goes all the way to verdict and isn't settled, the outcome is no better for that corporate client than one of the settlement offers they received. And in fact, 1/4 of the time, the defendant ended up paying more at verdict than they could have settled the case for. So this kind of information is hugely valuable for our customers.

So as you may be able to tell, I'm super excited about Westlaw Edge, but you shouldn't take my word for it. Our customers have been very excited about it as well. This is a quote from Rusty Perdew, who's a partner at Locke Lord, who talks about Litigation Analytics and how he can quickly see how long it's going to take a judge to rule on a specific type of motion. This helps him both keep his client up to speed on what's likely to happen and also helps him understand whether or not to change his settlement position, because as I mentioned just previously, settlement is a huge issue that needs to be handled responsibly. Meredith Williams-Range is the Chief Knowledge and Client Value Officer at Shearman & Sterling, and she talks about Westlaw Edge in the context of offering tools, data and information that helps mitigate risk or mitigate legal spend, and that both of those things helped Shearman & Sterling keep their critical clients. So I think it's an interesting reflection of the value that clients are seeing in this offering.

We're not done with Westlaw Edge. We've been very conscientiously trying to add capabilities every month since launch. We've got some exciting new capabilities coming in the first part of 2019 as well. We took a disciplined approach to going to market. We tried to both maximize our short-term benefit and preserve our long-term opportunity and provide a good customer experience. As I mentioned earlier, Westlaw Edge is built on the existing Westlaw platform, so there's no customer migration issue for us to worry about and there's a seamless customer experience. You buy Westlaw Edge. We turn it on for you. You have it. In the run-up to Westlaw Edge, and in fact, over the last, probably 5 years, we've been moving towards a simpler packaging plan. So we've tried to reduce the number of content packages available, make them a little broader, make them simpler. It's been easier for our customers to understand and interact with, and it's also helped us in this world because we've seen significant content up-sell coming from Westlaw Edge as we expose new capabilities in the product.

As I mentioned, initially, Westlaw Edge is priced at a premium over the existing version of Westlaw, and we did that consciously in our focus right now on achieving that premium over driving penetration as fast as we can. Finally, we did take this to market consciously, with prestigious partners from our customer base who wanted to co-market it with us. I think this helped us reinforce the value perception, and I believe it also helped create a little pressure in the market, that if Shearman & Sterling is on this day 1, our firm should think about it, too. We've sold about 1,500, if a little bit more than that, instances of Westlaw Edge in the first 15 weeks, and I'm very pleased with how it's been going.

So to wrap up, I think what we're seeing with Westlaw Edge is a response to both the changing market and the business dynamics in the market and the changing technological environment. What I hope I've done is demonstrate to you the capabilities of the new TR and what we're trying to accomplish. Westlaw Edge took work from across the entire enterprise, the editorial and content operations teams, the research and development team, the technology team, the marketing teams, and we were able to deliver something compelling to customers. I look forward to having more conversations with you about Westlaw Edge here yet today and in the future.

What I'd like to do next is ask Stephane Bello and Mike Eastwood to come up and give us some broader financial perspective about the new Thomson Reuters. Thank you.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

Thank you very much. Andy, that's a tough act to follow, I'll tell you. But Mike and I will try to do that. For this last session of the program, I will tag team with Mike Eastwood.

And just to give a brief introduction about Mike, Mike has been with the corporation for over 20 years. He has held a number of operating and financial responsibilities really across the world, in Eagan, Philadelphia, Buenos Aires, and is now based in our enterprise center in Switzerland where he heads our financial planning and analysis group as well as a number of finance functions. And so Mike is really the person I turn to whenever we provide external guidance. He also has been working very closely with Neil Masterson on the separation process of the financial business from the rest of Thomson Reuters and also on the repositioning of the new Thomson Reuters. So I thought Mike could certainly provide a very good insight on this next section.

And what we want to do today is really cover 3 topics. First of all, I will provide a brief recap of our performance over the last 10 years, that is since we acquired Reuters back in 2008. I think that this will provide some useful context in explaining why we felt now is the appropriate time to enter into this partnership with Blackstone so that the financial business is even better positioned for the next decade.

And we also briefly remind you why we believe that the transaction will be beneficial, not only for Refinitiv, but also for Thomson Reuters. Second, we want to spend most of our sessions speaking about the new Thomson Reuters. Now that we've distributed a large portion of the cash proceeds received in connection with the transaction, we have much greater clarity on the capital structure of the company going forward. And more importantly, Mike and I will try to provide our perspective with respect to the financial performance, which we expect the company to deliver going forward. And specifically, we want to try to address 2 fundamental questions.

First, bringing together everything you've heard so far in these sessions from the leaders of our various customer segments, how fast can the new Thomson Reuters accelerate its organic revenue growth performance. And second, just as importantly, how quickly can we convert that revenue performance in the level of free cash flow per share, exceeding what we achieved immediately before the transaction when we own fully the financial business. And last but not least, we will share some of the financial targets, which we recently discussed with our management team and with our board, in which we aspire to achieve by 2020.

And by the way, let me tell you that we are keenly aware that 2020 is just around the corner. So as Jim said, this is not a long-term aspirational target. So let me start with the first topic and bring you back 10 years in history.

Back in late 2007, we announced the acquisition of Reuters for just a little over USD 17 billion. Shortly after that announcement, the financial crisis started to unfold, hitting the financial services industry pretty hard. And our greater exposure to the European and sell-side portion of the market made us particularly vulnerable to that downturn.

But it would be unfair to blame our disappointing performance during that period on external factors only. When we first launch Eikon in 2010, the product simply did not meet our own or our customer's expectations. And we also implemented a massive reorganization of our sales force, which did not go well. And by the way, we learned a lot of important lessons in that process.

Now starting in 2012, we took a number of steps aimed at gradually fixing our financial business. We successfully relaunched Eikon in early 2013, and we consolidated multiple legacy platforms on the new electronic platform. All these migrations generated significant cost savings, but they also generated some headwinds with regard to revenue growth performance over the ensuing 5 years.

We improved the underlying EBITDA margin of our Financial & Risk business from a low point of 25% in 2013 to over 33% during the first 9 months of this year. And also over the first 9 months of this year, we returned the business to a 3% organic growth rate from a low point of minus 3% back in 2013. Now just 2 months ago on October 1, we closed the Blackstone partnership we had announced earlier in the year. Effectively, a transaction enabled us to recoup the $17 billion investment we made 10 years ago when we acquired Reuters while keeping a 45% stake in Refinitiv.

And despite all the headwinds we faced during the tumultuous decade, it is worth pointing out that our financial business generated free cash flow of almost $9 billion after tax during the 10-year period. Now it took a significant level of focus and effort to turn around the financial business. So when we announced the partnership, we got a lot of questions about why are you doing this, "Now that you've done the hard work, why are you suddenly decided to sell a majority interest in the business to Blackstone?" And the answer to that question has really not changed since we announced the transaction back in January.

We strongly believe that the transaction would be beneficial both for Refinitiv and for the new Thomson Reuters because we both believe that both businesses will be far better positioned for an even brighter future, and let me expand a little bit on that point.

Starting with Refinitiv. The bullet point on the left side of this slide summarized what we said about the benefits for -- of the deal for financial business when we announced the deal back in January. First and foremost, we view Blackstone as a partner bringing key strategic benefits to the partnership rather than being just a very strong financial partner. As we stated last January, we believe that Blackstone's ownership of the business should quickly strengthen its competitive position across financial markets and help improve its growth trajectory. Under this partnership with Blackstone, we expect the business to continue to invest into its key growth areas, and that include risk, data feeds and wealth management.

Now it's obviously too soon to measure the impact of Blackstone on the business growth -- revenue growth trajectory. However, it's comforting to see that Refinitiv has delivered an organic growth rate of 3% for the first 3 quarters of the year.

Now we also expect Refinitiv to continue to drive significant productivity and margin improvements for the business. As you've heard, Blackstone and Refinitiv are targeting up to $650 million of run rate savings by the end of 2020, which goes beyond the level of improvement we had been targeting ourselves over the same period.

And finally, we continue to expect a rapid level of consolidation activity in that industry, and we feel very good to have Blackstone on our side to lead the financial business during this period of consolidation. Now following the closing of the Blackstone partnership, we have turned our focus to our core legal and tax businesses. As such, I do not intend to elaborate much more about our financial business during this presentation.

The recent performance of Refinitiv demonstrates, I believe, that the business is well-positioned following 5 years of tremendous transformation. But what is even more clear is that this will remain an industry moving at a very fast pace, which will require a very high level of focus and engagement to capitalize on the opportunities. Having Blackstone leading the charge on this effort not only increases the chances of success, it also ensures that we can now turn our full attention towards our core legal and tax businesses.

And that is the other key benefit of the Blackstone transaction. It enables us to focus exclusively on those businesses where we hold leading market positions. As Jim said earlier, we can go from playing defense in a business we had to restructure to playing offense in markets where we arguably own the best businesses.

Since we announced the transaction last January, we have now restructured the new Thomson Reuters along 3 core customer segments, and you've just heard the newly appointed leaders of these segments discuss the opportunities they are pursuing. As Neil described, we are making meaningful investments to enhance our ability to serve our customers digitally. We expect these efforts to translate into delivering a better customer experience overall as well as accessing new customers at the smaller end of the market. And as Piotr, Charlotte and Brian described, we also see an opportunity to increase cross-selling across our various segments, particularly among corporate customers.

And importantly, it is comforting to note the strong momentum we already have in our business, thanks in part to the launch of products such as Westlaw Edge that you just heard about from Andy. In the third quarter, the new Thomson Reuters delivered an organic growth rate of 3%, which was our best organic growth performance since the first quarter of 2012.

Now while our priorities obviously on accelerated organic revenue growth, we also see an opportunity to continue to drive productivity gain by simplifying and delayering the organization. We remain highly confident in our ability to achieve our targeted stranded cost figure of $50 million or less by 2020.

And finally, we also deployed the cash proceeds of the transaction in a manner that leaves us with a very robust capital structure and with a $2 billion war chest to complement our organic growth initiative, which focused acquisitions, which we intend to look for in our core market segments.

And just to quickly remind you of where we stand with regard to the deployment of the $17 billion of cash that we received from the transactions. We have now returned most of the $10 billion of capital we had planned to return to our shareholders. We have about $200 million left, which we will use to buy back additional shares over the next few weeks. As such, we expect our share count to decrease from 709 million shares as of the end of last year to about 500 million shares by the end of this year. We've also retired more than half of our outstanding debt, and I'll get back to that in a moment.

As I just mentioned, we have earmarked about $2 billion for acquisitions, which would help us complement our positions in the segments we currently serve. As you've heard us say in the past, we will not let the cash burn a hole in our pocket, but our goal would be to deploy this cash over the next 12 to 24 months.

And finally, the deal-related expenses ended up at around $1 billion. Under this amount, $143 million has already been incurred as of the end of the third quarter, and so we expect the balance to be incurred during the fourth quarter and over 2019.

Our capital strategy is focused on ensuring that we have the investment capacity to drive growth organically and inorganically while also maintaining our long-term financial leverage target and continuing to provide attractive returns to our shareholders. Our strong cash flow generation, the $2 billion investment fund and our low leverage ratio provide us with ample flexibility each year for dividends and acquisitions. And you will hear more about our focus on free cash flow later in the presentation.

Now as I just mentioned, we paid down $4 billion of outstanding debt in early October, and you can see the breakdown on this page. The majority of the debt we repaid was short term in nature, commercial paper and near-term debt maturities. As a result, our average interest rate on our debt portfolio has increased slightly from 4.3% to 4.5%, with the average maturity of the portfolio is now about 12 years, and we don't anticipate any refinancing needs until 2021.

Finally, we recently announced our 25th consecutive annual dividend increase. We had initially maintained the dividend early in the year in light with the Blackstone transaction. But with the transaction now closed, we announced the dividend increase based on 2 main considerations.

First, we now have full visibility on our capital structure, as I just explained. And second, we have a greater level of visibility and confidence regarding the free cash flow generation potential of the company going forward, which naturally leads me to the second part of our session. Having discussed the strategic argument for the transaction while we believe that it can drive value for our shareholders.

And we believe that the answer to that question revolves around 3 fundamental questions. First of all, how quickly will this transaction be accretive? Or in other words, how quickly can the new Thomson Reuters overcome the loss of free cash flow per share resulting from the Refinitiv partnership with Blackstone? Second, what's the value of our 45% interest in Refinitiv? And last but not least, how quickly can we accelerate revenue growth profile of Thomson Reuters? And let me now turn you over to Mike to try to answer the first 2 of these questions.

Michael Eastwood

Thank you, Stephane. To address this first question, I will share some of our historical free cash flow per share results that include Refinitiv, then I will share how we believe we can drive record free cash flow per share by 2020 even without any contribution from our financial business. Let me remind you that free cash flow per share is 1 of the 2 metrics we use in our long-term incentive plan, and it has been for the last several years. As such, I can assure you that our senior management team and our board are both very focused on that metric.

2016 and 2017 actual free cash flow per share was $2.70 and $1.43, respectively. These amounts include the free cash flow contribution from Refinitiv. In addition, these numbers also reflect the impact of some unusual cash items during these 2 years. Most notably, the $500 million pension contribution we made in 2017 and the associated cash tax benefit we recorded in 2016.

Excluding the impact of onetime items, 2016 and 2017 underlying free cash flow per share was $2.43 and $2.32, respectively. These where the highest free cash flow per share performances we achieved in the company's history. Therefore, the question is how fast can Thomson Reuters return to the same level of free cash flow per share performance now that we can no longer rely on the free cash flow contribution from our financial business?

Now that we have greater clarity on our capital structure and more visibility in the financial performance of our remaining businesses, we believe that we can deliver approximately $2.40 of free cash flow per share by 2020. This goal is achievable if we accomplish 4 things.

First, we get our capital strategy right, which is largely done. Second, we reduce our capital intensity. Third, we drive incremental EBITDA through organic revenue growth. And the fourth item, we deploy our investment fund towards strategic acquisitions that generate positive capital acquisition opportunities. We use some of these $2 billion reinvestment fund towards additional share buybacks, our 2017 underlying free cash flow per share to our 2020 free cash flow per share target. Recall from the previous slide that our underlying 2017 free cash flow per share was $2.32, excluding the impact of pension and onetime items.

When we remove Refinitiv's free cash flow, the $2.32 goes down to $0.87. As noted on the right side of the slide, our starting point to achieving approximately $2.40 per share in 2020 is $0.87. I will now share the building blocks to bridge the $0.87 to the $2.40.

The $10 billion share buyback and return of capital will add $0.70 to the free cash flow per share as a result of lowering the number of shares outstanding. For perspective, following the completion of our return of capital transaction last week, our share count has been reduced from a little more than 700 million shares as of the end of 2017 to just over 500 million shares today. This represents a 30% reduction in our share count.

The debt paydown of $4 billion will contribute approximately $0.40 due to lower interest payments. As such, in total, the Refinitiv transaction will increase our free cash flow per share by approximately $1.10 due to lower shares outstanding and lower interest payments. As noted on the right side, we are now at $2 and are closing in on the $2.40 goal.

We estimate an increase in cash taxes of approximately $0.20 per share due primarily to the change in our profitability profile and also due to the recent tax reform in various jurisdictions.

The next step in the journey is lowering our capital intensity from 10% to 7.5%. Lowering the capital intensity could contribute an additional $0.10 to $0.15 and increase the free cash flow per share to $1.90. We believe we can lower our capital spend without impacting our growth prospects. I'll share 3 examples.

First, we have an opportunity to further consolidate our platforms. Second, we will rationalize our number of products or SKUs. And third, we will decrease our number of office locations.

Overall, we therefore feel confident we can drive CapEx as a percentage of revenues to approximately 7.5% without negatively impacting our growth aspirations.

The next brick is EBITDA improvement, which will be driven by increasing our organic revenue growth rate. We will further discuss revenue growth in a moment. The last brick is deployment of our $2 billion investment fund. This will come in 1 of 2 forms. Ideally, we will deploy most of the $2 billion investment fund into targeted acquisitions, which will generate incremental EBITDA and free cash flow, partially offset by the loss of interest income. This would obviously be our strong preference in terms of how we use our reinvestment fund.

However, as you've heard before, we will not let the cash burn a hole in our pocket. To the extent we are not able to identify acquisitions, which are attractive both from a strategic and financial perspective, we may deploy some of the reinvestment fund toward additional share buyback.

So the contribution of this last brick to our free cash flow per share goal will come either in the form of additional free cash flow from acquisitions or share buybacks. While we cannot at this stage predict how the investment fund will end up being deployed, either lever will have a positive impact on our free cash flow per share performance goal.

So in summary, the answer to the first question is we believe we can deliver free cash flow per share of approximately $2.40 in 2020, which would be in line or slightly above to the level of free cash flow we generated before the Blackstone transaction.

One more comment before turning to the second question. We're focusing on free cash flow per share because it's one of the metrics included in our long-term incentive plans. We will obviously continue to focus on adjusted earnings per share to

(technical difficulty)

going forward. However, we want to make you aware of free cash flow per share, our free cash flow and our earnings

(technical difficulty)

our capital expenditures will be less than our depreciation and amortization by approximately $130 million to $160 million in 2020.

As we reduce our capital intensity, there will be a quicker impact to free cash flow than to our EPS due to the timing of the depreciation runoff. Also, we will be implementing IFRS 16 on January 1, 2019. This accounting policy change, which relates to operating leases, should do 3 items.

First, increase our EBITDA and depreciation expense by approximately $60 million annually. Second, have minimal impact on earnings per share, but it will not impact our capital expenditures or free cash flow. Second, we expect the cash taxes will be approximately $50 million to $100 million lower than P&L taxes for the foreseeable future. This is because the negative impact of the various tax reforms will be less pronounced on our cash taxes than on our effective P&L tax charges of $25 million to $50 million that impact the P&L, but not free cash flow.

For example, following the recent cash contribution to our pension plans, we expect that annual pension cash contributions will be lower than annual pension expense. Also, there are expenses related to our employee stock purchase program and stock-based compensation that had no impact to free cash flow.

Let me now turn to the second question, what is the value of our 45% equity interest in Refinitiv? As a reminder, Refinitiv's results will not be included in the new TR. Starting with our fourth quarter results, our 45% stake in Refinitiv will be reported as a line item in our income statement. There are 3 key drivers of Refinitiv's economic value. The first is EBITDA growth at the current EBITDA multiple, which will be driven by operating cost optimization and margin expansion, including revenue flow-through.

Secondly, as margin expands, Refinitiv will have increased free cash flow that will help them delever from the current debt of $13.5 billion. Lastly, the EBITDA multiple could expand as Refinitiv participates in industry consolidation, strategic portfolio realignment and accelerates its organic growth. As Refinitiv capitalizes on these opportunities, the value of our 45% Refinitiv stake should hopefully increase over time.

Now let me share with you how we internally look at the value of our stake in Refinitiv. Before I walk through this grid, I will share several key assumptions. First, Refinitiv's trailing 12-month underlying EBITDA is about $1.9 billion. Second, Refinitiv has approximately $14 billion of debt. And third, TR now has approximately 500 million shares outstanding, following the buyback and return of capital.

I will also assume a constant valuation multiple of 11x EBITDA for Refinitiv. Obviously, you and other market participants will adjust that multiple up or down based on your own expectations of the business, so this 11x multiple is for illustration purposes only.

Today, based on the assumptions I just outlined, the approximate value of our 45% stake in Refinitiv would be approximately $7 per share. This is based on F&R's EBITDA of $1.9 billion and the estimated net leverage of 7x and an 11x valuation multiple.

During the recent debt roadshow, Refinitiv and Blackstone committed to decreasing Refinitiv's cost base by up to $650 million by the end of 2020. As F&R increase its revenue and lowers its cost base, their EBITDA performance of the business should increase over time.

As they increase their EBITDA and pay down their debt, the value of our equity stake should increase. This simple table illustrates what the value per share impact could be depending on the evolution of these 2 metrics, EBITDA improvement and reduction in leverage. Time will tell how the value of our 45% stake in Refinitiv evolves over time. But the fact that we decided to maintain such a large equity position obviously highlights the fact that we see upside potential for the business through the partnership with Blackstone.

Let me now turn this back to Stephane to discuss the third and arguably most important question, how quickly can the new Thomson Reuters improve its revenue growth rate?

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

Thank you, Mike. And I'd like to start this part of the discussion by sharing a few slides, which I recently shared with our management team. And the slides compare all revenue growth performance to that of our closest competitors over the last 8 years.

So if you look at the revenue breakdown of Thomson Reuters, RELX and Wolters Kluwer back in 2010, all 3 companies generated a significant percentage of their total revenue in the legal and tax accounting -- tax and accounting markets anywhere between 30% and 60%. And conversely, each company also had a significant percentage of their revenue in other market segments, insurance and exhibition for RELX, health care and compliance for Wolters Kluwer and of course, financial services for us.

We then looked at the relative performance of each of these 2 subsegments as broadly defined by the blue and yellow areas on these pie charts.

So starting with the blue area of the pies, which represents the legal and tax businesses of each company. You can see on this first graph that our combined legal and tax business outperform the similar business segments from our competitors. From a revenue growth perspective, we delivered better growth rates in almost every year relative to our 2 main peers.

And from a profitability perspective, our legal and tax businesses also enjoyed more attractive margins than either RELX or Wolters Kluwer. So in short, our legal and tax businesses grew faster and generated more profit than any of our competitors over the last 7 years even though most of our focus and resources were concentrated on fixing our financial business.

Now turning to the other piece of the revenue pies, can see that these revenues represented anywhere between 40% and 70% of the total revenue base for each company. And as I had mentioned earlier, these revenues are truly not comparable as they are generated by businesses operating in very different industries, financial for us, insurance and exhibitions for RELX, and health care and compliance for Wolters Kluwer. And the revenue growth picture looks very different here.

The other segments of RELX and Wolters Kluwer far outperformed our own other segment. Our financial business generated an average decline of 1% over 2010 and 2017, which was due to a combination of external and internal factors, as I explained before. Over the same period, RELX's other segments and Wolters Kluwer's other segments each grew at 4% on average.

Finally, our financial business also generates lower margins than the other businesses of RELX and Walters Kluwer despite all our recent efforts to boost these margins. And this is in part a consequence of the lower revenue growth we experienced during that period of time.

Now when you look at the overall growth performance of the 3 companies, we have consistently underperformed our 2 major peers despite the fact that we actually outperformed them in the legal and tax segments.

RELX broke the 3% revenue growth bar back in 2011, lifted by the strong performance of its insurance business and has consistently remained above that bar since then. Wolters Kluwer broke that 3% bar in 2015 and has also managed to remain at that critical level since then. As for Thomson Reuters, we have been delivering growth rates ranging between minus 1% and plus 2% over the 2010-2017 period, which as I just showed was primarily the result of the performance achieved by our financial business for the reasons I mentioned.

Now importantly, though, the new Thomson Reuters just posted its first quarter of 3% organic growth rate in the third quarter of this year, and that is a very important milestone for us. As we've said in the past, 3% revenue growth represent the level where the business starts to generate natural operating level

(technical difficulty)

and free cash flow generation without having

(technical difficulty)

and 3% organic growth rate also seemed to be an important threshold in line of our investors -- the resonate with everybody. It shows the stock price evolution of Thomson Reuters versus its peers since 2010.

And as you can see, our stock period -- January 2010 and January 2018. Now over the same period, RELX stock price more than doubled. But what we found really interesting about the slide is that their outperformance seemed to have started in 2012, i.e. shortly after they achieved a 3% organic growth rate we just discussed on the prior slide. And you can see a similar pattern for Wolters Kluwer. Their stock price appreciated 176% over the same period. And the inflection point for them was 2015, which also seems to coincide with the time they're starting to deliver consistently 3% organic growth rate.

So let's project ourselves to the present times. If you compare the current revenue distribution of the 3 companies to when it was back in 2010, you can see that all 3 companies still generate a meaningful portion of their revenues from their legal and tax businesses. However, the relative percentage of these legal and tax businesses, as a percentage of total revenues, has decreased for RELX and Walters Kluwer, whereas it has increased in our case. And this is obviously not very surprising in light of the fact that in our case, our legal and tax segments grew faster than our other segments, whereas the opposite was true for our competitors.

Now immediately before the Blackstone transaction, we generated 44% of our revenue from our legal and tax businesses. And following the transaction, we now generate 90% of our revenue from our legal and tax segments and 10% from our news business.

So the key question on the table is very simple. Now that we can devote our full focus, energy and resources, most management, talent and capital to our legal and tax businesses, can we deliver a more attractive organic revenue growth rate on a more consistent and predictable basis than was the case in the past? And let me turn it back to Mike to try to answer that question.

Michael Eastwood

Thanks, Stephane. In order to answer that question, we thought it would be helpful to provide the growth profiles of our current businesses using 2017 actual results. In 2017, we achieved organic revenue growth of 2% driven by Tax & Accounting of 6% and Legal of 1%. As we shift to our new customer segment structure, we will have 5 segments instead of 3. For full year 2017, legal professionals grew 2%, tax professionals grew 8% and corporates grew 6%. These 3 segments drive 80% of our total revenue base and grew at 4.4%. And as we just reported, these 3 segments grew 5% in the third quarter of this year.

We need continued growth in these key segments to achieve our aspirational revenue growth. As a reminder, the Reuters News payment from Refinitiv will begin in the fourth quarter of 2018. In 2019, the full year payment of approximately $325 million will dilute Thomson Reuters' total EBITDA margin by approximately 150 basis points.

We are positioning new TR to achieve 2020 revenue growth of 3.5% to 4.5%. Here's how we expect to achieve it. Starting with the 2017 organic revenue base of 1.2%, we add 100 basis points from the removal of Refinitiv to start at 2.2% organic revenue growth. Based on the natural run rate or gravity, we expect higher growth segments will grow faster than lower growth segments attributing 60 basis points of revenue growth. So these 2 adjustments alone get us close to 3%.

Finally, investing in new capabilities should drive an increase in organic growth. These initiatives include 5 items: Sales analytics, digital penetration, third is increased penetration and corporate segments; fourth, strategic partnerships; and lastly, new artificial intelligence-led products. Taken together, we believe that these various levers allow us to target an overall organic growth rate of 3.5% to 4.5% in 2020.

As a reminder, we are already very close to the lower end of that range as we achieve 3% organic growth in Q3 2018. Let me now turn this back to Stephane.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

Thank you, Mike. So to conclude, I hope that Mike and I have adequately addressed the 3 questions outlined on this slide and that you now have a better understanding of the various levers we have at our disposal to achieve our 2020 goals.

Free cash flow is and always has been a very important metric at Thomson Reuters. A significant component of senior management's compensation is directly linked to cash ROI and to free cash flow per share. So it should come as no surprise that this is a metric that is very closely followed across the company. We are confident that our subscription base, higher recurring revenue businesses will continue to generate significant level of free cash flow going forward. And we will allocate that cash to reinvesting in the business, increasing our dividend and buying back shares. And achieving $2.40 per share in 2020 would be particularly rewarding given that it would match or exceed the highest level we have ever achieved when we own 100% of the Financial business.

Now in order to achieve our free cash flow goal, we need to accelerate top line growth, and our business team leaders did a terrific job today laying out how we plan to do just that. The good news, as Mike just said, is that we are already at what we believe to be our new base of 3%., so mid-single-digit growth is within sight.

And lastly, we are very pleased to continue to hold a 45% ownership interest in Refinitiv. As Jim said at the time of the announcement, this is a transformational deal for both Thomson Reuters and for our financial services business, and we look forward to working closely with Blackstone to drive the business forward and to create value for all stakeholders. That statement is as true today as it was 10 months ago.

With that, I think we're going to open the session for some of your questions. And I would like to ask some of my colleagues to join me here in the scene. I think Jim has a few closing comments before we take your questions. And as we are rearranging the stage, if I could ask Brian, Neil to join Jim and I here on the stage. Thank you.

QUESTIONS AND ANSWERS

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

While all that's going on, I'll distract you, this is with a bit of conclusion. I just hope that you see why we've been so looking forward to this day all year. When you look at the size of change that we've gone through the year and you'll look at the complication that comes with something like a Refinitiv spinoff, we knew there is going to be a period where there will be a lot of fog around the business. And we just had to get through that period and execute the return of capital the way we did and get the capital structure sorted and get these businesses stood up. But all along, we were looking forward to the opportunity to talk to you and to reacquaint you with this business. So many of these businesses that we haven't talked about for so long but which have proven incredibly resilient through the period and it responded really well to the increased focus and attention that we've been able to put on them over the last 6 months or so. So we feel really strongly about the quality of our underlying businesses. I feel really confident that we have the people, as you saw today, who really understand those businesses. We are positioned in these businesses to win. And I think Stephane and Mike did a really good job of outlining the way we see the investment thesis behind that business.

It's kind of interesting, you've heard a lot of folks talking about or making reference to, well, I want to share with you a board, a slide we shared with our board. I want to share with you a slide that we prepared for the senior management team. One of the good things about the kind of change we've been through is that when we thought about this day, we didn't have to go out and create a bunch of work. We're sharing with you the work that we've been doing and sharing with you in real-time the evolution of our thinking. And I hope a bit of our excitement about the future. So with that, questions

(technical difficulty)

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Q&A and a lot of hands. So Andrew, why don't we start?

Andrew Charles Steinerman - *JP Morgan Chase & Co, Research Division - MD*

I'm Andrew Steinerman, JPMorgan. Stephane, I want to just kind of total up the organic revenue growth a different way. We're targeting 3.5% to 4.5% in 2020. You gave us segment revenue growth rates for tax, corporate and legal. That's 6 to 8, 4 to 5. Are those also organic revenue growth figures? And do they include print? And then lastly, to make us understand 3.5 to 4.5%, what's your assumption for news?

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

So yes and no are the answer. They are organic revenue growth targets for each of the segments and they do not include print. So you should assume that print will -- what we assume anyway, is print will continue to decline by the same rate as what it has declined recently. And for the news business, we, as Jim said, 2 things. Number one, we have this contract with Refinitiv now in which provides a lot of formidable foundation for that business of $325 million growing, at least by the way of inflation every year. And we also are going to be looking with the new leader of the business at which to try to improve growth in the balance of the business, of course. Hard to predict where that growth rate can be, probably not as high as the other segments, but hopefully better than it has been in the past.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Let's go to Manav right here on the -- halfway down Jimmy.

Manav Shiv Patnaik - *Barclays Bank PLC, Research Division - Director & Lead Research Analyst*

Manav Patnaik with Barclays. Stephane, first question just on the free cash flow, $2.40, there's obviously a $0.50 to $0.60 gap with the adjusted EPS number for that deal. So I'm just trying to understand like when we go out into '21 beyond, whatever like, how should that $2.40 grow? How does that number converge? And then second question for Jim or whoever is just this -- a lot of the divisions talked about how there's only 1 to 2 products used by each customer and you can sell a lot more. Presumably, that's been the same number for some time, so like, I guess, why wasn't that number 2 points something over the last 5, 6 years?

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

So let me take the first part of your question, Manav. The -- Mike did a good job in explaining the key drivers of that variance between adjusted EPS and free cash flow per share. I would say one of them should certainly shrink over time. Obviously, the impact of the reduction in capital intensity we're targeting is going to have an immediate impact in 2020 and that will stop flowing through over the ensuing 3 years for adjusted EPS. The other 2 are probably a little bit more long-standing, I would say. I would not expect this -- the gap for the other 2 to narrow so quickly. We do expect cash taxes to be about, I would say about 5 percentage point below our ETR for the foreseeable future. And in terms of -- and I would put a lot of caution around that projections because, as you know, predicting a tax rate is always an art more than a science. But that's all based assumption at this point in time. And with regard to these other noncash

(technical difficulty)

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

At individual, you've hit at the real reason behind the new organization structure relationships in those domains. But we've never had a structure before where we've been able to effectively packing for each account, nor to interrelate the compensation schemes to drive the kind of behavior that we want. So we're really looking forward to this opportunity to kind of take that customer back approach is exactly what we're talking about and exactly what's driving what we're doing. One bit of word, Stephane mentioned in his presentation earlier that we had some execution errors on the financial side and the sales force reorganization. We have seen that movie, and we're not anxious to see the sequel. So we're being really careful to maintain the personal relationships between sales reps and their end clients. But just to support them and align them and to work to more effectively serve them and to get out of the situation, I think -- I'll never forget the story of Charlotte came back with one of our first manager meetings after diving into her new assignment in tax, and said she just come back from a customer that had more Thomson Reuters sales reps than they had employees.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Let's go to Vince Valentini over here on the left.

Vince Valentini - *TD Securities Equity Research - Analyst*

Yes, Vince Valentini from TD Securities. 2 things, if I can. One, you seem to be in the mood to share information today. So I'll ask a question again. Westlaw Edge, will you give us any sense of what type of pricing gain you think you can achieve with that fantastic product? And second, can you -- 2020 is great. It's a reasonably short-term goal. It seemed like a lot of things are still in development at that time and you may see traction that carries into 2021 and beyond. Maybe for Jim, is 3.5 to 4.5 the endgame in your mind? Or should we start to see that 5% to 6% revenue growth rate at some point over the next few years, mimicking this new $44 billion market size you're going after?

THOMSON REUTERS

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Okay, I'll split the baby on that one. No, I'm not prepared to share projections for Westlaw Edge simply because it's real early in the exercise. It's really encouraging. But we are deliberately being patient as we roll that out and we're looking at different ways to maximize the value we can get out of that product while delivering real value for our end customers. So we'll see how those price points hold up. Obviously, Westlaw is the biggest product base we have in our legal business and we are seeing significant uplift in price for people who signed on to the new service. So hold that thought. We'll see how it plays out. It's still early days on that product. On the other side, we talk a lot about mid-single-digit growth and what that means. And there's a bit of, I guess, art around that. To me, mid-single-digit growth is between 4 and 6. And that's what this business should be capable of delivering on a consistent basis. I would suspect near the top of that range when we're firing on all cylinders and the market conditions are good, toward the end of that range, when one or more of those things are not going right. Obviously, we don't aspire to the bottom end of range. But I'm not in the habit of, and none of us are here, of giving your aspirational goals. We think we have a clear path to that mid-single-digit range. And to me, that's 4 to 6.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Let's come up here to Adam right here.

Adam Shine - *National Bank Financial, Inc., Research Division - MD, Head of Montreal Research and Research Analyst*

Adam Shine, National Bank Financial. Maybe start with Jim and then one for Stephane. Jim, just for the context of visibility in terms of the ark to 2020, is a big step up function in 2020? Or do we see some actual sense of gradual progression up? And then maybe for Stephane and just building off of Vince. One thing we haven't really seen is a lot of margin communication. There's qualitative, obviously, and you've put up a whole bunch of new revised data in regards to revenues. But we're not seeing on the EBITDA front. I think base on the extraction of one of the slides, sort of '17 out to 2020, maybe a delta of $200 million, $250 million or so of EBITDA. So maybe we can just come back to a margin conversation with you, Stephane.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

So on to your first question. We'll see a gradual ramp into that position. It won't be a step change. I think about the business while we just described. It is heavily subscription-based, right? Good uses. It's slow. It's slow to turn down. It's slower to turn back. But you're already seeing, we're already seeing those trends. We expect those trends to continue.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

And on the margin, the reason we don't really speak so much about margin is that you've heard us say that in the past, right, margin for us is more like kind of the result of everything else. The focus is really on maximizing free cash flow growth. That's really what we're all after. But you can, I think, with the transparency of the information we provided today, you can get a sense of what we're aspiring to in terms of margins indirectly by doing the math.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

And if I could add to that, Adam. You'll find on our website today, as we've now broken out the 5 segments, it's obviously challenging in terms of going about how we're restating some of these numbers. On our website today, you'll see revenues for each of those segments in a consolidated basis for 2017, 2016 and 9 months of 2018. We couldn't give you margin information yet because we have to close the books for this year. And there's an awful lot of work that needs to be done in terms of what the allocations are and so forth associated with that and then how it all winds up planning. So we will do that and give you the same 3-year restatements when we provide our year-end financials in February. And now I'll give you at least, I think, the basis of what you're looking for in order to try and project the margins particularly across the BUs. Okay. My eyes aren't what they used to be. But I think that's Toni Kaplan.

Toni Michele Kaplan - *Morgan Stanley, Research Division - Senior Analyst*

Toni Kaplan from Morgan Stanley. Hopefully, this isn't too much of a repeat of the last question. But in terms of the adjusted EBITDA improvement, it is, as Adam mentioned, based a lot on revenue growth. So because of the streamlining and 12% cut of FTEs, could we see upside to the free cash flow target of $2.40? And then my second question is on the total addressable market, I think you did a good job of laying out what you're playing in right now and how there's basically 8% to 10% growth areas that you're trying to get into. Could you give us a couple of examples of what is something that you're not in right now that is very attractive to you that's similar in terms of your core verticals that you're looking to get into?

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

Let me take the first one. So Toni, if we can see upside to the $2.40, we'll obviously go and delivered it. But at this point in time, we're not ready to promise more than that. We'll see. Obviously, there's a lot of changes the organization is going through. We feel quite confident in our ability to achieve that $2.40. But it's a nice step up from where we are today and a level that I don't think too many people expected us to achieve when we announced it initially and not so much free cash flow from our financial business. But what I would say is that this is predicated not just on revenue growth. We also have some productivity initiative needs spoke about those. A lot of these will go to offset these stranded costs, we knew we have like a pretty high bar to go over to offset the stranded cost if you can -- you've seen what needed able to do in the -- when he was transformation officer. I'm sure that if he sees opportunity, will obviously go after those.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Yes, and I'll hand this one over to Brian for a little more detail. But we expect to see in the legal unit particularly the same kind of migration we saw in tax, which is an increasing percentage of those sales being in software tools and the development of platforms that could be, as Piotr said, described one source as the ERP for corporate tax. We want to be the ERP for all of our professionals customers. Brian, do you want to...

Brian Peccarelli - *Thomson Reuters Corporation - Co-COO*

Jim, no, you're absolutely right. I mean, we're at the very early stages of that transformation in the legal industry. What's been there today to where we play in very strongly with the lead in the financial management systems of those types of software systems and law firms. This is about the workflow-based systems and driving down like we saw with accounting firms and that kept on increasing over time the usage and appetite. It's at a very early stage. A lot of conversation around, a lot of looking at it and a lot of work in our labs with law firms right now. That's what we see as coming out of it and growing at those types of numbers that we all participate with.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Do you have a microphone back there?

Kevin Damien McVeigh - *Crédit Suisse AG, Research Division - MD*

I do. It's Kevin McVeigh from Credit Suisse. Just any thoughts. As you start to remix the business more towards newer opportunities or smaller businesses and a client base, any way to think about where that current mix is today and how that should grow over the next 2 to 3 years? And really, what I'm getting at is we think that naturally helps the pricing environment particularly given some of these new products that you're introducing. So is there any way to think about the thoughts of the business mix and ultimately, what that can mean for pricing?

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

We would be lying if we were answering yes precisely we know exactly the impact would be. I think we'll see that as -- we got -- we're very focused as, I think, you've heard from Neil and Brian, we have a very granular targeting approach on where we're seeing opportunities where it's like new sales for digital sales where it's cross-selling and others. We -- at this point in time, we got kind of a general assumption of flow-through and what would reside from -- come from that. We need a little bit more time to be able to answer your question more precisely, to be completely honest.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

And I think the -- it's not the challenge of what we're trying to do. And actually, one of the beauties of our model here is we both have premium price products that we're trying to continue to enhance to justify and to command those premiums going forward. And you see great examples of what we can do. But with the application of AI cognitive computing to Westlaw can actually add value that we can charge more for, particularly at the top end, right? But as we look to that long tail, more than 400,000 customers, it's been less than $10,000 a year with us, right? Can we be smarter in pricing and packaging is exactly what we're looking at now. And then not only that, how about those 100,000 firms that take nothing for us? Now can we construct price points and value propositions that work for them, but that aren't just more of the product that we have today. So we're kind of working both ends of that, and we'll see where we wind up.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

One thing I would add, though, is that when we look at the small end of the market, a sale that we can do digitally should be a more profitable sale than if you do it, otherwise not just because of sales commission and others, but also because of all the infrastructure even if you think just about the renewal process, if that can be done digitally. It's so much more profitable if you get to go through a human being to essentially do that renewal. So definitely, it's a more profitable business.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Jim, right here. Let's go to Drew.

Drew McReynolds - *RBC Capital Markets, LLC, Research Division - Analyst*

Drew McReynolds from RBC. Just a clarification or confirmation from you, Stephane, first, just on free cash flow. I didn't see a definition in the deck, just presumably nothing is unchanged from how you've defined it in the past.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

Correct.

Drew McReynolds - *RBC Capital Markets, LLC, Research Division - Analyst*

Second, on operating leverage by segment, as you split out into the 3 different segments historically, you've run 80% to 85% fixed cost. Is that varied at all across the 3 segments that you're going to be splitting into?

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

As Frank mentioned, right, we're still finalizing our locations just to make sure we get it right, but I don't think it's a massive difference between segment. I think this will be directionally very similar among the 3 segments. What's really key is reaching that growth rate of 3%-plus. That's really when you start seeing the operating leverage.

Drew McReynolds - *RBC Capital Markets, LLC, Research Division - Analyst*

Okay. I'll hopefully squeeze 2 in here. Maybe if you can, for us that aren't lawyers, just comment on Westlaw Edge versus LexisNexis in terms of what they're offering on the AI and machine learning. Do you guys have a secret sauce here that you can -- a remote here that you can maintain? And then just lastly, just on the Refinitiv stake, I get this question all the time. Is there an exit strategy? Is there -- are there optionalities there down the road, upstreaming of dividends? Can you just speak to that? Thank you.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

So the first one, I would kick to Andy to talk about the difference between where we are and to describe the moat.

Andy Martens

Sure. Drew, I think it's a very insightful question and I do think that we do have some defensible positions based largely on the differences between our collection of editorial assets and Lexis's. I think you'd find that ours are significantly richer. And we're also in the process of tweaking our editorial processes to make our data even more optimized for machine learning than it is today. So I feel like we've got a very defensible position going forward.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

And on your second question, that's a really hard question to answer. So early after we closed the transaction, of course. I mean, we have a lot of visibility on the value that we can drive from the business, and you've heard how we're going to do that both top line and bottom line and through investments in the business. At the same time, as we've said repeatedly, it's a rapidly consolidating industry. And so who knows what the exit strategy could be in that regard? It's really hard to predict.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Jim, let's go to Giasone over here, please. Here.

Giasone Ulisse Salati - *Macquarie Research - Senior Media Analyst*

It's Giasone Salati from Macquarie. One for Neil. As you go through a new reshaping of all of the backbone of the [Stab] business, what are the risks or potential surprises, positive surprises you see going ahead? And very quickly on -- for Stephane, the $2 billion M&A envelope includes any potential investments that Refinitiv could make and Thomson Reuters might want to participate? And lastly for Jim, everything is clear on what you want to do with the business, where you are. I'm not sure you mentioned much international ambitions. Do you think there is potential to scale this business? You serve a lot of global clients. You already have a presence elsewhere.

Neil T. Masterson - *Thomson Reuters Corporation - Co-COO*

Well, I guess, I will start. So I think that the -- in many ways, should this -- as Jim mentioned, this year has been a tumultuous year for us and I can -- one of the epithets I also had during the course of this year is I was chief separation officer as well. And I can tell you that splitting apart companies when you spend 3 years integration was actually quite difficult, both at a human level but also making sure that you have the right talent in the right places for both businesses to be successful. So I think the biggest risks, in many ways, are behind us because we've kind of executed the transaction and we've executed separation and we still have some ongoing relationships but we're managing those down over time. But the flipside of that is -- the upside potential we have going forward is that if we can execute an incredibly complex separation and then we apply that same focus and rigor into growing our business, I'm optimistic about our future.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

Now on your second question, the $2 billion reinvestment fund is obviously primarily focused for our core businesses. That's really where we want to invest the money. We haven't formally excluded the possibility of making an investment in Refinitiv, but it will have to be really attractive for us to choose to essentially try to maintain our stake by participating in that investment as opposed to just letting ourselves being diluted a little bit. So it's not formally excluded but as I said, the priority is very much in the core business.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

And as to our global ambition, they haven't changed, right? They haven't changed at all. And you are right, we have unprecedented global scope in this business to grow. And where we start is more concentrated in North America than it was when we had the financial services business there. As I say to the team, "If you want to be overweight in one place in these markets, the U.S. is the place to be because it's the biggest, most profitable pool that we can attack." That said, it isn't like -- to me, it's not like back to the future with old Thomson, right? It's we've got the best of those assets. We got the modern application technology to those assets, and we have the global footprint that came with Reuters and I say, "From my perspective, we kept the best part of Reuters, which was Reuters. And you got -- we have that brand globally. We have offices in 140 countries around the world where if we want to put a person on the ground or a team on the ground in any of those countries, we can go into an office tomorrow, the computer works, we can pay them, all regulatory requirements are sorted." So we think we have a great opportunity to grow. We will grow strategically and specifically though. And I think I don't have an ambition personally to just have multiple -- what I call multi-domestic regulatory businesses, right? Just to have a Legal business in Italy because I want to have a Legal business in Italy, just to have a Legal business in any particular country. The question is how does it fit on to our platforms. And I think our global aspirations will follow our customers. So the Corporate channel and the development of that Corporate channel will be critical to driving our global strategy and where we need to add content and capabilities for our multinational customer. And then along with that will likely come some local compliance opportunities in those countries. But I would rather drive it from the broader platform perspective than just conquer the world, across the map kind of approach. Okay.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

And just a little bit more color on that. You may recall that Brian used a slide that talked about some of our nonjurisdictional assets, I think, is the way you referred to them, right? So when you think about what we may do outside North America, it would -- on an organic basis, it would be geared around some of the nonjurisdictional assets that Brian wound up discussing.

Brian Peccarelli - *Thomson Reuters Corporation - Co-COO*

And we've been doing that and it's to continue to do that. I mean, in the tax space, it's not all about just local assets. In the indirect tax base, for example, if you sell to a U.S.-based company, they have to compute taxes around the world for them on a transaction basis, so you can take that same application, which we have been doing, and sell it around the globe to companies that compute all those types of taxes. So that's where the leverage comes in. And especially in the Legal, as it goes to more of those, more generic workflow and software-based solutions, they'll fit that same kind of framework as far as solutions actively carried around the globe in a more strategic way.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

More questions? All the way in the back there.

David Emerson Ridley-Lane - *BofA Merrill Lynch, Research Division - VP*

It's David Ridley-Lane with BofA Merrill. Just wondering what percentage of your revenue comes from digital channels. We heard a lot of the -- about those today. Wondering where you stand today and if the growth rate in the digital side is substantially above non-digital channels or is that something that you're still working on? And then a follow-up. Any thoughts you have on the sensitivity around potentially pricing pollution, right? If you are offering a lower price on a digital channel, how do you keep that from disrupting the core sales force-driven relationship model that you have with larger clients?

Neil T. Masterson - *Thomson Reuters Corporation - Co-COO*

So I'll take both of those and Brian, chip in. I think, that on the first one, what we've been spending most, particularly over the last sort of 12 months or so is basically building a digital infrastructure that enables us to go to market. And first and foremost, we've had -- we started off with a renewal cycle, I mean, our small Legal business. And I won't go into specifics but that's been growing pretty rapidly or very rapidly actually over the last 12 months. And we're now expanding that capability to upsell and into new sales. So it's been very much about having the infrastructure put in place and now we can widen the aperture. The next small tax professionals is about to go on stream. We have some products in place there. So I would say that the numbers today in terms of overall revenue are quite small but the growth rate is quite high. I don't want to get into specifics beyond that. In terms of your cannibalization point, which I think is where you're going, what we've been experimenting with, again in small Legal and shortly in small tax, is experimenting on specific packages for small lawyers. And within those small packages, it's not just about price, it's about taking different pieces of the functionality out of the propositions. So we've been doing quite a lot of A-B testing on that. In fact, we just launched one, I think, 30 days ago is we're looking at the results quite carefully on positioning in that part of our segment of the market, but we're optimistic about the opportunity there.

Brian Peccarelli - *Thomson Reuters Corporation - Co-COO*

That's right. And it's about tailoring those solutions. As mentioned earlier, their needs are less. And as you go up market their customer base for small lawyers and small accounts is less complex, simpler. So it's about repackaging those applications around just solving those types of needs and then with the price point that can be attractive in that segment.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

I think we have time for about one more question, so just in the middle of the room here.

Aravinda Suranimala Galappatthige - *Canaccord Genuity Limited, Research Division - MD*

Aravinda Galappatthige from Canaccord Genuity. In the presentations, you talked about the movement from sort of the content-led products to software services, what your experienced with Tax & Accounting. When you see that play out on the Legal side, how do you see the competitive dynamics changing? Obviously, you're going to be up against a different subset of competitors. Arguably, retention rates aren't the same. How do you deal with that different sort of environment going forward?

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Brian?

Brian Peccarelli - *Thomson Reuters Corporation - Co-COO*

Yes. So what we saw, if I equated to it, it's hard to predict the future because it's just at the early stages of that within the Legal industry. In the Tax & Accounting space when that happened, the retention rates actually are even stronger on the software once embedded and people using it than they have traditionally been in the content space as far as that and implementing it. I think for us, it's imperative at this very early stage in Legal is to be working and partnering closely with our customers as we've begun to done, we'll look at extending what we do with them and starting to fill these gaps as we're looking for improvements there. There's a lot of experimentation going on in the market like there was 15 years ago in the Tax & Accounting space. And over time, the winners and losers prove out from embedding themselves with the customers, partnering and truly providing that integrated value that they're looking for.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Okay. I think we're just about out of time. So well done. Let's give a round of applause to our management team and our presenters. And just as a reminder, we will be hosting a luncheon. Each of the presenters today will be presiding at a table. So whatever you may be interested in, whether it's Tax or Legal or Corporates or finance, each of our hosts will be at a table across the street at the Saint Regis. As I said, we're on the 10th floor in the ballroom and I hope as many of you can join us as possible. Thanks very much for your time and attention today.
