

THOMSON REUTERS STREETEVENTS

# EDITED TRANSCRIPT

TRI.TO - Thomson Reuters Corporation Analyst Meeting

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**Devin Wenig** *Thomson Reuters - CEO, Markets Division*

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## PRESENTATION

### Editor

(Video playing)

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### Unidentified Company Representative

We live in a time of global challenges and global opportunities. What we are and can yet be is determined by the passions we pursue, the conflicts we resolve, and the knowledge we acquire. Taking in all we see, hear and feel, we apply the best tools to assemble the facts, [sort] the pictures, decode the messages. We transform information into knowledge, and knowledge into action.

Thomson Reuters provides intelligent information to businesses and professionals, powering the world's markets with innovative financial tools and real-time solutions; reporting timely, unbiased news to a billion people every day; supplying critical legal and compliance information to promote the rule of law; providing transparency to the changing tax and regulatory environment; increasing the efficiency and effectiveness of healthcare; fueling the engine of science to solve human problems both ancient and new; providing answers that help the world's professionals turn some of the world's toughest challenges into unprecedented achievements.

Thomson Reuters. Knowledge to act.

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**Unidentified Company Representative**

Please welcome Senior Vice President, Investor Relations, Frank Golden.

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**Frank Golden** - *Thomson Reuters - SVP, IR*

Good morning, and let me welcome you all to Toronto today for our annual Investor Day meeting. It's good to be with you. Also pleased to see some friends who have flown in from London, as well as the US. So it's good to have you here.

We have a full agenda for you today, including demonstrations of our new Legal product offering, Cobalt, and the Markets division product offering, Utah. And our theme for this year's meeting is Building Sustainable Competitive Advantage.

Our CEO, Tom Glocer, will discuss the strength of our business model, the characteristics inherent in the markets in which we choose to participate, and how we leverage our core competencies to enhance our competitive position.

Tom will then be followed by Jim Smith, who will discuss the strengths of the Professional division, how the market trends are impacting our businesses and how we plan to capitalize on the growing global professionalization trend.

Jim will then be followed by Rick King, the CTO for the Professional division, who will discuss the convergence of content and technology and how our core competencies enable us to build game-changing product platforms such as Cobalt, the new Westlaw service.

Andy Martens will then demonstrate how the convergence of content and technology are made actionable, real and concrete with a demo of our new Westlaw platform, which I think you will all find very interesting.

We will then have a 15-minute break, and we will kick off the second half of our program focusing on the Markets division. And Devin Wenig will provide a status update on the integration process. He will highlight a number of accomplishments since closing the acquisitions. He will outline trends in the global financial services market, will discuss our strategy for growing the Asian business, and will finish with a deeper dive into our expanding enterprise business.

Allan McNichol will then take us through a demonstration of Project Utah, also known as Common Platform to many of you, our next-generation desktop. And then we will conclude with Bob Daleo, who will have a discussion of the Company's capital strategy.

I will ask that you hold your questions until we have a Q&A session at the end of the day, which will run about 30 minutes. Now, following the Q&A session, we will adjourn for lunch, at which time each member of our management team will host a table. And we hope you will stay with us for that.

You probably noticed on your way in that we also have kiosks set up in the back of the room. Each business segment of the Company has a dedicated kiosk with a particular product that we are demonstrating. So stop by at the break or at lunch and see some of the new, exciting products that we have to offer.

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

And finally, as the third quarter ended yesterday, we will not be taking specific questions on current trading.

So with that, that concludes my remarks. And it is now my pleasure to introduce Tom Glocer.

**Tom Glocer** - Thomson Reuters - CEO

Thanks, Frank, and good morning to you all. It's getting to feel quite like home to be here in Toronto now that we've completed the DLC unification we worked on through much of the summer.

And the real highlight for me today is to be able to really show you, not just talk to you, but show you what I think Thomson Reuters is all about. It's about demanding customers and great products and services. It's not really about strategy or talk, or even the numbers, although those are obviously important, and we track and measure ourselves.

It's about our new products, like Cobalt and Utah, because we think through them you will be able to see the changes going on in our Company, but how we remain faithful to always keeping the customer in the absolute center of our attention and our products and services at the center of their desk, at the center of their workflow.

It's not just that these products are cool technology -- but, in fact, they are -- but it's that we correctly identified the relevant customer need, that we built them in a timely and quality way, and that we've gotten and are getting the commercials and the rollout strategy right.

We've talked a lot through the last year about intelligent information without really giving, I think, excellent examples of what's it all about. And I find it's much easier to actually show you that than to describe it.

Simply, to me, it's a financial terminal that knows when you're working mobile, when you're on a device, and shuts off the feed to your desktop to save you fees. Or it's an alert from the new Westlaw that tells you about a change in the authority of, let's say, a case from last night in the Ninth Circuit in California, if you're headed into court in New York to argue a case that morning. That's what we mean by intelligent information -- information that finds you, information that knows about you and about your context.

What I want to do today in my time is discuss four things -- first, all about keeping our commitments; a report card on how we performed against the objectives that I laid out in our Strategy Days last year.

Second, leveraging our foundational strengths, and this is a key characteristic of our business model and why I believe we are so well positioned coming out of the recession around the world.

Third, building sustainable advantage -- what's our moat, to use the phrase that Warren Buffett often does? What do we do that others can't easily replicate?

Fourth, positioning ourselves for the postcrisis world -- this is an environment that we think is going to be challenging for Thomson Reuters and for other global leaders. We expect to see a rather slow climb out by national economies, share-based growth among companies, and an increased focus on cash returns on investment by shareholders. And that's an environment we are very comfortable to work in, and Bob will later on remind you of why that is. And given the strong market positions that we have, we believe we can solidify our competitive position during this period, take share and outperform our competitors.

And through the demonstrations that we have planned today -- Cobalt and Utah in particular, but also do take a look at the products outside the hall today -- we hope we will be able to demonstrate to you, and you will see with your own eyes rather than just have us get up and share with you, how genuinely excited we are about what we have had underway all year.

It has been one hell of a tough year. This time last year, I don't think it's too dramatic to say that the world really did teeter on the edge of a financial abyss. On Monday, September 15, you will remember, some in the room more than others, that Lehman Brothers filed for bankruptcy. On that Tuesday, the US government bailed out AIG. And on the Wednesday, a major money market fund in Boston broke the buck for the first time ever.

So, as we look around the world a year and a couple of weeks later, it does look like the economies are beginning to recover, just really emerging from what was a very deep and painful recession. And we'll have elements that linger on and, as always, economic recovery is not spread evenly



around the world, again something that works to our advantage, given our footprint and the ability to move resources to parts of the world that are growing faster.

So against this backdrop, I think we have performed rather well over the last year. And I wanted to share with you a couple of reasons, again, why we think that is.

First, our very resilient Professional division, it's continued to perform well even as growth, in fact, has slowed down, even in the professional markets, over the last couple of quarters. It's also the depth and breadth of our Markets division, from a geographic, from a customer, as well as from a product perspective, that has enabled it to surpass expectations.

And contrary to what other companies faced when the credit markets froze last year, we've actually tapped the debt markets for over \$1 billion of replacement debt at very favorable rates during the last 12 months. And we have increased our dividend by 4% when others were forced to cut theirs rather drastically. And we raised our estimate for savings from the Reuters acquisition integration from an original estimate of \$500 million when we first announced the deal to over \$1 billion today.

So I think the real news here is that we've set a clear focus for the business. We've prioritized those elements that are real important to us. We've kept score and we've kept our commitments. And this has enabled us to continue to invest during the cycle, most notably in the products that you will see today, but equally, across the business.

And that, the ability to invest in a down market, is what we think puts us in a good position to take advantage as economies recover around the world rather than having to do what, let's say, Reuters had to do in 2001 and 2002, a much milder global recession, but then we had to cut everything wildly back just to stay alive. And when we came out, competitors were able to release products that they had kept investing in. And that's a lesson that I don't think I will soon forget.

So despite the challenging period that we are coming through, I don't think there's any need to reinvent a vision for this Company. Our existing mission perfectly fits the purpose we have. And I just wanted to remind you all for a moment about what we think our foundational strengths are.

We serve a variety of markets with a unitary business model. It's the same model in our Markets division as it is in our Professional division. And we have strong market positions. Recessions are not at all fun. I know I don't have to tell those in this room about that. But I do think that leaders are able to extend their lead during those down periods.

Our business model is powerful. We sell electronic information and services, primarily on a subscription basis, to customers all over the world. We are highly cash-efficient and capital-efficient and cash-flow-generative. And this enables us to take scalable and profitable positions in our chosen markets.

Now, this is a little bit of a busy slide, but what I tried to do here is just lay out, how do we go about defining what our business model is? And it's a highly selective model. We don't believe in just spreading peanut butter over every market in which, theoretically, we have aptitude in. We choose our market positions very carefully, and these are the reasons why.

So first, we are looking for markets with strong financial profiles, markets that are scalable, growing and profitable. I think everyone would like those.

But second, we look for markets where there is a true need for mission-critical information, where trusted, reliable and differentiated information is critical to making high-risk and high-reward decisions.

Then we look for markets that have many professionals, but that are highly distributed. So in our case, no single client accounts for more than 1% of our total revenues, although we have some enormous clients.

And we quite like markets that are complex and risk-oriented, where the need for deep market expertise is at a premium.

So with these market selection criteria, which appear on the left side of the slide, what we next do is turn and try to apply what we think our core competencies are. And I'm not going to go through each of these, but I flagged a couple.

One is our ability to manage both structured and unstructured data. So we have the technical capabilities to tackle issues such as data models, symbology, metadata, search and low-latency transmission.

I would also flag our ability to understand user context. And you are going to see this a lot, certainly in Cobalt and Utah. So how we increase the value of our content by collecting and understanding and then using user information. So it's context about a user or about the user's enterprise, but increasingly it's also information about the user's history, behavior, location in the case of mobile services. And these are differentiating capabilities that we focus a lot on.

So I think at this intersection, at this crossroads of market choice and knowing what we do and what also we don't do well, we're really able to focus on chosen markets and then apply capital and talent to them. And I think we are, therefore, well positioned for a postcrisis world.

But what will that world actually look like? So we believe that developing countries will grow faster than the developed world -- no surprise there -- that governments will reregulate markets and will institutionalize derisking, deleveraging, and that they will, in fact, raise the cost and complexity of doing business in their nations. And we think those are all trends that are mid- and long-term favorable for Thomson Reuters.

We believe that there will be an increase in the number of professionals around the world and in the importance of communities and professional networks among those professionals. We think that the information explosion will continue and that technology adoption will accelerate and will require global platforms to meet the demands and scale of the data, and more importantly, the insight that one needs coming off of that data.

So what's our position at Thomson Reuters in this new world? And what does it really mean for us? So first, we're focusing a lot on how we emerge from recession. We are carefully protecting our game-changing investments in Utah and in Cobalt that we will show you in a minute. And we are leveraging our reach as a global business to help customers address new markets in places like Brazil and China and India and the Middle East.

Here it's good to note that already some 40% of Thomson Reuters' revenues come from outside the Americas. And I expect that's a percentage we will continue to see increase in the years to come.

And we are executing on our growth opportunities by helping our customers innovate and address complexity, information overload, and increasingly now, government risk and compliance. So we believe that in the postcrisis world, we will be able to take share, again, outperform competitors, and deliver attractive financial returns as a result.

We think that challenges certainly lie ahead, but also great opportunities. And I have always believed that great companies can lengthen their leads in difficult times, although it's frankly a lot harder work at the office during a year like the past year.

What we are going to do back at the homefront is continue to sharpen our focus on our markets and core businesses. You won't see us wander into entertainment or any of the other areas that look enticing or that build moguls in, but that ultimately aren't about delivering value for shareholders and building a sustainable, great business.

We're going to continue to invest, however, in technology and platforms because we think they are a vital component of our overall strategy, and hopefully today we will be able to show you some of the fruits of that investment. We are going to continue to attract talent and develop leaders so that we can extend the formidable positions that we already have in markets. And we're going to leverage our strong financial position and disciplined approach to capital investment to execute on opportunities for profitable growth, and I underline the profitable before the growth part.

So where does that leave us? What are our remaining goals? What I would like to see as the economy improves is that over the longer term, we can get the business up to a mid- to high-single-digit sustainable growth rate; that we can achieve operating margins in the mid-20s; and that we



can throw off some \$3 billion-plus of free cash flow a year. And translating those goals and translating the strategy into action is really the theme for the rest of today.

So let me now turn over to Jim Smith, the President of the Professional division, who will start us off on that journey. And thank you all very much for coming and giving us the attention today.

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**Jim Smith** - Thomson Reuters - CEO, Professional Division

Thank you, Tom, for that introduction. I'm delighted to be here with you today.

My role is a relatively brief one this morning, and I'm thankful for that because, as Tom said, what we want to do today is not to just tell you about what we believe is a sustainable competitive advantage, but to show you products. So I'm quickly going to turn it over to the folks who make us look good every day and who spend the time with our customers and our products, to take you deep into one of our products, which is the next generation of Westlaw. And we are very, very proud of what that product looks like and the promise of what it can deliver.

I think the important thing to remember, though, is that what it illustrates is an approach that we bring right across the face of all of our Professional businesses. And we believe that it's the marriage of content and technology to develop intelligent information that we provide to professionals in the workplace that is a very, very sticky place to be and is exactly what's responsible for our success today and we believe will be responsible for our success going forward.

We start from a fundamental position of strength. We are in the engine house of the information age. We serve virtually every large law firm in the United States. We serve every single law school in the United States. Our fundamental IP businesses contain trademark data from 200 countries around the world. We have 1.3 million patent records from over 40 patenting authorities around the world.

Our fundamental Tax & Accounting information services and growing software businesses are used by all the big accounting firms in the world and virtually all of the Fortune 100 firms. Our healthcare databases cover more than 150 million US lives. And we are making increasing penetration into hospitals in the United States and finding great appetite for our analytical tools that help corporations and insurers get a grip and control the cost and quality of healthcare that they are providing. So we have a fundamentally strong position.

A quick reminder of what the Professional division means to Thomson Reuters overall. We constitute 40% of the revenues of the organization and 53% of the profits of the organization. Legal is by far our biggest business unit. And revenue by geography shows a strong skew toward the Americas, North America in particular. That means for us, we believe, an opportunity to continue to grow outside North America.

The revenue by type, the one thing that we are most thankful for in turbulent times like these is the fact that the vast majority of our revenues are recurring in nature, be they out-and-out subscriptions or what we like to call implied subscriptions, where there will be software or tools that have an information-based component to them that must be refreshed every year in order to be used.

So, again, across the face of each of these businesses, we serve a wide variety of customers with a wide variety of tools and services, whether it's lawyers, law school professors, students, governments, IP professionals, with information decisions support tools, software, enterprise applications, IP content and very slick visualization tools. We have a broad array of offerings in the Legal space.

In Tax & Accounting, we have foundational content and information. We have an increasingly impressive suite of workflow tools that we offer to both corporations and to accountancies. And you will see an example in the back of our newest offering to corporate tax departments, which we are very proud of.

In the Healthcare & Science space, we have, as I said, not only the advanced tools and analytics that are driving such good growth today in the healthcare space around the cost and quality of healthcare, but we also have some fundamental content in terms of clinical care. We have some fundamental content and services that help hospitals analyze the quality of their care.



And our scientific databases are really the most comprehensive in the world for tracking the pure underlying science that's fueling innovation around the world. And in fact, we have, I think, renewed appetite and enthusiasm for the commercial application of some of these underlying databases.

I think as we said on an earlier slide, if you think about the Tax & Accounting space where we are, 40,000 accounting firms now use -- CPA firms and/or tax preparers use our software. In the United States last year, 23 million tax returns were prepared on our software. So it's a very broad base across the face of the business.

What are we facing in terms of the environment? No business is immune from the current economic environment. Ours is no different than that. The beauty that we have, I think, is in the balance of our portfolio. So there are puts and takes. I like to say -- or I don't know if I like to say it, but I have been saying that I have never seen an environment where there's more short-term pressure and challenging management environments where we have to be absolutely on our toes.

But along with that short-term pressure, I have never seen an environment where there is more long-term opportunity, because the types of discussions we're now having with our customers and the breadth of those discussions because of the breadth of services we are able to offer I think bode really well for where we are going to come out of the current environment and the kinds of deep relationships that we are going to be able to form today.

So what do we see? We see pressure on -- large law firms in the United States and in the UK are feeling things most severely. All corporates, as you know, are turning down the dial on costs, very concerned about costs. And that creates the environment that everyone lives through today. The balance of power switches a little bit in the legal world now to general counsel as opposed to outside attorneys. And I think all of our customers are experiencing a changing world.

The bright spot in all of that is you are going to see a demonstration of our next-generation Westlaw platform. There has never been a better productivity tool available to the legal profession ever, and there's never been a better time for us to introduce that. So we feel quite fortunate to have begun work on this product two years ago and to have it ready now, when it is needed so strongly by our customers.

Then again, in the balance of our portfolio, we see some businesses that are actually having a very good run. I mentioned earlier the healthcare cost analytics that we have. That's a business that grew through the first half of the year by 20% on the payor side, and that's providing corporations and insurance companies with the tools to analyze their costs and get control of their costs. We are seeing really continued solid growth in Tax & Accounting solutions, because that's been a very solid area that we think the trends will continue to support. And we are seeing growth across the space in our federal government practices as well. So, in all, a mixed bag; as I say, short-term pressure, great long-term opportunity.

We think fundamentally, the trends that we see are trends that we are very well positioned to take advantage of, and trends that give us great comfort as to the future of our business. We will explore these in a couple later slides, but at the top level, it's globalization, it's the increasing government regulation and intervention, and the volume and velocity of information today.

More specifically, globalization -- I don't think there's any doubt that the tide is out and that the trend is continuing and that the economy is now a global economy. And that trend is one that has given rise to us and given us the ability to offer new products to our customers, particularly our multinational customers, whether it be Westlaw Business, which I will talk about a little bit later and we have a demo of in the back, the ONESOURCE global tax workstation that we roll out for corporations and for the professional accounting firms that provide advice to them, or whether it's our fundamental underlying constant innovation engine, which takes all of our intellectual property data and delivers that up to our customers.

We see increasing opportunity, as Tom mentioned, in developing economies. For us, we are focusing primarily on China, India and Latin America. And that, what does that mean? That means we now have, for the first time, we have introduced local Chinese-language legal research services. We have introduced, I think we now have -- it's 14 countries where we have Spanish-language solutions in the market. And just later this year, we will introduce our first Japanese-language patent database for use by Japanese attorneys in Japan. We have provided translation services back and forth before, but a bespoke tool for Japan, because it is such an important part of the IP market, and will be going forward.





I think the trend in globalization of having global standards become more pervasive is one that feeds right into our wheelhouse, whether it is the convergence around IFRS that make possible the global platform tools that we can sell to corporations and to accounting firms that can help speed and make more seamless the process of preparing, planning and filing tax returns or documenting compliance around the world.

And also, if you look at basic tool sets that we're able to provide into corporations, whether they are multinational corporations looking to prosecute a global agenda or they are primarily domestic businesses who are looking for opportunities in other countries, our ability to provide visibility into a broad array of content is very helpful and one which we think will be very good for us.

Just looking at global economies and the rise of emerging economies that the GDP is not quite enough for us, but we are also buoyed by -- we track the growth of professionalism in countries, as Tom mentioned. And what we see is that not only is GDP growing faster in emerging nations, but the number of professionals practicing in those emerging nations is also growing at a faster pace. So we believe that creates a very viable opportunity for us to continue to grow. And also, in many instances, it creates an opportunity for us to help the training and development and the shaping of professional classes in lots of parts of the world.

I mentioned earlier -- and the demo is in the back on Westlaw Business -- how do we do these platforms, and how do we bring out new tools that work? This is a -- Westlaw Business is a perfect example of one of those new tools. It's been in the market now for about two years, and it is a perfect example of how we take our legal and regulatory data that we always had on the legacy Thomson side, marry it with the commercial markets data that came from the legacy Reuters side, and deliver up a tool for attorneys doing deals and transactions.

So we now have a database that includes 275,000 global M&A deals, documents and precedents from more than 140 countries around the world. We have specific modules for the US, Canada, the Gulf, and later this month in Hong Kong, we will introduce a module for China as well.

And in the less than two years it's been in the market, we've now got over 2500 active users in 30 countries around the world. So it's been a very powerful tool for us that's continued to grow, obviously, at double-digit rates.

What do we see in another trend? I think that no one can argue that the government is going to play an increasing role. And we are seeing increasing regulation. We're seeing increasing intervention and increasing complexity. I think that's all things that are, frankly, good for us, which may be a surprising way, not only in serving corporations and individuals and helping them deal with the regulatory environment, but also dealing and selling to the government itself.

For example, I was recently speaking to one of our salespeople who had come back from the US Commodity Futures Trading Commission, about a \$700,000 customer in our Legal business, and they were trying to cope with how they were going to handle all the growth, as the agency was going to go from a staff of about 500 to 700 because of the stimulus money that had been directed toward that organization. And of course, our challenge is, how do we work with them to make certain that that's a business opportunity for us as well? But we see that across the face of our relationships with particularly the US federal government now.

Furthermore, in the regulatory world, I think all of the attention on healthcare is good not only for our cost and analytics sort of business with employers and with insurance companies and with hospitals, but also the government has a very intense focus on fraud and abuse. And all of the statistics that you read know that we are just touching and scratching the surface on detecting the fraud and abuse in the US healthcare industry.

The estimates are that as much as 3% of the US healthcare spend is actually wasted on fraud and abuse. I think the GAO recently issued a report that said \$23.7 billion of Medicare spending was lost to fraud in the year 2007, which is the year that they had studied. And in fact, a US Senate subcommittee issued a report that noted that almost 0.5 million US physicians -- or excuse me, almost 0.5 million claims have been paid to dead US physicians between the period of 2000 and 2007 because of a lack of information systems.

We think that our ability to analyze and process vast amounts of information, and some of the fraud and detection tools that we have developed, have a lot of runway with the federal government. And we are obviously actively seeking to expand our presence there. I think this probably needs no elaboration; the amount of spending by the US federal government is certainly taking a spike and we think will give us opportunity.

Volume and velocity of information -- I don't have to tell anyone in this room what that's all about. We all know about information overload, and we know about the increasingly sophisticated user workplace that we find ourselves in. And we know about the new tools and technologies that are doing nothing but adding to that flow day after day.

I just want to make two points about that. The information explosion makes all the more relevant the context that we can provide and the value of delivering not more information, but the right information to a professional user in his or her workflow. That's really important. That's what it's all about.

Secondarily, all the technology that brings forth the explosion, that adds to competition out in the free world, is technology that we can use and do use to get better information through the door and tools that we can use to build higher-value analytics on top of that. And I think you will see that loud and clear in the demonstrations today, what we mean by the high value add that we place on top of that. Certainly in the world, "good enough" gets better and better and better, but so does our ability to differentiate ourselves.

So in conclusion, we believe that we have a solid foundation for the future. We have really solid market-leading positions that are located -- our businesses are right in the wheelhouse of what our customers do, right at the heart of their commercial value proposition. We like that space.

We believe we are well positioned to benefit from the growing globalization and the growing professionalization around the world. We believe that the increasingly complex regulatory environment puts us in a pretty good position to serve corporations and individuals and professionals dealing with government regulation and also to serve governments themselves.

And, as you are now going to see, we believe that a fundamental part of our competitive edge and our sustaining competitive advantage is our ability to leverage technology and content together to create products that will stand the test of time and will continue to improve with time and continue to deliver more and more value to our users.

With that, I'm going to hand off to Rick King, who is the Global Head of Technology for the Professional division. Thank you.

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**Rick King** - Thomson Reuters - Head of Technology, Professional Division

Good morning. It's great to be here to talk to you about my favorite topic -- technology, content and lighting up what information, intelligent information, really means. So I hope that by the time I'm done, you will be able to look at some things that we do under the covers and say, that's what intelligent information is.

And these things that you are going to see, they're all part of products today. They are out there. So I'm just going to peel back a couple layers so you understand what we do. And then we will jump into the new product. You will see what Cobalt is going to look like. It uses those same things.

We use these things worldwide. We get leverage across a whole lot of places for it. So I'm going to do that, and then Andy Martens, who is our Senior Vice President of New Product Development, is going to give you a demo, which I think will bring to life years of customer research, along with this great content set that we have and the technology that delivers it.

So, three points here. These are all about our core competencies. Integrating technology and content is the key here. We've got a lot of data, as Jim talked about. When does data turn into information? When does information turn into intelligent information? It's about using technology to light up the information, use technology to bring forward what is really the most relevant.

So it's the convergence of those things that really makes a difference. That's what the secret sauce is. And I will tell you, that's what our core competency is. Those are things that are hard to see at the user interface level. But the people that are using the products know it, because they get exactly what they want.



Information in our content set has little trails of evidence that tie -- and I don't mean that from a legal point of view -- that tie it to other pieces of information. The secret sauce is finding those little trails quickly and pulling up those related pieces of data all at once, and also knowing where they are not, and making sure those pieces of information do not light up.

That's what's meant by intelligent information. That's what you see on your desktop when you do a search. That's what's different than doing a Google search. Sure, you get an answer, but what lights up the information? What finds each of those little trails of hidden data? It's the technology that we use.

So like I said, it's really not theory for us. I'm not talking about something in the future, which I could do. But I'm talking about stuff that's in our products today. And like I said, we leverage that worldwide. We have this in all of our Professional division products. It's in the Markets division products. And I will talk specifically about Professional.

Using this type of technology allows us to go really much deeper in all the markets we're currently in. We are better than anybody in our markets. We can dig deep into content sets and we can grow organically in those markets. And you know what? These tools are also very powerful, and they are not specific to the content type. So if somebody says, let's look at a different vertical, so as you saw, it's one that has a lot of professionals and growth, we're going to be interested in it.

Does the technology light up the content from that particular professional group? The answer is, it can. We just have to figure out where we go get that content and assemble the best set in a new place. So that gives us growth that goes beyond our current areas. So it works in all those places really well.

A little bit about the underlying part of that content -- so you've got your domain content. You combine that with what we know about people, and people, I use as a general sense, people in here are the practitioners. They're the people that you are actually looking up information about, the whole collection of people. And then you have companies or firms or whatever the entities are that you are also looking.

You have all these pieces of data, and we have actually the best authority on all of these points of data. And all the products that have been talked about so far, Westlaw Business, other ones that you are going to see, the tax workstation, current Westlaw, Cobalt, whatever it is -- they rely on us knowing a lot of information in these three areas. And the combination of what's in the intersection there, which is the -- I will just call it the authority -- the authority part there, it knows and helps you find these trails of data that others can't really find.

A concrete example -- a simple one, but you'll get the idea. So my name is Richard King. I have a middle initial; that's H. Some people call me Rick. Some people leave R King, RH King, whatever. So if I write as different people, or people publish me as different people, how do you know it's me?

Think about that across the world of legal research, scientific publications, market analysis, tax information, authors. How do you know who it is? Think about it around companies -- IBM, Big Blue, International Business Machines, etc., etc. And think about the organic nature of those things. XY buys Z today. So what happens to Z's name and all the pieces that are associated with that?

Who knows how all those tie together? We do. We have to. That's a core competency. That's the middle of these (technical difficulty). Knowing all of that is the start of being able to find those hidden trails of information and light it up and make it intelligent.

And I will tell you, I think that whole piece creates a barrier that makes it very difficult for other people to come into our market and do a good job. That's why free stuff, while interesting, has a distance to go. How can you be free and mine data with R&D resources that come up with tools that do the kinds of things we do? It's an interesting premise.

What about competition? Well, I don't think they do it quite as well, because we have not only the automated systems that go get these things done, but we use in all our businesses real-live editors. So you have both the automated process and the editing process.

And I think this is creating the barriers. This is why it's hard for them, or anybody, against us. We are not falling asleep at the wheel, though. But it's tough, and we're going to make it tough. It's the barrier and the reef. The reef provides us that organic growth. The barrier protects us. And I think this is a great example of that.

I'm just going to talk a little bit about a couple of products, and I know you can't see the screenshot. That's just eye candy for you. It's a little bit of information on each of the slides, but the second point that I wanted to cover is about those products, and just to tell you a little bit about how we use this convergence of technology and content to light up intelligent information here.

In this tax example, Checkpoint, we definitely use what we would call authority files and some of our advanced algorithms to take third-party written materials and our own materials, scan them and make sure that we know things like the authors, the companies they come from, so that we can tie them together in a way, eliminate duplications and provide them to the professionals that are looking for them. It's that, again, that convergence of technology and content together. And that kind of thing just builds that barrier and makes that reef even stronger.

The second example, in our science area, has to do with something that holds 24 million scientific research papers. And again, it's kind of interesting to know how many particular authors in there share the same name and are actually different authors, and how many authors in there have the issue with a name like I said, where they are showing different names, but they are actually the same author? How do you sort through that?

Well, in this case, the first steps that we use are machine -- what we call machine [disambiguation] (technical difficulty) whole machine pass with that. We deal with identifying professionals with an expert ID. Then we start mapping those IDs and refining them against all the work they have ever done, including where they got their degrees and things like that. And then there's manual review on those pieces.

So by the time you are done with all of that, that information which is available -- you know, this person wrote that -- you finally know what that person wrote and has written entirely, and no matter what name they used, and you've tied it back to where they went to school and what they did. Another, I think, example of building up -- the reef's getting bigger, the reef's getting bigger, and again, we've got the chance to grow farther. Matter of fact, I think with this one, the reef has gotten bigger and we might see a few sharks in the water guarding the reef.

The Healthcare Advantage Suite is another example where employers use this; health plans use it; governments use it. And as Jim said, there's a lot of fraud going on in the government areas. And so we're talking about 150 million lives being looked at in this database. By any count, this is a massive database. You've got all kinds of opportunities for that kind of fraud.

Well, we match medical provider names and claims and authority files with medical -- other medical providers. And we make sure that we understand who the providers are, what the patients are, aggregate things together, and try to help people with doing diagnostic cost group controls. There are huge amounts of innovation going on in this particular arena. And I think with our tools, we are actually poised to do really well as we move forward in this. And I think, again, I see, by my reef, more fins on the surface here protecting the reef.

The third point I was going to make is about global. And this is a map that shows where Westlaw, the current version of Westlaw, is used worldwide. Westlaw is in over 100 countries, and we (technical difficulty) Westlaw-specific country language services for the local law in 18 countries.

And in each of these locations, we are leveraging things across the enterprise in Legal. So what you would see is a similar code base, and underlying the code base, where the data is stored, one of our advanced platforms called Novus holds the documents. And that's where we search the documents.

And you know, it doesn't matter whether the person is searching any of the 18 country-specific products, or Westlaw International, which serves customers in over 70 countries, has a wide range of international interest in it, or the US or UK, which are the two most popular local laws. You search those, you're coming into common data centers across the world. You're coming into common code bases. You are using Novus backend infrastructure. You are using these advanced analytic tools that get at the real trails of the information, and get your kind of response. The leverage is pretty critical there.



Drilling down into the leverage a little bit, to give you kind of an example, you can look at something that sits on top of our underlying database platform, Novus, is an application framework. We call it the multiple application framework because it's used all over. But it's a single framework that allows us to deploy quickly into countries where the market is smaller, because you don't want to overinvest in some of those markets.

We are able to get, with this platform, 85% reuse as we go country to country. So what that means is we have to acquire content in that country that we are going to. Then we put a language-specific user interface on top of [math], on top of Novus, and you've got a service. This is something that we worked on pretty hard. And I want to give you some examples about how doing that gives us the scale and opportunity to move fast and to move in an inexpensive manner.

So this is a cost curve and estimate of months. Down around the bottom are three (sic) Westlaw services worldwide -- UK, Spain, Scandinavia and Chile. And those are in order, left to right, of when they were brought to the market as well.

So you can see the curve at the beginning, it's pretty high and it takes a little bit too much time. Well, that was before we used the multiple application framework. We were working on that, and we knew that we had to be faster, better, cheaper in our delivery outside to smaller markets.

So when we got to the multiple application framework, we were able to deliver some products in fairly record time and in costs. So let me give you a specific example for Chile, which we have just delivered. Three to four months, bottle to throttle, less than \$100,000 to do it.

Now, when you do things like that, you are leveraging all the backend infrastructure. And in fact, this particular -- Chile runs out of the data center in Minnesota. So you are not -- you just pop it on a regular system and off it goes. It's already sitting there. You load the content that you acquire either through an acquisition locally, or you make deals with the providers that have it locally, and you are there. And we see that curve even going down a bit more as we're looking at our acquisition we just completed in India.

So that kind of leverage globally gives you an incredible amount of power. And that's part of what allows you to then light up this content in an intelligent manner and provide it to people who need it really fast. But you are giving them exactly what they want.

So these are the three things I talked about, gave you some examples and some products really quickly. We're going to do a bit of a deep dive now on Cobalt. Cobalt is the project name. It's not the product name as we go to market, but it's what we call it internally.

I hope that you've gotten some idea that our core competency here in the Professional division is the integration of content and technology. And you see some concrete examples about how we do that. Those are real. That's what we do. What we want is to give everybody exactly what they need really fast -- not more, and certainly we want them to go to bed saying, I got everything I need. I don't have to use anybody else's service to know that I got all of that information, complete, from us.

So at this point, I think, if your eyesight is like mine, I see great white sharks at the barrier in that reef. So we are pretty well protected by these kinds of things, and we intend to keep throwing some bait out there to keep the sharks coming, be really tough.

So at that point, I'm going to introduce Andy Martens, our Senior Vice President of New Product Development, for the Cobalt piece. Thanks.

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**Andy Martens** - Thomson Reuters - SVP, New Product Development

Thank you, Rick. Good morning, everyone. I'm extremely happy to be talking to you today about the new version of Westlaw that we've been building over the last few years.

Before I get into that, I wanted to provide some very brief context on Westlaw today, so you can see the position of strength that we're building from.



The current version of Westlaw, which is called Westlaw.com, launched in 1998. In 2008, it generated about \$1.5 billion in global revenue. As Jim mentioned, it supports over 1 million searches a day, and it also supports more than 30,000 concurrent users, all using the system at the very same time.

Westlaw today enjoys a premium position in the market. Despite the premium price that we charge for it, it's also very strongly preferred by users. We've built this premium position and strong preference by continuing to refine our focus as we develop Westlaw.

In 1998, we were able to drive growth by moving Westlaw to the web, creating packages that work for all different types of customers, and leveraging our market-leading collections of cases, statutes, analytical material, and more importantly, the editorial enhancements that surround those materials.

As we moved into 2001, 2002, we recognized that it was a time for a substantial investment in information beyond just cases and codes. So we embarked on a project to build the world's largest collection of high-value litigation content that is key for legal practitioners. I'm talking about things like attorney-authored briefs. We've collected more than 2 million and integrated them into the system. Pleadings, motions and memoranda from (technical difficulty); we've collected nearly 5 million and integrated them into the system.

We also focused an intense amount of attention on integration -- on linking, on making sure that wherever you were, you could get to the complete story that you're interested in. And finally, we built a recommendation engine that we call ResultsPlus that looks at the work a user is doing, looks at the remainder of our collection, and recommends additional materials to them that will make it easier for them to solve their problem.

As we move forward with the new version of Westlaw, we are focused on building the best search engine for legal materials available anywhere. It's going to be extremely easy to use. It's going to optimize the entire research workflow. And it's going to bring all the key information to the user where they are doing their work rather than having them have to go and find that information.

So before we take a quick look at the product, I'd like to very briefly move through the customer insights we were able to gain in setting this project up, talk a little bit about the work we're doing behind the scenes with our search algorithms to make legal research easier, and then talk about the product itself.

Customer insights -- in preparing for this project, we did all of the things you would expect us to do. We did focus groups. We conducted surveys of our customers. We did workflow observation in lawyers' offices. We did extensive usability testing as we iterated through different designs.

We also went very, very deep on the substance of what legal professionals are doing. We analyzed tens of thousands of user logs of research sessions on Westlaw so we could see what part of the legal research process is hard, where are people getting caught, and what can we do to make that process easier.

We also did eye-tracking studies, both with the current version of Westlaw and with the new version of Westlaw, to help us understand where is the user's attention naturally drawn on the screen so we can design the screens accordingly.

We did design reviews with customers, where we would get 20 or 30 customers together in a room like this, along with our design team; show them what we're thinking; talk about what colors they prefer, what fonts they prefer, where they would like things located, how much whitespace is desired on the screen; and actually get real-time input from them as we are designing the product.

We also did very deep performance testing, and I'm not just talking about the performance of the application, the response time. I'm talking about substantive performance testing. We hired attorneys and outside law firms to do research projects for us. We then looked at their results. We looked at what they used on Westlaw. We looked at the other sources they use. And we measured the quality of their results. This gave us a huge amount of information in terms of what they tended to be missing and what we needed to build into the system more explicitly so they wouldn't miss it.

Finally, we did do codesign sessions with customers, where, again, our design team and a group of customers would come into a room together, talk about the problems that users are experiencing doing their research today, and collectively try to come to a solution.

This deep customer research let us define two main workflows in dealing with legal information. The first is simply retrieving a document that you know exists -- you know there is a case there, you know there is a statute, you have a piece of information about it -- you just need to go get it.

The second workflow, and much more interesting for us, is exploratory, issue-based research, where the lawyer has a set of facts that he or she is familiar with, understands there are some legal issues in play, and needs to collect all of the primary and secondary law that lets that lawyer understand the answer. We went much deeper on the exploratory-based research.

How this works on Westlaw today is actually fairly standard. The user comes to the system. They first choose a database of 32,000 or so that are available on Westlaw. Then they enter a search. Most of our users today are using Boolean syntax to enter these searches, which, as you know, is a very literal way to interact with a system. Users get back result lists. They scanned through those result lists and find some documents that aren't helpful at all, some documents that may be helpful, and some documents that are helpful to the problem they're trying to solve.

Once they find a document that's helpful, the process really starts to sing, because on Westlaw, we've got the world's best collection of linking tools that tie the information together, tools like KeyCites, which does a couple things. It tells users whether or not the authority they are looking at is good law or not, but it also creates a citation network that ties all the legal information together so you can get everything relating to a specific topic.

We also have the Key Number System. Now, the Key Number System is basically the organizing system for the law. It is a 100,000-plus-line taxonomy that organizes all the legal information. We've got real editors doing real work, understanding which pieces of law sit where. And that system provides mechanisms to easily go to other points of law that are related to the one you're looking at.

I mentioned ResultsPlus a minute ago, a recommendation engine that tells users there is more information you should be looking at; you just didn't choose the right database to retrieve it. Document linking -- as we've built a huge collection, we've been very focused on linking the information together, so that wherever you're starting, you can get to the complete answers.

Finally, proprietary analytical content, things like tables of content, statute indexes, also tie the information together so that a user can iterate through this entire process and find all of the information they need to put the best answer together.

Now, with the new version of Westlaw, we're automating a number of these processes right into our search algorithm to make it easier.

So what are we trying to do with new Westlaw? We're trying to dramatically improve search, enable efficient research organization, and build new workflow and collaboration tools. We will talk about each of these in turn.

As I mentioned earlier, search on Westlaw or any other legal research system today is very, very literal. And that's both good and bad. It's good because you get what you ask for, and it's bad because you get what you ask for and nothing more.

So for example, in New Jersey, there's a whistleblower statute that employs protects employees who testify against their employers. However, not everyone calls it the whistleblower statute. It's also called the Conscientious Employee Protection Act, or CEPA. If users search for the whistleblower statute in New Jersey, they'll only get part of the answer, because not every judge uses whistleblower. Some just use Conscientious Employee Protection Act; some just use CEPA. But because we've editorially created this authority, we are correlating these two terms. So no matter which term the user enters, it will bring them back the full list of information.

Another quick example. When those of us who went to law school were in law school, we were taught a doctrine called the eggshell-thin plaintiff rule. What that basically means is that you take your plaintiff as you find him or her. If you have a preexisting condition that I don't know about, it's no excuse that I didn't know about your preexisting condition, because that's just how you are.

So if I'm looking for law on the eggshell-thin skull rule in Georgia and type a literal search, tort and eggshell, within the same paragraph as skull, I get no documents back because of the literalness of that request. There actually is law in Georgia on aggravation of a preexisting condition.



If we search across the rest of the country, you'll see that there are a number of jurisdictions that do use that language. Since there are jurisdictions that use that language, and they are all classified to the Key Number System, we can see that they are all classified to the very same Key Numbers -- damages, aggravation of previous injury, disease or disability. Knowing that Key Number, we can then run it in Georgia and find the six cases on point, even though they don't use the specific language. This, again, is the intelligence and authority that we're building into the search engine to make it easier to get to the complete answer faster.

So our main goal with the new version of Westlaw is to streamline the process and provide better results to users. We don't want to require users to choose a database. We don't want to require users to use very formal Boolean syntax. We'll bring back more inclusive, better-organized results. And we will automate the linking tools, so that will make it easy to get all of the information without requiring people to use KeyCites explicitly, to use the Key Number System explicitly, or any of these other tools.

It's important to keep in mind that we're not taking any functionality away. Lots of our users like to choose specific databases. They'll be able to. Lots of our users like to use Boolean syntax. They'll be able to as well. We're just trying to remove those as requirements and make the system more forgiving.

Efficient research organization -- legal research is a very document-intensive process. As users work through their research, they get stacks of information. Some of that information is good for their client; some is bad. Some relates to the summary judgment point. Some relates to liability.

When we work with users, we see them doing the same thing again and again. They print these documents, file them in stacks, and label them. And say, these are good; these are bad; these I don't know about; these are about liability. We want to make this process easier, too.

So with the new version of Westlaw, we will be adding research foldering capabilities so that as a user is doing their research, they can organize their research while they are doing it. They can say, this case is good for my client, put it in a folder, label it, and then they don't have to go back and reanalyze it after the fact.

These folders are also searchable. So you'll be able to go in and easily recover the information you put in them. More importantly, these folders are going to help users see the rest of the story. So as a user starts putting documents or pieces of documents into a research folder, we will be watching what they put in. We will be running our proprietary algorithm. And we will be recommending to them other material that's relevant to the work they're doing. It's sort of creating a new paradigm, where a legal professional can start doing his or her research, and we'll help them finish it and we'll help them know when they're done.

These folders also help users stay up to date. If I finish a research project at the end of the week, I have my information in my folder. I'm going to trial early the next week. Something happens over the weekend or early the next week, we'll send you a notice so that you'll know, there's something else I need to pay attention to, or I'm going to look like a fool in court.

So what does it look like? This is the new homescreen for Westlaw. What we've done is preserve all of the power, but make it available in a much more streamlined approach. Westlaw today has lots of databases listed on the homescreen, lots of functions. All of that power is available. Using the search box at the top of the screen, a user can run a search across all of Westlaw or some of Westlaw and retrieve a document by citation, can put in a document to ensure that it's still good law, can do anything they can do on Westlaw today.

So if I'm a young associate in a law firm and I get a question at the last minute, what's the burden of proof in a Title VII claim? I don't need to figure out where to search. I don't need to figure out a fancy way to structure that search. I just ask the system a question, and it gives me everything I need for the answer.

Because we're searching a lot of information, the first thing we do is bring back an overview, which provides the user with the best case, the best statute, the best analytical material, so if they want to just get started, it's easy to do there. They can always drill in more detail.





So here, I say, show me the cases -- again, more inclusive, better-ranked list of cases, but more importantly, access to everything else on Westlaw that's going to help you understand really what you need to know. So in addition to searching the case law databases, you can also see responsive documents from statutes, regulations, the litigation materials we talked about, expert testimony, firm documents from their own firm archives.

Since it's a robust list, we're also building a variety of filtering tools so that the user can easily narrow and focus their research and pay attention to what they're most interested in.

I mentioned earlier that we're not taking anything away. Boolean searching is still used by a good percentage of our users. So we'll allow them to continue to do it. Here, the users search for burden in the same sentence as proof, within four words of Title VII, as a phrase -- very specific request. We'll honor that request. We'll run the search and return in their search result list just what they asked for. But we'll also run our algorithms in the background and tell them that there is more information that's relevant to your query, but it just wasn't returned based on the literal terms you used. The user can then add that to their research and have a much more complete result.

If we look at a case more specifically, you can see that we've cleaned up the display quite a bit. We've spent a lot of time saying, it's hard to read information online, so we've added whitespace. We've formatted it better. We haven't, though, taken anything away. So if you scroll through the case, you'll still see the editorially created headnotes and Key Numbers. You can use those to link to additional information if you'd like.

But from my perspective, one of the most powerful things we've added is the ability to find related information from a case. McDonnell Douglas is really about three things -- the time for filing an action; quotas in affirmative action; and the standards in civil rights employment cases. What we've done is, again, run our algorithms, cluster the information together, so that if I'm interested in the civil rights component, I can click on "civil rights," and see all the additional materials relevant to the civil rights issue.

Now, these cases and other authorities don't have to cite McDonnell Douglas. They are conceptually related. And again, because we've got the organizing infrastructure, our algorithms are able to look to that and draw those connections for users.

I mentioned earlier also, none of the features or power is being taken away. KeyCite, our citator, is still an integral part of the application. All we've really done is try to make it easier to get the information out of it. So we have changed the KeyCite display to a grid display so it's easy to see if the case is good law, or if it has a yellow or red flag on it. It's easy to see how deeply the discussion was in that case with the depth-of-treatment indicators. And all of the limits to manipulate the information are available for the user at any time.

I also mentioned that we are moving into the workflow space. One of the key tasks of someone using a legal research application is to extract information from it and put it into work product. So with this new version of Westlaw, we've built the capability to copy text, attach to it the required citation formats, and actually export that into your word processor.

We've also built the ability to add notes. When we see people working in books, a lot of the times they are writing notes to themselves. So now, with Westlaw, you'll be able to add a note to a document in Westlaw, and that note will be saved with that document, both in your folder or in Westlaw proper, when you look at the document again. It looks and works a lot like Adobe. We've also built the ability to highlight text and to toggle that highlighting on and off for display versus printing versus other uses of the information.

And finally, we've built the ability to, real-time, while you're doing your research, move information into your research folders. So if I'm interested in this component, this piece of McDonnell Douglas, I can drag and drop it into my active research folder. Then it will be there for me when I (technical difficulty) the research. And again, because we can see what information is going into these research folders, we can recommend related documents that this user should be looking at. So we can partner with the user to help them complete their research more efficiently.

We can expand the view of the folder, and then you'll be able to navigate through it using all the same search tools and facets. It gives you an environment to store all of your research in so you can keep it up to date.



I mentioned alerting. As users put documents in folders, we will keep an eye out for them, and when there are new cases or statutes or other materials that they should be interested in, we'll let them know, both in the application and through e-mail and a number of other mechanisms. The user can then look at those pieces of information and decide how relevant they are to their process, how much attention they need to pay to them.

Now, I've gone through a fair amount of information reasonably quickly. I thought it might be helpful just to show some before-and-after shots so we can see what the implications are from a user interface perspective.

This is what Westlaw looks like when you sign on to it today. It's a very information-rich environment. There are lots of collections of data shown. There are lots of tools available. And customers like it.

However, it's not exactly streamlined or modern. So with the new version of Westlaw, we're providing a much more modern interface that works much more like people are starting to expect it to work. But it offers all of the same power and capability. Any of the functions can be invoked from the box at the top of the screen, any database can be searched -- just trying to make the process easier for users.

Likewise, this is what a search result looks like on Westlaw today. Again, because search is so very literal, we've taken a number of baby steps to try to provide better results. We've said, you should consider adding some of these related terms, because they will expand your search in an intelligent way and you'll get back better results. But a user still has to do that him- or herself.

With the new version of Westlaw, all that is automated -- expanding their search so we make sure we include all the relevant information. We are winnowing out the information that, also it contains the literal terms, isn't actually what the user is looking for. And we're providing it in a format that is much easier to use.

Finally, this is what a case looks like on Westlaw today -- again, lots of power available, lots of integration, lots of linking, but somewhat more cluttered than it really wants to be. So with the new version of Westlaw, we've streamlined the display, continued to offer all the powerful tools, have added new tools and have actually just enhanced the experience altogether.

So with this new version of Westlaw, we're dramatically improving search, adding efficient research organization capabilities into the application, and building new workflow and collaboration tools.

With that, I'll ask Frank to come up and, I believe, introduce the break.

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**Frank Golden** - Thomson Reuters - SVP, IR

Okay. As Andy said, we're going to take a break now. We'll run for about 15 minutes, and then we'll reconvene in 15 minutes, and we'll start with the Markets division. Thanks.

(break)

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**Frank Golden** - Thomson Reuters - SVP, IR

Okay. If I can ask everyone to take your seats please, we are going to start the second portion of our program. Okay, we are ready to get started. Okay, Jim, I think we are good to go.

(Video playing)

There is an energy that powers the global financial marketplace, that fuels the search for insight and ideas, the right answers when you need them, where you need them. It is Thomson Reuters. From the front, middle and back offices of the world's largest financial enterprises to the desks of individual asset managers and wealth advisors, through entire trading rooms onto desktops and mobile devices, we deliver the power of intelligent



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(Video Ends)

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**Devin Wenig** - Thomson Reuters - CEO, Markets Division

That is it. I'm going to do a brief overview like Jim, and then we're going to turn it to Allan McNichol who is sitting right here to get you right to Utah. I know there was a lot of buzz about Cobalt. It looked great. I hope we can hold up our end of the bargain with Utah. But I have got to dispel a myth and a rumor that I heard going around out there, which is that all of our key product people are bald and need to look exactly the same. Can you stand up for a second, Allan? So if you haven't seen it, you know what I mean. Not true.

We power -- I need to do that -- we power the world's markets. That is what we do. If 30,000 of us did not show up to work tomorrow, the financial markets would not exist. We trade \$1 trillion of FX and bonds a week. Almost every financial service client in the world is run by our data feeds, our desktops, our technology. Almost every publisher and broadcaster takes Reuters news, pictures and text. We are integral to the running of the market. So we are not a provider to the markets. We power the markets. And obviously at the core is Reuters News. We run the world's largest multimedia news agency, and our news touches 1 billion people a day, which is really an amazing statistic if you think about it.

The same as Jim, 60% of the revenue, 40% of the profits of Thomson Reuters. Balanced business. We are much more skewed outside the United States. So 49% of our business in Europe and 15% in Asia, the fastest growing market in Asia. 85% of our business reoccurring subscription business, and we had growth in the first half, small growth of 0.3%, but strong growth on the bottom line of 8%. And a lot of that was driven through the integration, which we will come back to. But I would also point out that three of four regions were in growth in the first half. The small exception was the United States where we saw a small decline, but in the first half of the year, we saw revenue growth in most of our regions around the world with the fastest being Asia.

We run in four divisions. They represent the type of customers that we serve -- Sales & Trading, professionals in and around the execution process, Investment & Advisory, the investment process. I&A also sells to corporates and to bankers. I know there's a few here, and I think there's a few clients here. So before you leave, I am going to sell you something. You can be sure of it.

We are going to come back to Enterprise. Enterprise is a really fast growing business. It grew 9% in the first half of the year, and that is our wholesale arm. Enterprise sells data and tools not to individuals but to firms. And it is really in a sweet spot right now of what our clients are thinking about and worried about. So I'm going to come back to that and go a bit further.

And Media I mentioned most of the world's broadcasters and publishers rely on our text, video and news. If you opened up The Globe and Mail this morning, there's a couple of great Reuters pictures in it. That is what we do, and through those media partners, that is how we touch a 1 billion people a day.

I want to talk about the integration for a second. I think this was hugely successful. We really came out of the gate fast. We had single account managers for all of our clients, and we moved really, really quickly to integrate core assets. Our customers are getting benefits from this merger today. Ex Thomson customers getting Reuters news, ex Reuters customers getting StreetEvents and Thomson data sets. We are building communities

on the buy and the sell-side between Thomson and Reuters. And incredibly for a merger of this size, we measure really assiduously customer service. Customer service went up in the last year. In fact, in the first quarter, we had the best quarter for customer service than we have had in probably five or six years. It is very rare for a complex merger like this.

So this is a great source of pride for our organization. This has been really successful. We are not done, and we will come to some of the things that remain to happen. But we really had a very impressive start to the merger, and that has helped us on a number of ways.

But what I want to do is I want you to hear from some of our clients because to me people think of integration in terms of cost. And, of course, that is important. But to me it is about building a platform for growth in the long run. That is why the merger was done. The merger was done not to take cost out; the merger was done to build the world's greatest company in this industry. And what matters is that clients are feeling that. Because ultimately it is about revenue and it is about growth. So we are going to roll a short video where I want you to hear from some clients around the world about what they thought of our integration. Can we roll that?

(Video playing)

Like most client companies, I think we had a degree of trepidation when the merger was first announced, but we have been very pleased with the results. Communication was key. They informed all the clients exactly what was happening, laid out timelines. It hit all the target dates, which made our communication to our clients very successful.

The main thing for us is the high levels of service that we have enjoyed up to now being maintained, and it has been a seamless transformation.

Like many clients I think we saw the merger as a great opportunity to combine the best attributes of both organizations and the best of both product sets to give something that meant we could streamline our provider portfolio, hopefully squeeze out some costs in the process, and deliver better functionality.

The support that we received from Thomson Reuters by far outpaces the competition.

The combined company of Thomson Reuters now offers much more comprehensive news, and they are now bringing out new technology which will communicate with all our financial consultants much better.

I think the combined companies have probably produced the most innovative product on the street right now. In terms of ability to service the traders' needs.

The benefits that we are beginning to see now are really those that we had hoped the combined companies might be able to produce.

I truly believe it is going to be a win-win situation for both Thomson Reuters and just as importantly us, the clients.

(Video Ends)

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**Devin Wenig** - Thomson Reuters - CEO, Markets Division

But it still makes me proud when I see it. It is great stuff. And like I said, we are not done with the integration, but we've had a very -- we are only 18 months in, but we have really cracked most of the major issues.

Now some of my guys are here and they know that while integration is important, what really gets me going is innovation. And it is absolutely the second half of building a long-term great company and a great platform. And I am not going to go into a lot of detail here because in a minute we're going to turn it over and you are going to see it. But I just want to note that Utah is the big headline item and insider, both of which you are going to see. But there is a lot -- we are spending almost \$1 billion this year in platforms and data that are going to drive markets to the next decade and beyond. So mobile applications and really most importantly cloud technology that is changing our Enterprise stack to drive out latency. And



we are moving to hosting our Enterprise applications so that clients today that have complicated technology will end up with a much thinner, lower cost of ownership, and that will let us get to new segments of the market as well.

So innovation is a big deal. We are investing to drive long-term profitable revenue growth, and that to me is the number one priority is integration falls away and it is falling away. This is what you are going to hear more and more about from us over the next year and beyond, and it is not just Utah and Insider, although those are big items.

Let me just say a word about some trends that will look ahead. Obviously the financial crisis was a huge event, and it was not just a typical cyclical recession. I think the genie is out of the bottle on a number of things, which are going to change the financial industry forever. And these are the three big trends that we see -- globalization, regulation and volatility, and changing demographics. Globalization is the shift of growth largely from West to East. That is not incredibly eye-opening. People have been talking about it for a long time.

But what we see is that the crisis actually has accelerated that. And we see clients moving ever more rapidly to Asia, and we are going to go into that in a bit. Regulation and volatility are now with us to stay. Volatility in the sense of market volatility and regulation trying to take systemic risk out of the system to deal with it. And changing demographics to the users themselves.

We have a new generation of professionals. They demand different things. You know, I watch Cobalt and I say we are doing the exact same thing. They get the fact that a 22-year-old who just came out of business school has a wildly different expectation of the needs of information and search and context and semantic connectivity than somebody that has been typing into a Reuters screen or a whatever for the last 20 or 30 years. It is just a different world, and we have to develop not just for today but for the future.

I'm going to go back -- I want to go back to the clients. When you deal with markets, you always have to deal with your share of videos because we're a quasi-media company. But I don't want you to hear just what I think about the market. I want you to hear what they think about the markets. So let's go back to those same clients and have them talk about what are the implications of the crisis on their firms. Can we roll that?

(Video playing)

[Asia] actually accounts for over 50% of our business. We definitely see it as a collection of various job risks. So that is the important part of our business. China has been one of the sweet spots for investors, particularly for those overseas. It is a quick changing market, so (inaudible) information flow and particularly timing and efficient information are provided by Thomson Reuters should be very important for us, for our business.

With the new regulations and more transparency, we will need real-time data to better protect our firm with our counterparties and in turn look at our pricing to ensure we have accurate prices throughout all of our systems. We will look towards our partners, Thomson Reuters, to help us with minimizing our risks, increasing transparency, and in turn providing real-time pricing to reducing our risk.

For young financial professionals these days, there is a trend that they are asking for more compare handy products. And I think some of the early signs are that the mobile space is now going to get the investment that it really needs to be effective. We've got a very, very mobile population in the investment banking space, the research space, lots of knowledge workers want the services they can get on a desktop on a mobile device.

And I think the visual aspects are going to be extraordinarily important going forward. People will want to see how an analyst is expressing himself. They want to get a sense of how intense he is about the idea. They want to get a feeling as to whether she or he is really, really convinced that this is a great idea.

I think now the combined Thomson Reuters entity has the technical expertise and it has the content to be able to make progress in that space and come up with a very competitive offering. So I'm very excited about what they will be able to do.

(Video Ends)

**Devin Wenig** - Thomson Reuters - CEO, Markets Division

That is what I just said. Let's move forward. Globalization. We are not a US or a Canadian or a British company that woke up one morning and said, ah, Asia is important, we need to get there. We have been in a lot of these markets for over 100 years. We have a lot of staff there I'm going to show you in a second.

But the key point here is that this is going to become an increasing part of our story going forward. I was in India last week. I hosted a lunch with the heads of Asian operations for Goldman, Fidelity, HSBC. You would not believe the level of ambition and the level of growth. They are pouring resources into Asia right now. And a lot of that has just come in the last year since the financial crisis, and we are following that.

So we have a big business in Asia. We have 10,000 employees, a \$1 billion business that grew 11% last year. And these are the core markets that everybody thinks of, and the overwhelming majority of our revenue comes from these markets. But I would just point out that there are small markets in Asia that are coming on really strong.

So let's take Vietnam as an example. People don't really think of Vietnam, a small market, but 85 million people, a very robust capital market. The exchange has big expansion plans and we are working with them, and our business is growing at double-digit in Vietnam. And I could go over three or four other markets like that in Asia.

So we have a lot of people. We have a strategy to get bigger there, and this is a fantastic story for us going forward.

But I would say that there really is not any such thing as Asia. If you go there and you spend time there, Asia does not mean anything. There are big markets and small, mature markets and emerging markets, international markets and deeply domestic markets. And our strategy is not just a global strategy; it is also bottom-up. So, in Japan, it's about localization. Deeply domestic market, very mature. Partnership with Jiji Press, a large information provider in Japan, so that we extend our lead to be the number one commodities and energy provider in Japan. Contrast that with China, a fast-growing emerging market. We are working with the China Foreign Exchange Trading Authority to build the intercountry, interdealer RMB trading mechanism.

So our strategies are really pretty robust now. We are putting resource in as fast as we can against supported business cases.

Regulation and volatility. I want to turn to our Enterprise business that is the heart of the matter that I spoke about before. Enterprise is in three buckets -- Enterprise Information, Information Management Systems, and Risk Systems. Each of them help our clients price, manage volatility and take care of risk.

I just want to show a visual of how enterprise works. Enterprise is at the heart of our clients workflow. So I think sometimes people don't understand because they think in terms of desktops.

Let's just take a look at this schematic. Content comes in from us. Content is owned by our clients themselves, and obviously the banks have some of the content themselves. That comes into technology, which we own called RMDS information management, and that then comes out the back into applications that either we sell or the banks sell themselves. This is absolutely critical for our clients. Right?

So, first of all, the business model in some sense anti-cyclical because it is not tied to individuals. It is not tied to bums on seats. It is tied to firms. We sell not to John Doe, we sell to RBC. And that is why as long as the number of firms is consistent, we have a great growth strategy.

But the other thing is that this -- remember what these applications are doing, so let me just point out a few. Kondor+ is our application. It is a risk management application. So it takes our data in, but it also takes the bank's own data in. And what it does is before I make a trade, before I buy 100,000 shares of Thomson Reuters, I need to know what that does to my risk. I need to know what that does to my portfolio. I have to understand whether it is Monte Carlo analysis or some other way to calculate VAR, value at risk, what the risk position of the firm is. This has never been more important post-crisis. It is absolutely critical. Everybody needs to do this.



And that is why in the face of the worst financial service recession we have seen in decades, this is a business that grew 9% in the first half. Clients need to spend money on transparency, pricing. Clients need to spend money on managing risk. Clients need to spend money on becoming more efficient, and that is also part of the story here. Efficiency because our enterprise applications link the front office to the back office.

So this is really, really important. We are going to focus on desktops, and you are going to see Utah, and that is an important part of our business. But this is the growth business right now. And it is the growth business because it really is the heartbeat of the financial services industry. This is what runs 200 exchanges around the world. This is what technology that sits on almost every trading floor in the world. These are the front and back office systems that automate trading for a huge amount of the volume that is traded, not just in equities but in bonds and foreign exchange and fixed income across the stack.

So I still sometimes we get confusion about Enterprise. People think in terms of Enterprise sales. Enterprise sales are where we make an umbrella agreement with a firm and we do that. But this is a division, it is a business that sells very specific solutions that automate firms, help them manage risk and help them price what is on their balance sheet. All very good things to do in 2009 post-financial crisis, post-Lehman Brothers.

And then there is desktop. So obviously that come out of that infrastructure as well, and that is what we are going to turn too soon by showing you Utah. I'm going to just close with changing demographics, which I talked about before. I want you to look at Utah in the context of my philosophy and our philosophy for the future. Which is this is the first generation of young professionals who grew up on Google, who group up in a YouTube world, who expect multimedia information, who expect search to find things for them, who expect to not call help desks, who expect a very, very different information experience. Utah is the beginning of a journey for markets for -- and what you saw with Cobalt. I think it is the beginning of a journey for Thomson Reuters. And that journey is to take the best tools that people are comfortable with, that they have grown up with on the Internet, but apply them to a professional audience. Apply them to the fantastic data and the sharks in the moot that Rick talked about, really hard assets. Really important assets that professionals need, but now expect to interface with and use in a radically different way.

What you're going to see with Utah is the beginning of that journey, and we are three years into Utah. We have put a lot of money into it, and it's not a point in time. It will be released next year. It will be the beginning of a journey, and I expect all of our information products increasingly to start to use the capabilities that you will see from Allan in a second and take that into advantage. And then you will also begin to see sharing between some of the capabilities in Cobalt and some of the capabilities in the markets business.

So I know that was a quick flyby, but I know you want to get to Utah as well. So thanks for that. I'm going to turn it over to Allan, and he is going to run you through Utah.

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**Allan McNichol** - Thomson Reuters - Global Head, Desktop Platform Group - Sales & Trading

I was actually surprised by your announcement, Devin, because when Andy and I met several months ago and looked at each other, we thought this was actually a grand plan. Any of these re-platforming efforts people usually pull their hair out, and with Andy and I, we did not have to worry about that. So that was news to me that it was not by design.

So I'm quite excited, always excited to talk to you about Project Utah. As the same with Cobalt, it is an internal name, and you will see a reveal next year with the new name. So when I refer to Utah, typically it is referring to the premium desktop offering. But you can just kind of imagine a find and replace when the new name is launched.

It has been three years in the making. It has certainly been a big road, but one that a lot of people have embraced with a lot of passion. As we have brought the two companies together, I think the promise of what actually can get delivered has been so much greater. There was -- one of the things I had said when we first started this -- actually it was at a developers conference and I had an iPod sitting in my pocket that I pulled out and talked about the fact that we need to kind of create the kind of passion, the user passion for our products that Apple has done so well about. They are so easy to use, such an integral part of somebody's life that they absolutely have to have them. That required a big cultural and behavioral change in our entire product organization to really obsess around our customers, and I'm just seeing that change take place through the organization and continue to see it through the combined organization. It is a very exciting thing to see.

So what is Utah? It really delivers a completely new experience to that new generation that Devin talked about. But even whether it is the 22-year-old graduating from business school, more and more of us are using Web tools in our lives every day in our personal lives, and we come to expect more and more of that experience for professional products as well. It is really providing that completely new experience for our customers, combining the latest in multimedia, Thomson Reuters content, third-party content in a very easy-to-use interface in one single streamlined infrastructure.

Fortunately today we have infrastructure in the 10s and 20s being able to provide all the platforms that will really provide focus for the market's organization.

For end users it is really about having that single source of content liquidity. It is about really driving an intuitive web-like experience. So think robust financial information workstation, but driven with a simple kind of Google type search effort.

It is also a platform to exchange knowledge. Community and collaboration are deeply embedded into the experience and including the ability to provide transactions capability. All of the transactions outputs like our text -- our GFX for foreign exchanges, and the fixed income trading portal are actually a part of the desktop application and embedded as a part of that experience. And I will show you an example of that today.

For market data and IT teams, and I think a lot of times we have not invested enough to make sure their lives are easier. Too often times it particularly has been too complex, and maybe we have made their infrastructures too complex. It is really providing that one single, simplified platform whether we are serving up a wealth management offering, something for investment analysts, or a premium financial desktop. And then it's also very easy to support and maintain.

Unfortunately today sometimes we have people who are on a product that might be even a couple, three-years-old, where with Utah we can ensure that we make it easy for the market data IT teams to keep the absolute latest and greatest offering in front of the end users who need it. And really providing a new customer support experience. And this isn't just about the new product, but actually fully changing the entire support and service model that we can ensure we deliver a better experience for all of our customers.

Utah is really, as Devin has said, it is not just a single point in time, and when we are deliver it next year, it is kind of game over, we are done. It's actually really the beginning, and we will be evolving the Utah platform further. There will be a number of things to be able to distribute customer IP, things like content, research, analytics, liquidity using powerful targeting and personalization capabilities with the Utah permissioning. We will also allow them to deeper our customers' relationships with interactive collaboration capabilities and really deep customer intelligence on what people use and even the context of how they use it.

We also are using Utah to support customer and third-party innovation with a developer support program that will be based upon the open and flexible platform that Utah will create.

How is this going to impact the markets business? Well, obviously a big part of being in a subscription business, which is what our desktop business is, is about retaining our existing customers and then growing new customers in key markets. This step change in customer experience that Utah delivers will really allow us to retain our customers much better but also be able to address critical customer feedback. Already in Phase 1, we are addressing a number of issues. We will also be able to move at a pace of change with Utah that I don't think anyone has ever seen from Reuters or Thomson Financial before.

And it really positions us for growth. Devin talked about Asia and a lot of the key markets. One of the key tenets of Utah was about global scale and local color. How can we get the right local customization, and I will speak to that in just a minute in the segmentation part.

Lowering cost is a very important aspect of Utah, but not just for us but for our customers as well, and creating that kind of reduced complexity for our clients, make sure it is simple for them to manage pulling infrastructure off their site and ensuring that they can serve all their products off that one infrastructure.





We have the flexibility with the Utah platform. In fact, we will be proving that out on day one of delivering segmented product offerings. So we can do a high-performance financial desktop that will be able to do whatever a company would want to do in terms of analytics and workflow, as well as a browser-based offering that is just a simple link for people into Wealth Management, investment analysts, being able to get their information on the go.

Also, even for local markets. So I think one important thing that Devin talked about in terms of being the localization, the premium offering of Utah that we deliver, which is the replacement to 3000 Xtra, will be delivered in a Japanese localized version, much more thorough localization than we have ever done before, 30 days after the launch of the original platform.

Now we have Japanese versions of Xtra today. They typically deliver three to six months afterwards and is not the same level and breadth of localization. So you will see that 30 days after in terms of Japanese, Chinese and other languages following on. So global is a very important part of being able to get those locally segmented products is quite key.

Speed and innovation. That is one of the key building blocks, that is one of the key principles of why we did Utah in the first place. Being able to focus on one platform. Being able to use whether it be permission in timeseries content, analytics, and reuse those things over and over so we can be much quicker to market. Whether it is happens to be a geography or an asset class to (inaudible) a new innovative area we can respond, we can be there first. Where maybe in times past we have lagged the market, we can lead the market now. It removes barriers to development by bringing everybody together on that one platform and really allows us to shift the resources (inaudible) closer to the innovation agenda that Devin mentioned before.

So I want to talk to you now about the end-user experience, what does this really create? I would love to be up here actually showing you the product myself where this date lands right in the middle of a bunch of new software releases going up. So I taped some things last week that will out of an integration environment that will give you a sense of some of the new experiences being delivered with Utah.

But the first thing that I want to talk to you about is actually installation. And I think this is a thing that I believe both firms under-invested in before. Installation was painful, and, in fact, I don't think we appreciated how much difference that makes for our customers.

But if one of the key aspects to Utah is community, then actually getting somebody quickly on board on that community is a really important part. And we cannot fail to make that as simple as possible.

So our biggest customers -- the Goldman Sachs, the HSBCs -- will still use tools internally to push to thousands of users at one time, and we have made that much easier for them. We have made it much easier for them to manage that. Also, a lot of the customers that they want are the small banks, and it might be a small bank in Vietnam that Devin mentioned, and how quickly can we get that person aboard.

Financial information products today unfortunately you have to order private lines, you have to send out field service vendors and do the installation. It takes a long time. We have engineered Utah to be very performing over the Internet and very simple to install. Everyone signs into Utah with a first-time loss and experience. They use their corporate e-mail address. That is again a key part of the community experience, and they are asking for three simple questions here -- asset class, job role and market focus. And we will talk about this for the Utah homepage. This is really a centerpiece of bringing together and making Utah tailored just for each user regardless of the job role that they do.

So we asked them for that bit of information. And if I am the small boutique management (inaudible) on my hedge fund, I'm an investment management firm, small investment banking boutique investment banking group, and I don't have my own market data, IT staff, I click on this button. The size of the premium offer, the robust powerful financial information desktop is smaller than iTunes and just as simple to install. So it made big investments in this area, and it will matter because our customers will be able to get their customers onto the Utah platform and use that to do business with them.

So easy to use. We have a tremendous breadth of content, a tremendous amount of content in Thomson Financial and in Reuters and in our now combined product. But inevitably in some of the context that Andy was talking about in Westlaw, people sometimes find it difficult to find the



information they are looking for. So a big part of Utah was about, how do we take that content, contextualize it, tag it and make sure that actually people can search discovery quite easily. That is a big part of the Utah experience.

So if we can roll the video. I want to show you here in terms of -- this is the homepage, and this is where things start. Now I'm configured here for a fixed income trader looking at the North American market. You can see I have got benchmark bond prices here, a curve -- you know, the benchmark curve chart, access to be able to get to support. Any of these news items I can quickly dig into, and I have got the ability to search for any information and just as I said as you might in Google or otherwise. I can look across asset classes or even into countries, news, Utah TV, which is the Insider piece that Devin mentioned that we will show later. As we dive into countries, it gives me a global look first, and I can click on the United States. Can we just pause the video just for a minute here?

From here you can see, I have got a quick overview of the FX market. I have got the ability to see the equity markets, benchmark bonds. Go ahead and roll forward. I have got the economic events, political and general news. If I go to an industry and click here like on the Dow 30, you can see I've got actually the top performers, bottom performers, graphical displays over the historical performance. I can see news on the constituents. If I click on Kraft -- if we can just pause this for a minute again. Now all of a sudden I've got a complete overview of Kraft. I see jet structure, news, price, estimates, research. I can do competitive comparisons, see officers filings, events transactions, a tremendous amount of information. It is now just a single click away of Kraft.

So then as I'm looking at -- if I wanted to take kind of deep dive in any of these, I will go over and click on the Debt Structure tab. You can now see I look -- you can see the entire capital structure of Kraft. I can change the currency, see even in terms of private loans as well, commercial paper. Any issuing changes, and it gives me the ability to look over cross-sell of that.

So I want to click on Events. These are StreetEvents, a very popular offering, content offering in the Thomson ONE product, and we have this embedded in Utah. I can look it current and previous events. I can see something about the proposed acquisition of Cadbury. I can listen to that, see a transcript. I can then dive straight from that into looking at the fundamentals and the historical financials, determine whether I think Kraft has the ability to really leverage this acquisition, kind of looking at income statement information, valuation ratios and go from there.

Let me take you now to another workflow that somebody might do from the homepage. So let's say I'm a bond trader here, and I happen to be making a trade in a different currency. Let's say I'm making a trade in Canadian dollar. I can simply type FX CAD -- you can stop it right here just for a moment. And so here not only do I get a list of results in terms of dealable rates and spot rates, but I also get the ability to look at news that is impacting the Canadian dollar at this point in time. If I click on the news and I see a reference in the news of the Canadian dollar, I can click here. We can just stop here just for a moment. I actually get a click overview of the cross rates, the Canadian dollar against the major cross rates, FX swaps, and I have market tools and analytics that will help me better understand the exposure or the opportunity that I have in using -- in that FX trade that I can use to see what might my exposure might be in terms of the currency rate.

So a lot of that I know is kind of a quick and just a few key points. But the homepage, the thing I want to make sure that I emphasize from that is in Utah, that those three key pieces of information I mentioned at the beginning will make it so that whether you are a commodity trader in Houston, whether you are a bond portfolio manager in London, you are an investment analyst in Dubai or you are on an FX sales desk in Hong Kong, it will make it feel like Utah was built for you. And it will support the workflow and the infrastructure and the key navigation points as if Utah was built just for that one person. And that is a key part of what makes Utah easy-to-use.

Easy to share is really all about the collaboration experience and the transactions integration and how we ensure that people can share ideas, concepts, analytics, their latest thoughts in line in context with their workflow.

So we can roll the video. Again, it starts out from the homepage, and what I did not point out previously is these pieces over here, which are all that part of the community aspect. And you will see more of these as we roll through the video.

This where you can publish your thought of the day both internally within your organization or to your various communities you belong to. You can specify information about your profile and who you want to see that within your company or outside of it, and commentaries -- kind of the latest things that you are looking at.

We also have tools to allow you to build your network both inside your company and also across company. But one of the key parts is that it is searchable and discoverable. So, as I'm typing Vodafone and I'm looking for information on Vodafone -- you can just pause the video right here -- and I'm looking for information on Vodafone. Not only do I see the results and I see news results on Vodafone, but I see the commentary results as well. So I actually see the fact that somebody has written a commentary on that. Maybe I want to take a look at it, I click on that and right within context, I now see the commentary.

I can start messaging Alex on that, and he sees favorable foreign exchange rate movement and business in India is boosting revenues, talk to him a bit about that commentary and see what his latest thoughts are -- if we can hold that right there, pause that.

The other thing is, as you see this chart embedded as a part of the context, it is not just a chart, but chart calculators, analytics, customer content, spreadsheets, can all be embedded as a part of that. And then as you see it, when I click on that, the chart actually pops up alive. I can save it as a part of my own workflows. I can plot my own analytics on it. And if I like what I see at that point, I'm just one button away to actually start to execute a trade. I click on the trade button. I told you the transaction's applets are automatically added in there. I'm able to load up that applet, see any existing orders that I have pending, enter in my quantities, click on buy, and I have now routed a trade back through Alex Walcott. That is really workflow and really tight collaboration and community that allows people to get business done and really plays into the knowledge to act.

Now let's say I want to create my own commentary, and I want to send something within my company to make sure people know that I've just taken a big position in Vodafone and what my thoughts are on that. If I just go to the main entity page of Vodafone -- I showed you Kraft earlier on -- I can see other commentaries, I can click on ads, I can choose who is going to see that, in this case just my company, enter in a title for that and then actually enter in any text, include any analytics and other capabilities here. I choose publish, and now that is discoverable and viewable to only people within my company.

Now an important part about the text that you see here that I want to explain is, a while ago actually before the acquisition, Reuters bought a company called ClearForest. And they have a service called OpenCalais, and this is a very important part of actually how we bring this easy experience together with Utah.

So what OpenCalais is tagging millions -- it's a free service and a number of different content organizations used to tag unstructured data, to tag free form text data. Millions and millions of documents a day are using this service. Now we use a special kind of version of this service within Utah to help create this Utah experience that is intelligent and knowledgeable of the Thomson Reuters classification scheme, of the organizational entities that were mentioned earlier in the Westlaw presentation of the people database. Things like the industry and classification schemes, different asset classes, and all of that is what creates that rich context between news story, research, analytics. But what this does in terms of Utah and it is easy to share is it makes it so when I start typing my own thoughts they get tagged in the same way. So it is not pushing spam to somebody over a type of a mail platform. It is searchable and discoverable community that is in context and right in the middle of my workflow. And I can then choose to see more from the people that I think are adding real value. So easy to customize.

Now one of the most powerful things in 3000 Xtra, our current premium desktop product today, is its ability to customize real-time flex view, real-time flex sheets, and customers who use RMDS and pull in their own internally published data and other outside data feeds use it, and they have built some very sophisticated screens.

The problem is it is too difficult. There is a lot of people that either we end up helping them with desktop design group people. We send client trainers out to help them, and they are not able to do enough of it themselves. And I want to show you how easy this is in Utah.

So if I want to add my own real-time screen, from the homepage I just click to choose to add a tab just in the same way to add a tab in a browser. I did a listing of the various asset classes. It is open to fixed income because I said that is my primary asset class. But let's say I want to see something in equity, so I can move over and click on the equity stat, and I instantly get a listing of the various regions. If I click on UK and European, I now actually have a real-time display. If we can just stop just for a moment there.

I have got a real-time display that lists a quote list. I have got the major markets of France, Germany, Italy, Spain, UK already built out for me. I don't have to enter any symbols for it. I have got order book and time in sales, and if I double-click on any of these, it will change that automatically. And

I've got the ability to see a chart both daily and tick, and I can also see any real-time news headlines for that. Just two clicks and I'm already there. I'm getting the overview of the UK and European equity markets.

But let's say I want to change that, and let's say I want to maybe look at something with the FX spot rates. I'm trading across borders, and I want to make sure that I've got a display of the FX rates as a part of that. It is as simple as just going over to back to my home page. I click on the foreign exchange link. I have a -- I go to the guide for spot rates, and I can just go over the majors, click on view real-time. It pops up a list of those real-time rates. I can go back to where my real-time auditor is, click the pop in button and boom, it is now all there. And if I want it in a different locations, I can simply drag it and drop it into whatever other location I have. So very simple for people to take the views and the content and customize them for their own workflow and their own use in Utah.

Of course, when we talk about Utah and we talk about really any markets' products, news is going to be at the core. People value our news. They often put it as one of the primary reasons that they take our services, and we're very proud of our news and want to make sure people get more and more out of that in terms of how we connect the workflow.

But Insider is one of the kind of most biggest, groundbreaking innovations we have in Project Utah. It is something that we're really very excited about. Let me show you from there.

Now in Utah to access Insider, all you have to do is click on the Utah TV link, and it will instantly start up Insider. If we can just pause it just for a bit here.

Insider and Utah TV, as I mentioned, is not broadcast TV, a la Bloomberg TV or CNBC. It is a much more groundbreaking event. That is a bit of a me too. Why would we spend the money to go down that route?

The closest thing I could have you think of at that point is think YouTube for the financial professional, but where we can actually target that video and that content to the people that you want to see it and you can ensure that you can exclude the people that you don't want to see that. Much in the same as we have done with textbook-based research for some time.

So we can roll that forward. From here, you actually have Thomson Reuters channels, third-party channels and topic channels. You can create your own guide channels and playlists. You will kind of take a dive into Reuters Television. You can still see here a display of the upcoming programming and shows that is going on.

But the real key is that everything is on-demand. So if I want to search on a particular topic, and I'm typing Forex in from here, I just typed Forex. Now I see all of the recent shows in recent order that are displayed for the Forex market. As I scroll through here, I can look at anything that happens to peak my interest in this case about a dollar freefall being unlikely, and I now have the story playing. I can see not only that story, but I've got the transcript here, which I will talk to you about in a bit, and, of course, related videos, even documents that would support the story that I may want to see.

As I move into the transcript, this is tagged to the same technology that I referred to in terms of the commentary. So it is using that OpenCalais, that smart tagging that we have that is a part of the Utah experience. And if I see a term that I want to jump to in the video, I actually clicked dollar Canada here, and it actually moves the pointers you saw there, and it actually goes directly to that part of the video. So wherever in that transcript I'm having to see, I don't have to wait and watch a 20-minute program. I can go to to the topic that I'm interested in most.

If I want to share something, if I see a related video that I might want to share with a colleague, I can just click on that. I can choose to share it. I can even share a snippet, if I want, copy the link and send it in an e-mail. I can also send this to my own BlackBerry device. So if I actually want to read it off-line and take a snippet of the video, I can send this to my BlackBerry device. Very powerful, very innovative. We have a lot of customers who are getting involved in this as well.

In terms of third-party channels, we have more than 80 providers. A lot of these are some of our key customers who are now publishing video on the Insider platform, even though it is even just in beta. This allows people to be able to see -- you can just pause it right here -- this allows people



to be able to see actually topic channels. So if I'm following the semiconductor industry, if I'm following mining stocks in Asia, I can actually see my own special programming list in channels from that, and it will have direct links back to Utah so people can see the relevant information in the Utah desktop going forward.

Again, it is on-demand. These things are available. Not only do we have upcoming programming schedules, but they are available minutes after with that fully tagged transcript. So we call it -- like to call it narrowcast TV rather than broadcast TV. We are very proud of what Utah TV is going to deliver.

So mobile. I heard earlier about the importance of mobile experience and people being able to access this information wherever they are at. And I usually use some pretty colorful language if I talk about our past mobile solutions in the ex-Reuters days. We have kind of tried to fit a desktop into a 3-inch space. We heard in the customer videos that Devin talked about how important mobile solutions are for our customers. So mobile, simple, very intuitive and fit for purpose. Experience in mobile has been a big part of the Utah solution.

So you're looking here at BlackBerry, but it is available both in BlackBerry and iPhone. You can see it provides you an easy overview but for what a financial professional would need. Bond overview, the bond market commodities, foreign exchange, emerging markets. If I click on commodities, I have got a quick overview of energy, agriculture, metals. If I want to roll down to in this case December wheat, I've got the latest real-time price. I've got the full set of headlines. I can see a historical chart. I can change the time and reference of that chart just with a click of the BlackBerry wheel. It is very simple to be able to navigate. If I want to see -- search for information because I don't know the ticker or I don't even know how to spell Vodafone, it will tell me did you mean and give me suggestions around that. And it will be able to see this kind of same information for Vodafone. If I want to add it to my telecoms, I can do that. If I want to switch from my telecoms to my auto stocks, it is all just very simple kind of click of the BlackBerry button and the wheel to be able to see this.

If I want -- back here, the other thing I wanted to mention is the fact that Utah TV and Reuters Messaging are a part of this mobile platform. It is not a subset of the experience. It is really the whole Utah experience but in a fit for mobile purpose.

The other thing you can do is do free-form text, search and news. Of course, again, news being a key part of this. Not only will I get stories about Kraft, but other stories, and you can see the mention of the Cadbury acquisition coming up around here. Easy for me to reference. Any reference of a company or a link, so I can now see the overview page for Cadbury, see its real-time price, its news. If I want to send that story, I can e-mail that story and use my BlackBerry address book to be able to do that.

Mobile is not actually just on the mobile device, but even for other -- when people are on the go or they want to use Utah at home, mobility is a part of that story as well where they can download this desktop, again smaller than an iTunes package. They can install it at home, use it over the Internet and get access to the same sheets, the same files, everything they are using for home. And interestingly, the market data IT teams love this because it is a pandemic solution for them free of charge. So they are pretty excited about the mobile experience of giving -- making Utah available everywhere.

Let me talk to you about what is under the hood a bit, and actually how we make this work and why this is actually the building block for us to move so quickly going forward. And it is really that we are delivering Utah in a single, simplified platform. This is not it.

This is a bit of the mess of what we have today. This is actually even a fraction of that. I could not fit the whole thing on the slide. This is just from a real-time perspective. You can see the number of devices that fit in our data center, the devices that we put on plant sites that we manage and devices such as RMDS that they manage. This is not one desktop; it is actually a number of different desktops that we have around that site. And you might say, well, kind of no wonder maybe we cannot move at the speed that we would like to. Certainly we would like to move to on our customer's behalf.

And in Utah world, it all becomes quite different. In fact, it is served up throughout the world in exactly the same way. It is hosted platform services where we have timeseries, service side analytics. It is where we link through to our transactional capabilities and liquidity. It is where we run RMDS posted to be able to serve up the data, and also where we can buy provide backend, streamline content on fundamentals, StreetEvents, research, economic data, estimates, news, that historical timeseries, and feed the real-time data in once and then fan it out from there.



We have three different ways to be able to deliver that data to customers. One is over a pure Internet connection where they would download the desktop or use just the browser-only version in the Wealth Management offering that I mentioned and be able to use that.

It is not just that we have made it IP-friendly. We have absolutely built it from the ground up to be performing over the Internet and are using a number of technologies to make sure that that will happen.

So then Thomson Reuters Managed is the other delivery method, and this will support scaling to thousands of users we can scale in this fashion. And what we do is we put Edge devices for timeseries and for real-time data on the sites, but we actually manage those on the customer's behalf. We can control what version they are on. They have to do nothing. They just sit on the sites.

What they do is they lower the cost of delivery because they send a real-time information or a timeseries, and they send it once and it can fan out to hundreds or thousands of users. So it lowers the cost for the customer, and it lowers the cost for Thomson Reuters.

The third means is leveraging RMDS, and this Enterprise Investment that Devin talked about that is so important to their applications, backend applications, and ensuring that when they want to view that data, that internally published data, and output from their analytics in the Utah desktop that they can do so as well.

Another important thing to mention here is this is global and being rolled out globally. So there are two data centers that will be in Asia, two data centers in Europe serving the EMEA region, and two data centers in the US. Full site failover and redundancy across the two really built to ensure the reliability that the financial markets need. And this is kind of really at the core of how we provide the Utah experience and what will give us the agility and scale advantages going forward.

So Utah has been about from the beginning, from three years ago, a new customer experience. About how we engage our customers from the beginning. Much in the same way that you saw with Cobalt, we did a lot of early actionable usability tests. We continue to make that a key part of the product development lifecycle. So we put Utah, we put prototypes of Utah in front of real users. We get their feedback. We do it globally across different asset classes and ensure that the experience is going to meet their needs and be part of their workflow. And we have also gotten -- had extensive early access in beta programs to provide that.

Buying an installation has to be an absolute no-brainer, easy to on board, easy to order, all of that, and we are ensuring that is going to happen with Utah. Powerful deployment and admin capabilities make it easy whether you're just the end-user doing it yourself or your a market data IT team doing it to hundreds of thousands. And it is really about how we forge a partnership with our customers to make sure that we lower their total cost of ownership.

It is a great experience. You can see in the middle is what I showed you before. It really provides that simple, weblike navigation, allowing people to kind of search and discover and find intelligent information that finds them and really provides the community aspects in terms of the knowledge to act. Mobility gives you the ability to have Utah anywhere whether it be home office use or on your iPhone and BlackBerry. I talked about support. We are really completely revamping the support model, so we can provide a better support experience.

The strategic roadmap is really you can see which products are moving in various phases. Up here you have got 3000 Xtra, Trader for Commodities and Wealth Manager all moving in Phase 1. Again, this is kind of the browser-based, and these are the high-performance financial desktops that you will see, the simple download that I mentioned before.

Already in play and being worked on is Phase 1.5, which will replace Reuters Station, Reuters Trader and Thomson ONE Investment Management will move to 1.5 in that timeframe as well. And then the rest of the Thomson ONE suite will be slotted for Phase 2, which will come on in 2012.

This is really the start of a new experience. It is not kind of a one-off as I mentioned before. Utah is built for a generation of new financial professionals. It is a platform for innovation growth that will allow us to move at a speed our customers have not seen before. It is built on and will continue to evolve on a culture of customer obsession, built on intimacy about what our customers do and knowledge of what they value most, and it will absolutely give the Markets division sustainable advantage for the next decade and beyond. Thank you.



**Frank Golden** - Thomson Reuters - SVP, IR

I want to introduce Bob Daleo. He is going to give an overview on our capital structure.

**Bob Daleo** - Thomson Reuters - EVP & CFO

Well, good morning. I want to steady some expectations here. Tom had a video and Jim had a video and Devin had a TV series. All I have is me, a few slides, most of which you have seen before.

But nonetheless, we started the morning and Tom talked about our perspective in terms of corporate perspective of strategy and what links our Company and what our real focus is. And then we had some very good I think overviews on the part of Devin and Jim to talk about the divisions and the strategies that we are deploying. And we had some really good I think deep dives into two very important platforms that we are in the process of developing and will roll out next year.

What I would like to do is kind of put in context and wrap it together and say what do we mean by and how do we actually articulate at a corporate level what it takes to drive sustainable advantage.

This slide contextualizes for us on how we think about the business. Now really it is a circle, so wherever you jump in, it loops nicely. So I'm going to start with the one about choosing our markets. And this really has always been a hallmark for Thomson and continues to be a hallmark for Thomson Reuters. If you think about our trade out of newspapers and information, our switch trade out of education and into building up more of our financial capabilities with the acquisition of Reuters. So what it is is an obsessive focus on understanding the markets we are in and making sure those markets have the kind of attributes where we can see long-term growth and capabilities, and if they are not there, we are prepared to do switch trades to finding the ones that are there.

Now within that, it is also choosing the right business model, and Tom spent quite a bit of time talking about that in terms of being, first of all, highly -- high-value content delivered to professionals who need it where we can do it electronically and hopefully increasingly more on a global scale and around that then as we run our businesses obviously to be effective in how we manage our cost. And the term that we like to use is optimize, not maximize. You want to optimize your cost structure to drive the best growth and the best return. You can cut costs forever -- not forever rather. You can only do it for a certain amount of time. But you can drive efficiency and get that benefit for a long, long time. And I think Devin did a great job when he talked about the integration; it was all about driving growth.

Savings are an outcome of it. The focus is how we are going to drive growth. And I think that is a kind of thought process that we apply across our company on a daily basis.

Now when you have the right markets and you have the right business model and you're managing your business effectively, hopefully you are developing the kind of financials that allow you to sustain your ability to invest and renew. And we are seeing what happens when businesses cannot do that, and they hit cycles where all of sudden they fall behind. And believe me, in the highly competitive markets that we are in, in a nano second you could fall behind. And so our ability to continue to invest and invest in sustaining our number one position is what makes us have sustainable advantage. So I like to call it like piling on.

So you have a lead, what do you do? You continue to invest to build further those leads. I think Devin used the term blue water. And I think that is pervasive in how we think about our business. It is endemic to our processes every day.

Now behind all that is what you have to have as an absolutely disciplined capital strategy, about how you allocate the funds that your businesses produced. How much of it goes back to the businesses, how much we share with our shareholders to create value. And I will talk a little bit more about that as we get further.



And then you get to the last one, of course, which is portfolio optimization simply says, you do it all over again. You revisit all of your markets all the time and all of your businesses and say, where are the highest returns, and are we investing in the best places to drive those returns? And you do it in what hopefully is a concerned but certain level, dispassionate level that allows you not arbitrarily but in a very rational way to select the right places to invest. And it is not always easy, but it is something that we really work hard at in the Company.

Now around that is obviously that drives free cash flow. Right? And as a backdrop, by the way, to all of this, we believe firmly that in our business it is all about scale. It is all about the ability to leverage your capabilities, your content, your technology. You've heard a number of examples about that. That is what ultimately creates value for a Company like ours where we are continually redeploying those assets, and the ultimate objective here is to drive cash generation. Because it is the only -- it is -- the most important thing that a company does is to produce cash. It is the sign of high-quality earnings because it's not about the paper, it is about what goes in the bank. And it is also a sign of the ability to sustain investment.

And so for us, you can see the steady march, and by the way, contextually this is not pro forma, this is Thomson, and then in 2008 a combination of Thomson Reuters. So what you see an 2007 is we sold Thomson Higher Education. Timing is everything. We sold it in the first half of the year where we had all the investments and all the cash came in the second half of the year, but I think we were paid mightily for that privilege.

And so you can see the steady track, and I think it is important because this is the way we measure the Company. On our short-term plan, so you know, some of you don't -- part of our short-term compensation is on cash generation. Free cash flow. Right down to the operating units. So it is not something that we just talk about; it is something that we actually live.

Next in terms of a disciplined capital strategy, as I said it is all about balancing those investments, contextualizing it within a capital strategy that balances your equity and debt in a way that makes sense. We have a very, very good debt portfolio. We take it very seriously. Many of you know we were just in the market last week, refinancing, taking advantage of the current market conditions. Today our debt portfolio the average maturity is about six years, and the average interest rate is below 5%.

So we are consciously managing that and very aggressive about it. We think it is the right thing to do. But also part of that is you have to have a disciplined policy of how you allocate that cash between what goes to shareholders and what goes back into the business. And it is having a discipline of -- you know, I have been here way back in that chart, and there were times when people said you should not be granting dividends. And you go further up in this chart and there are companies that could not do dividends. And through that entire process, we have consistently grown the dividend. We have grown it because we have the capacity to do it, because it is fundamental to our business model, and because, importantly, it adds to shareholder value. 3% return. Not bad. 3% return on a dividend.

Now we don't target a specific return because obviously that depends on the price. We would like to see that return actually shrink a bit, but nonetheless it is very philosophical to the Company. An important to that also is in what we do when we give it back to our businesses to reinvest. The kind of acquisitions that we look for and the idea that if we can leverage those investments because the fundamental business model is all about, right, you drive a consistent business model as you acquire businesses, and most of the acquisitions we make are not the really big ones like a Reuters or a West or even when we bought Education. They really are the small ones, the ones that are \$15 million, \$20 million, \$25 million that are about content, technology, customers that we are able to fold into our machine and drive significant return not only because we now either have a broader distribution platform or we have a broader customer base or we have an ability to integrate technology that we spread over a broader customer base. So I think that when we think about these, the acquisitions that create most of the -- a significant amount of value are the ones you never hear about. But, all of a sudden, they pop up in a product or a feature or a capability or a segment of the market that we have not been in before.

And then the collapse of the DLC and the consolidation of our liquidity is really quite dramatic when you see it in this scale. When you look at our free float compared to our peers, we now -- we truly are the largest of our peers, and our float reflects it, especially when you realize this represents 45% of the Enterprise value. So we have now given to our shareholders something I think they deserve, liquidity that they need to manage their investment and provide them with the kind of ability to manage returns with Thomson Reuters in a way that they think is appropriate. And so I think from our perspective, we could not be more pleased about this for ourselves and for our shareholders.





And so I will just wrap it up before we go to Q&A, and I will say that what is really the hallmark of the Company has been our ability to stay focused. And that is not an easy thing. To consistently stay focused. And in times like this, that becomes even more challenging. Our ability to invest in our technology, build products, and as you can see, I think I feel very proud about the fact that this company, which, by the way, is a recent company, we came together just as this economic turmoil occurred, yet we were able to not only consistently deliver on executing against our strategy on integration, but also begin the launch of two major platforms in our biggest market. At a time when most companies are challenged, we are pushing ahead. And I think that speaks a lot to the strength of our business model and our strategy.

And importantly, the last point we will continue to have the capability to identify new opportunities and markets and the ability to invest in those. So we feel realistically we have said this is a very challenging market. But it is markets like this that allow companies like ours to separate ourselves.

And with that, I would like to invite my colleagues up and we will take some Q&A. Well, you will give the Q, we will give the A.

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## QUESTIONS AND ANSWERS

**Frank Golden** - Thomson Reuters - SVP, IR

Okay. We have shared a lot of information with you over the course of the last three hours, so now it is your turn. We have how many, Chris, two or three microphones? We have three microphones in the room. So if you would raise your hand, identify who you are and the firm you work for, I would appreciate it. So let's start with Colin up front here.

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**Colin Tennant** - Nomura - Analyst

Nomura. The question I had was about pricing really across the board both in the context of the current market environment and also the new products that you are bringing out in terms of do you think -- can you maybe talk about the premium on pricing that you hope to achieve on those?

And, as a follow-up on the Utah piece in particular, in the chart there you showed the migration of products across to Utah over the next two or three years. You had this tiered pricing strategy in place across that product group before. How does the Utah launch affect that structure?

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**Tom Glocer** - Thomson Reuters - CEO

Okay. Why don't I start? I will cover the sort of general point, including the current environment, and then look to Jim and Devin to add particular color.

So despite obviously a very difficult time for our customers, the story in Financial Services is well-known. The story in Legal is probably less well-publicized, but it has been a very difficult time for law firms, and you have seen that reflected in the sort of slowing momentum through the year. Nonetheless, we have kept our pricing. We have certainly worked with our clients so that in markets the whole spirit of these large Enterprise deals is to bring the advantage of all the different products and services we have so that we can hit the parts of people's businesses that are growing and still make it attractive and often save them money with third parties. And in Legal, we have also been working with our clients and to some extent creating headroom for Cobalt. Because, as Jim will explain in effect, what Cobalt does is create such an increase in the efficiency of the law firm that it will add to our inherent pricing power, and I think the fact that we have been working with clients in Legal through this year has maintained the goodwill and kept room to use some of that coincident with launch in the next year. But one of you guys chime in specifically, and Devin why don't you tackle the issue of carrying?

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**Devin Wenig** - Thomson Reuters - CEO, Markets Division

Well, on pricing I mean, as Tom said, I view it as in a steady price environment. It is very competitive. But the overall environment is steady, and we very much try to maintain a consistent and steady price environment for our customers because we think they want that as well. So we implement



an annual price increase. We are going to do that again. It is in a very narrow band if you look at the last few years. We don't view it as tied to CPI. It is an investment our clients may make to help us innovate just like you saw with Utah.

So we're going to do another price increase this year. We believe our clients will accept that happily when they see the innovation that is coming out just as they did last year.

With regard to Utah and segmentation, Utah will have variants. We don't believe that one product at one price point serves all the needs in the market. Particularly when you look at our heritage and base, we have a large amount of terminals in lower tier Canadian and US Wealth Management groups. Those are less rich and less functional and at a less price point given the inherent nature of those businesses, and there will be versions of Utah for those price points. But if you look at the overall segmentation and price point curve, it will be higher under Utah than it is today under the mix of products we have with legacy Reuters and legacy Thomson Financial.

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**Jim Smith** - Thomson Reuters - CEO, Professional Division

And I think on our side the philosophy is similar and the impact is similar. Certainly in this environment you don't just roll out a price increase and everyone accepts it immediately and happily. So there are lots of discussions with customers along the way and lots of discussions in advance of deciding what that pricing is going to look like.

We have been able to fortunately hold on to price while we have worked to tailor solutions for customers in certain occasions and to tailor the offer that we are providing to customers.

So I would say that this year I've been very encouraged that where we have new product in the market, I mean good compelling new product launches out, we have been able to continue to grow that and to sell it at a premium price. I will give a few examples of that. Westlaw business in the back is a very good one. And in terms of the pricing policy on Cobalt, it will be a -- I hope you appreciate for competitive reasons we will not go into great detail on how we will price it.

But I do believe, as Tom said, that if you think about the productivity that this can deliver, we think that is worth paying for, and we think a lot of our customers will feel the same way. But we also think that we have segmented approach as well as we go to the market, and in some sectors of the market, it will be a way for us to drive increases in market share. Other places it will be an opportunity for us to drive a better pricing position, and certainly across the board, it will be a way for us to expose more content to all of our customers.

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**Claudio Aspesi** - Sanford Bernstein - Analyst

Sanford Bernstein. Two questions on Utah. You showed us the migration map. Should we interpret that as an indication that you have shut down the product that exists today by the end of the year when the first swap, in other words, will Wealth Manager be shut down by the end of 2010, or will the migration actually take longer? And if so, can you give us a sense of what is a realistic migration, real migration?

And second question, when you talk to Trader, lots of them mention instant messaging. Both in the equity and fixed income, they mention instant messaging as a key or one of the key competitive advantages of Bloomberg. There was no mention of instant messaging in the Utah description. Can you tell us what you plan to do on that front?

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**Devin Wenig** - Thomson Reuters - CEO, Markets Division

The first answer is no. Don't interpret that. At the end of the box, you saw that everything will be shut down. So the migration -- that is when it begins, but some of them may take two or three years. So I would assume that the overall migration will be in the three to four year range. Although remember, we are talking about different products on different platforms. So some will be shut down a lot sooner. It is not all or nothing. It is not like there is a switch at the end of four years, and it is on or off. Some platforms will be shut down a lot sooner.

In fact, we are in the glide path to Utah now, even in advance of its launch. You saw in one of my slides the product migrations we are making. We have already shut down two products that came with the legacy companies. We are going to shut down two more in the coming year, all to get on a glide path to Utah.

So I think the best way to think of it is three or four years after launch but not all or nothing. There will be milestones along the way.

On the second question, first of all, you are right, and people do mention Bloomberg messaging, in particular in certain segments of the market like credit where instant messaging is almost used as a dealing terminal. It is almost used as an RFP where people request quotes and then respond to that. Instant messaging is fully integrated into the product. It is not optional. It is at the center of it. We should have shown that, but we just did not have time to highlight everything.

But I would also note that I think Bloomberg Mail, which is not really even instant messaging -- it is basically e-mail -- is a 1970s e-mail system, which in its time was the next generation. And what Allan showed is the futurist collaboration, not e-mail. Collaboration is sharing in real time. Collaboration is building networks and portfolios dynamically with intelligent tools. Collaboration is not just sending an e-mail, but being able to trade instant message, hit somebody on a mobile device or otherwise.

So yes, I don't want people to think in terms of replicating Bloomberg Mail. I'm not trying to replicate any feature of Bloomberg because they are 20 or 30-years-old. I'm trying to do something really different, and to me I won't open up that Bloomberg community if I just build another Bloomberg Mail. Our best chance of opening that community up is to do something that is 2010, which is real, active real-time collaboration and sharing, and that is at the heart of the product.

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**Drew McReynolds** - RBC - Analyst

RBC. Maybe just first for Tom and Bob. Tom, you gave the mid to high single-digit revenue growth, 25% margin, \$3 billion in free cash flow. Perhaps you can share maybe a targeted timeline for that. And if that is not going to cut it, maybe a second question here.

When you look at the business model as a whole generating positive operating leverage, I am wondering if you could talk to what the breakeven or optimal levels of organic revenue growth are to get positive operating leverage? And, as you move forward, does that level increase or decrease, or do you target it to stay flat?

And then maybe a last question for Devin. I understand that Bloomberg is aggressively moving into data feed. Maybe shed some light on what you see as the impact on Enterprise and maybe also shed some light on what is really the defense of the business against Bloomberg moving in?

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**Tom Glocer** - Thomson Reuters - CEO

Well, Drew, those are really good questions. Let me try and tackle them. So the first one I was tempted to give you a flip November as an answer. But the serious answer is we need to see markets not at their most frothy. I will remind you that the Reuters that we took into the acquisition by Thomson in the first quarter of 2008, the first -- the last stand alone quarter, that Reuters did 10% organic with far less in terms of new product than we will have coming out of this recession with essentially the same existing product line, but obviously a very good environment in finance. We don't need as good as the last years of 2007, 2008 to get into that sort of margin and especially cash flow range. But we need to be in sort of a healthy midcycle.

I listened to the same analysts you do as to whether I should worry more about deflation this morning or inflation and is it a slow climb out or not, and the answer is, of course, the future is not evenly distributed. In Asia I would say right now we are in the sort of environment that would support that sort of financial performance. We are by no means there in North America yet. And so you can plot it along there.

And the other thing that obviously is worth mentioning always is not the lag effect because customers take a while to cancel or whatever, but the lag effect built into the mathematics of a subscription model, namely that when you do year-on-year comparisons, it will lag the true economic activity even as that picks up. That is point one.

Point two is such a sophisticated question, and I was never very good at solving simultaneous equations in high school. I don't know, maybe Bob has a sense of where that production possibility frontier lives. I think a lot of the stuff we have been showing you, in particular the thinking behind what Rick was showing in scalability, pushes that curve out. Because there the ability to launch new platforms with such a low-cost investment because we have either Novus or in that case the math platform means that we don't have to do as much of a trade-off between the margin for investment or the margin hit that comes with investment at least with the type of software assets we often buy and growth. But I don't know, Bob, do you want to comment on -- do you have a magic answer, and then we will turn to Devin on the Enterprise?

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**Bob Daleo** - Thomson Reuters - EVP & CFO

I will give you my opinion, which is from my knowledge of the businesses. And this is -- we have got so many different businesses and they all have different contribution levels. But if you look at it at a corporate level, my gut would say that for us to see incremental benefit and margin expansion, we would probably have to be in the low single digits. We don't need 7%, 8%, 10% growth to see that. We can see it in minus 5% [that ends] growth, but we need growth. We are a good leverage company on the upside, and we manage well for the downside. But we need some growth to get that kind of leverage.

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**Devin Wenig** - Thomson Reuters - CEO, Markets Division

About Bloomberg let me start by just stepping back, and then I will answer directly the Enterprise question. I'm as close to certain as I could be -- we don't get real-time data -- but I'm as close to certain as I can be, that in the last 12 months we have taken share from Bloomberg. So we are actively targeting them in a number of various just as they are actively targeting us.

Data feed is an area that they have been at for a while. They have certainly heightened the competitive intensity in that space and we have seen that. To date I don't think we can put our finger on any meaningful piece of client business anywhere in the world in data feeds that we had lost to Bloomberg. But I just want to point out why and what we are doing about it.

So it was implicit in my slides, but maybe it should have been explicit. The most powerful part of our data feed business is not the data. It is the data model. And what that basically means without getting into a lot of detail is that clients write their own applications on the data model. So if they want to build a portfolio application, it is not the TRI quote or symbol that matters, it is all the fields behind TRI -- last, bid, open, high volume. You know, there's basically hundreds of fields in any of our data records, and that is what clients have built upwards of 75,000 applications on.

A good example of why that is sticky is several years ago we thought about changing those fields and our clients went crazy. They said we built all these applications, and we don't even know where the source code is. We fired the guys who built it. You cannot change this because we don't know what we would do.

So this is not an easy castle to assault. I mean people have written very sophisticated applications on our data. But that is not enough. So when I talk about the investment in Enterprise, cloud computing, low latency and reducing cost of ownership, that is where we are making part of that \$1 billion investment in the Enterprise platform to keep that blue water between us and them in that space.

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**Vince Valentini** - TD Newcrest - Analyst

TD Newcrest. Two questions. First, Tom, I will not (inaudible) on when you're going to deliver the \$3 billion in free cash flow, but maybe I can ask you what you're going to do with it. I mean if you stick to a 40%, 45% dividend payout ratio, that leaves \$1.5 billion plus for tuck-in acquisitions, which I have never seen you do that much in one year. Is that what you contemplate though? Does the dividend payout ratio go up, or do there just have to be more share buybacks?



And the second question for whoever wants it, maybe two of you, but the drag from Cobalt and Utah (inaudible) a lot of investment dollars. I'm sure a lot capitalized now. More will be going through OpEx as you launch next year. Can you give us any sense of how long we are in that J-Curve, if I can call it that, before we start to come out the other end? Is this like two years of drag on your results, or is it much less than that?

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**Tom Glocer** - Thomson Reuters - CEO

Well, I guess the first thing maybe I will start with your second question. A good amount of that drag has been running and is implicit in the margins we have been running for the last couple of years. So Utah or its predecessor common platform has been going for two years. Cobalt sort of gathered steam as it grew out of a variety of initiatives. But much of that is in the run-rate.

So to give you a sort of global answer, our CapEx -- and CapEx obviously includes capitalization of software development which we are required to do under IFRS and primarily what you see in these products as software development -- that has been running reasonably high, a little over 8%. And Bob and I think we can get that down over the next couple of years more in the 7s, let's say, 7% to 8%.

In terms of the -- what I think of as a very high quality problem to have, what to do with the cash, my first reaction is always I would like to have it first. We are proud about how we have been able to focus on cash and still generate cash in a very difficult time. So it was very much safety first as we headed into this year and recognizing that we have had a big use of cash in the restructuring in the integration as well.

I think you could easily see us increase the level of bolt-on investments. We understand I think better than most companies that you cannot buy growth. That the reason why we think we can create value through these bolt-on acquisitions is precisely because we are platform-oriented. Technology is helping us in this way that as it moves more up the network into data centers in the way that Allan showed and that the software services model allows a high degree of integration without a lot of the cost of doing it, you can see that going on right now in our Tax & Accounting business as well. And we think we can make acquisitions and add them to platforms whether a new vertical in Tax & Accounting like, say, sales and use tax, adding onto income corporate, etc., or a new geography that we take a business like the corporate business and markets, that creates value because of the operating leverage we are able to achieve.

In terms of dividend, yes, absolutely, you can expect to see us progressively increase the dividend as the profitability of the Company increases as well. And I think there is always an advantage to keeping a certain amount of financial flexibility, not coming too close to the line. Back to competitive issues, I was having a chat earlier with Claudio about some of the balance sheet issues that [Reed] got themselves into by not being quick as Bob said to sell the RBI business, not going to borrow money when the markets were open but instead waiting to the point where they really needed to. And it is a terrible shame when essentially the balance sheet creates a break on what otherwise could be investments in operations. And so Bob runs a very clean shop and great credit to him that we have been able to in parallel invest through this whole time.

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**Mark Braley** - Deutsche Bank - Analyst

Deutsche Bank. Two questions. First on Legal. I suppose 10 years ago, five years ago, one of the big themes in Legal was international expansion and consolidating some of the smaller territories. So neither you nor your competitors have actually deployed much capital in that space over the last five years. I wonder whether Cobalt and the math is that kind of platform that enables you to start thinking about that again, you can get better returns, go faster to market if you do buy internationally?

And then secondly, on the Enterprise division, just ask the Bloomberg question in a broader sense. I mean there is a lot of investment going into lower latency fees from the exchanges direct to customer feeds, etc. And how should we think about the returns in that business? Is it becoming sort of too capital intensive an industry even allowing for the very fast topline growth you are getting?

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**Tom Glocer** - Thomson Reuters - CEO

Jim, do you want to jump on International Legal?

**Jim Smith** - Thomson Reuters - CEO, Professional Division

Sure, I'm happy to. The truth of the matter is that the infrastructure and platforms that we have now do, indeed, make it more attractive for us to pursue other geographies. There are two ways I look at the opportunity in Legal.

If you think about it, the thing about the law is it is very local, and it is very different country to country. And so there are big parts of the Legal practice that are multi-domestic, and you have to look at each market by market. Frankly, there is not a lot of value.

Before you build out a core technology platform like we have, there is not a great deal of value just in owning legal pure domestic legal services in multiple countries. What is the link? How do you bring more to bear?

I think what we found now that we have platforms built and we have the Novus platform out on which we can hang the referential data and we have the multiple application format, which really is a toolbox for product developers to build on with legal service so they are not all being built from scratch. And we can bring out online services very quickly that have all of the power and robustness of that Novus platform that powers Westlaw, but in a customized local way with the local law. That makes it far more attractive for us to go out and seek content sets in geographies where it makes sense and where we have the right entry strategies.

On the other side of the house as well, a product like Westlaw business allows us to serve our global law firms as they support their multinational customers around the world. So we are seeking not just to say what are the multiple multi-domestic markets that we want to be in, but what are the global lines of business where we think it makes sense to build global solutions and go looking for content that ports in a global sort of way. So Westlaw business is an example of that. Start in the US. We add a Canadian content. We add a UK content. We added a Islamic finance module. And we're adding now China content, which we will release this month. So we will look at serving kind of those attorneys who are supporting global commerce.

Same way on the Tax & Accounting side where we are largely US domestic in that business right now. But in terms of serving corporate tax departments, what you look at is the workflow tools that we supply really port and they port around the world because the work flow is the same if you are a corporate tax department taking advantage of complicated tax planning.

So what have you got to do? You have got to come up with your planning. You have got to do your tax entities, and you have to come up with your transfer pricing strategy. You have to take care of your provisions. You have to track everything to get all the way to filing. Right? Well, all of those workflow tools port regardless of where you are. What changes the block that is different is the compliance block and filing block, and that becomes a -- it's different geography by geography by geography.

So the fact that we build a platform that is global, then we can think about entry strategies by buying compliance data country by country by country and then plugging modules into that. So we are looking to support global commerce, and, you know, the thing about acquisitions as well, though, is that we won't neatly get just a piece of business that will serve MNCs in a particular country. Once you make that acquisition, it will come along with some other things, and I think that will be the thin edge of the wedge that will lead us into multiple geographies.

**Devin Wenig** - Thomson Reuters - CEO, Markets Division

Today Enterprise is no more capital intensive than the desktop business. Certainly the three are more intensive than Media, but remember that the huge amount of the backend infrastructure where a lot of the heavy investment is is shared between the three. Right? So collection, management and distribution of data is shared between S&T, I&A and the Enterprise business.

So the big step which would increase capital intensity is when I talked about hosting, but exactly for that reason and exactly because we are watching it and managing it so carefully, when we make an announcement, which is momentarily probably within a week, about a major push into that hosting space, we are doing it with a partner. We are not going to do it ourselves. The next step when you're building data centers and investing in heavy iron, that is capital intensive, but that is not what our core competency is, and we don't want to make those type of investments.

So we are going to do it with a partner where we put in our applications and our technology, but they manage that very capital intensive part of the business.

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**Peter Appert** - *Piper Jaffray - Analyst*

Piper Jaffray. So I know, Bob and Tom, you don't want to address the third quarter obviously, but I cannot help myself but ask just if you could give us any color in terms of whether in the context of what appears to be a better macro environment and a certainly better market environment, if the tone of business has changed any in recent months, or if you are getting any metrics in terms of renewals rates or news sales trends that might indicate any change in pattern? And then specifically, Tom, for you, you have talked earlier in the year about an expectation of positive revenue comps for the Company in '09. I'm wondering if that is still your expectation?

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**Tom Glocer** - *Thomson Reuters - CEO*

Okay. Well, it is always difficult to comment generically about exactly what the market mood is now because we operate across so many markets. That has been a great strength for us through the recession both geographically -- Devin has talked about the strength in Asia, but Latin America has been strong for, Middle East has been strong -- and also by sector. So in our Tax & Accounting business and in our Scientific & Healthcare, you have actually seen accelerating revenues through the year.

Limiting, let's say, to Toronto, New York, London for a moment just to sort of capture the mood in the places that the most commentary about the world is produced, we are clearly in a better place. People are not running around withdrawing all their money from banks and figuring out whether they can pop it into 100,000 blocks in separate banks. I'm quite confident that we have seen the bottom, and it is behind us.

The only question is, one, what is the climb out rate? And two, just again reminding folks as we said in the second quarter, that since we tend to look at year-on-year revenue growth rates, those will reflect a mathematical lag due to the subscription business. But the actual economic activity we are on the other side of the low point. Bob, I don't know if you remember the second question.

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**Bob Daleo** - *Thomson Reuters - EVP & CFO*

No.

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**Peter Appert** - *Piper Jaffray - Analyst*

(inaudible) this year?

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**Bob Daleo** - *Thomson Reuters - EVP & CFO*

Well, we have guidance out there, and that guidance still stands.

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**Barry Stewart** - *Principled Capital - Analyst*

Principled Capital. Mine is a more general question. Thomson has been mindful about market structure and competitive advantages for a long time. And because of that, you have been able to create billions of dollars of value since you (inaudible) a newspaper company. Within your largest markets, the Financial and Legal, do you foresee any significant structural changes in the competitive environment, and if so, what sort of changes would you see over the next two to five years?



**Tom Glocer** - Thomson Reuters - CEO

I'm going to let the experts answer that, but I will give them a minute to think about it and just make a couple of general points. In the Legal market, which has been let's stick with the North American market, it has been a fantastic place to be.

Right now law firms are going through sort of the most drastic shock to their systems that they have seen certainly in the 25 years since I came out of law school. Sort of unheard of to break the social contracts and fire partners. Firms are delaying their new hires, reducing their summer programs.

But intrinsically nothing has happened to the underlying economies or financial systems that makes the demand for legal services go down. Right? If anything the wave of re-regulation that is coming, some of it started, but not much is on the books yet -- is going to increase the demand.

In the US thanks to the position of the trial lawyers, the Obama administration has resisted even obvious calls like in an area he cares deeply about, which is healthcare reform, to take malpractice away from civil juries. So structurally I don't see very significant changes. There is a bit of a trend towards corporations like our own asking law firms to quote on a fixed fee basis for various services. You know, do a new benchmark bond. We will give you \$100,000 for legal service, or \$50,000, not more. But that actually plays into a strength in Cobalt, and again not to get too much into the pricing because it is competitively sensitive, but our ability to make law firms that more productive at a time when like all other businesses they need to begin to think not just about pass-through but about productivity, that is going to be a helpful boost behind Cobalt.

With that, why don't I turn it over to Jim and then Devin to talk about anything else they want to add.

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**Barry Stewart** - Principled Capital - Analyst

Sorry, my question -- and I apologize maybe it was not quite clear -- I was thinking more of the market structure, not of your customers in those two sectors. But of the competitive market structure that as between you and whether you have one formidable competitor or whether you are addressing a more fragmented market, how does the competitive market structure change over the next few years?

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**Tom Glocer** - Thomson Reuters - CEO

I'm sorry, competitive with respect to us? Well, I think we have -- as we have tried to tease out the golden thread of what makes this one company and not two or eight if you go down to the subunit level, it is this concept of intelligent information. The user context, the intelligent search, it is the same form of essentially artificial intelligence and pattern matching which allows us to detect fraud in the healthcare business or make search more intelligent and productive.

I think it will be increasingly difficult for competitors who exist in only one domain to make the size of investments we are making in these more common attributes. Just like in the answer to the last question about International Legal, if I'm only an Italian legal publisher, how do I begin to make the investment that Rick King was talking about in these fundamental intelligent search activities? And I think you will see a round of localized players, people who are only in one vertical, people who are only in one country, fall into the hands at a more attractive price to people who have a platform, and that is very much the sort of core strategy.

Sorry, I missed your question totally. Jim, you want to comment on in the individual --

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**Jim Smith** - Thomson Reuters - CEO, Professional Division

Yes, I don't know what I can really add to that. I don't see a significant change in Legal. I don't see a significant change in the major players today. Everyone can speculate about what might likely happen if you had some mergers of major players. Certainly I think we are going to continue to see low-cost and free providers out there, and we will see good enough get better and better and better, which is exactly why we have to add more and more value like we are doing in Cobalt. We are certainly aware of that, and I think that will happen.



I do think that one thing that will happen in the Legal business, certainly in the large law firm segment, is that we will see legal firms begin to act more like other professional services firms or look like more like other professional services firms. Meaning bringing in folks from outside the legal industry as CFOs and CIOs and CTOs, and those are certainly different levels of discussions that we have.

So certainly there could be new competitive activities around more enterprise management. And I feel very alert to that because I think one of the opportunities for us is going to be to continue to expand our reach, not only in the practice of law -- and, as you saw, the tools for practicing law today -- but also in the business of law where we have a growing suite of services whether it is a timing building system, consulting services, law firm strategy and consulting services around technology. So I think we may well suss out some changes and identify some different kind of competitive activity on the business of law side. But I think the core and the legal research around the world dynamic is pretty well known and pretty mature at this point.

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**Devin Wenig** - Thomson Reuters - CEO, Markets Division

No, I don't think anything is going to change. I think it is a mistake to categorize our market as a duopoly. We have hundreds of competitors around the world. Oftentimes I lose more sleep about what somebody is going to do in a garage in Silicon Valley than what Bloomberg is going to do. People always ask me, well, if Bloomberg changes their capital structure, what if they are sold or merged? The answer is true, which is I have got a well-managed, private, competent global company as a competitor, a very tough competitor. It can only get better than that. So there is no combination I can think of that is going to make my life more difficult. I hope they do mess themselves up a bit. It would be nice.

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**Tom Glocer** - Thomson Reuters - CEO

I think adding to Devin's point, the one thing structurally that is helpful is that our customers have always been either actual competitors or potential ones, building in-house market data platforms and the like. And in this environment, people have had to really strip down and think where am I doing the sort of nice to have projects for my IT department because the guy really wanted to build a market data platform, and where is it absolutely vital to what we need to get done as a financial institution in a very difficult environment. And that has meant an increasing reliance on firms like us to, let's say, design and build an array of direct feeds rather than have someone in-house do that. And that is a helpful trend and one I don't think we will soon reverse.

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**Frank Golden** - Thomson Reuters - SVP, IR

Okay. One final question and then for those of you who did not have an opportunity, these guys will all be available at launch to follow-up. So let's go with Sami.

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**Sami Kassab** - Exane BNP Paribas - Analyst

Exane BNP Paribas. One quick question on following up to what you just said. I believe if I'm not mistaken that historically the pricing power of legal research vendors has been helped by the fact that legal research costs could be passed on to the end clients. How do you see that changing, or is that sustainable, especially given the trends toward fixed fee pricing that you just mentioned? And if not sustainable, how do you see the pricing power or pressure developing?

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**Tom Glocer** - Thomson Reuters - CEO

Since I started, maybe I should finish. Unfair to ask Jim to answer at least the first part. You know, I think we're going to see a variety of models stay in parallel. So first I think we need to do is look at the overall cost of this sort of legal research, and I'm leaving to the side things like the elite time and billing and the consulting business, etc. Regardless of whether the firm has to swallow it or it can pass on to customers, it is still quite a small amount of the overall cost running a law firm, which is overwhelmingly people and then the real estate. So it averages around 2% of the cost.

It is true that there has been a favorable environment where as much as 70% of those costs in aggregate have been passed on. I think you will continue to see that in areas. Law firms are careful. They protect themselves. They are the ultimate risk adverse agents. So you're not suddenly going to see that all disappear. But you are going to see a parallel set of business models, some fixed fee project-based, some hourly billing and full pass-through, some agreements that you can only pass through 50% of the costs.

Either way the key thing is, if we were selling a luxury good, that it was just a nice to have, I would worry a lot about those sort of dynamics, even though they are not particularly hostile. But what we are selling and increasingly in a Cobalt world is they have to do this. It's an absolute requirement, and we have helped them by increasing the productivity. So I would not expect to see a dramatic revolution or disruption in the overall value for money delivered into law firms.

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**Frank Golden** - Thomson Reuters - SVP, IR

Okay. That will conclude our formal program. Tom, do you have any closing comments just before we break?

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**Tom Glocer** - Thomson Reuters - CEO

Well, I just wanted to thank everybody. You have devoted a substantial amount of time. I thought it was important to actually show you real products and show you also the people behind them because I think you could tell how passionate they are. I cannot wait to have the fully released versions of both of these on my desk and on my mobile platforms. I think not only does it speak generationally in the way that Devin described, I think it speaks to a firm that really listens to what its customers say they want both in terms of value and cost structure, but very much in terms of what can you do to help make me better as a professional. And all that remains to do is for me to ask you all to join us for lunch, and we will all be happy to follow-up with you.

Thanks for your time today.

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