



THOMSON REUTERS

Thomson Reuters First-Quarter 2008 Results

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May 1, 2008

The Thomson Corporation
Consolidated Statement of Earnings
(millions of U.S. dollars, except per common share data)
(unaudited)

| | Three Months Ended | |
|--|---------------------------|--------------------|
| | March 31, | |
| | 2008 | 2007 |
| Revenues | \$ 1,834 | \$ 1,662 |
| Cost of sales, selling, marketing, general and administrative expenses | (1,435) | (1,261) |
| Depreciation | (121) | (115) |
| Amortization | (62) | (61) |
| Operating profit | <u>216</u> | <u>225</u> |
| Net other (expense) income | (26) | 6 |
| Net interest income (expense) and other financing costs | 39 | (53) |
| Income taxes | (34) | 31 |
| Tradeweb ownership interests | <u>(2)</u> | <u>-</u> |
| Earnings from continuing operations | 193 | 209 |
| Earnings from discontinued operations, net of tax | <u>1</u> | <u>15</u> |
| Net earnings | 194 | 224 |
| Dividends declared on preference shares | <u>(2)</u> | <u>(1)</u> |
| Earnings attributable to common shares | \$ 192 | \$ 223 |
| Basic earnings per common share | <u>\$ 0.30</u> | <u>\$ 0.35</u> |
| Diluted earnings per common share | <u>\$ 0.30</u> | <u>\$ 0.35</u> |
| Basic weighted average common shares | <u>640,067,675</u> | <u>641,071,690</u> |
| Diluted weighted average common shares | <u>642,373,088</u> | <u>643,783,735</u> |



The Thomson Corporation
Reconciliation of Earnings Attributable to Common Shares to
Adjusted Earnings from Continuing Operations⁽¹⁾

(millions of U.S. dollars, except per common share data)
(unaudited)

| | <u>Three Months</u> <u>Ended</u> <u>March 31,</u> | |
|--|---|----------------|
| | <u>2008</u> | <u>2007</u> |
| Earnings attributable to common shares | \$ 192 | \$ 223 |
| Adjustments: | | |
| One-time items: | | |
| Net other expense (income) | 26 | (6) |
| Reuters-related costs | 68 | - |
| Tax on above item | (11) | - |
| Tax benefits | - | (35) |
| Interim period effective tax rate normalization ⁽³⁾ | (25) | (23) |
| Discontinued operations | (1) | (15) |
| Adjusted earnings from continuing operations | <u>249</u> | <u>144</u> |
| Amortization | 62 | 61 |
| Adjusted earnings from continuing operations excluding amortization ⁽²⁾ | <u>\$ 311</u> | <u>\$ 205</u> |
| Adjusted diluted earnings per common share from continuing operations | <u>\$ 0.39</u> | <u>\$ 0.22</u> |
| Adjusted diluted earnings per common share from continuing operations excluding amortization | <u>\$ 0.48</u> | <u>\$ 0.32</u> |

- (1) Adjusted earnings from continuing operations and adjusted earnings per common share from continuing operations are earnings attributable to common shares and per share amounts after adjusting for non-recurring items, discontinued operations, and other items affecting comparability. Thomson Reuters uses these measures to assist in comparisons from one period to another. Adjusted earnings per common share from continuing operations does not represent actual earnings per share attributable to shareholders.
- (2) Adjusted earnings from continuing operations is presented excluding amortization of acquired intangible assets as Thomson Reuters believes that this is a useful measure when evaluating operating profitability and performance trends by excluding items that distort the performance of Thomson Reuters' businesses. Adjusted earnings per common share from continuing operations excluding amortization does not represent actual earnings per share attributable to shareholders.
- (3) Adjustment to reflect income taxes based on the estimated full-year effective tax rate of the consolidated group. Reported earnings for interim periods reflect income taxes based on estimated effective tax rates of each of the group's jurisdictions. The adjustment reallocates estimated full-year income taxes between interim periods, but has no effect on full-year income taxes.



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The Thomson Corporation
Reconciliation of Operating Profit to Underlying Operating Profit⁽¹⁾
(millions of U.S. dollars)
(unaudited)

| | Three Months Ended | |
|------------------------------------|---------------------------|---------------|
| | March 31, | |
| | 2008 | 2007 |
| Operating profit | \$ 216 | \$ 225 |
| Adjustments: | | |
| Amortization | 62 | 61 |
| THOMSON <i>plus</i> costs | 13 | 34 |
| Reuters-related costs | 68 | - |
| Underlying operating profit | <u>\$ 359</u> | <u>\$ 320</u> |
| Underlying operating profit margin | <u>19.6%</u> | <u>19.3%</u> |

- (1) Underlying operating profit is operating profit adjusted for amortization of acquired intangible assets, costs associated with Thomson Reuters corporate efficiency initiatives, and other items affecting comparability. Underlying operating profit margin is the underlying operating profit expressed as a percentage of revenues. Thomson Reuters uses these measures to assist in comparisons from one period to another. Thomson Reuters definition of underlying operating profit may not be directly comparable to that of another company.



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The Thomson Corporation Consolidated Balance Sheet (millions of U.S. dollars) (unaudited)

| | March 31, <u>2008</u> | December 31, <u>2007</u> |
|--|----------------------------------|-------------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 9,222 | \$ 7,497 |
| Accounts receivable, net of allowances | 1,454 | 1,565 |
| Prepaid expenses and other current assets | 506 | 512 |
| Deferred income taxes | 104 | 104 |
| | <hr/> | <hr/> |
| Current assets | 11,286 | 9,678 |
| Computer hardware and other property, net | 698 | 731 |
| Computer software, net | 757 | 721 |
| Identifiable intangible assets, net | 3,422 | 3,438 |
| Goodwill | 7,008 | 6,935 |
| Other non-current assets | 1,331 | 1,328 |
| | <hr/> | <hr/> |
| Total assets | \$ 24,502 | \$ 22,831 |
| | <hr/> | <hr/> |
| Liabilities and shareholders' equity | | |
| Liabilities | | |
| Short-term indebtedness | \$ 532 | \$ 183 |
| Accounts payable and accruals | 1,256 | 1,536 |
| Deferred revenue | 1,223 | 1,108 |
| Current portion of long-term debt | 11 | 412 |
| | <hr/> | <hr/> |
| Current liabilities | 3,022 | 3,239 |
| Long-term debt | 5,899 | 4,264 |
| Other non-current liabilities | 852 | 783 |
| Deferred income taxes | 921 | 974 |
| Minority interest in equity of consolidated affiliates | 68 | - |
| | <hr/> | <hr/> |
| Shareholders' equity | | |
| Capital | 2,998 | 2,932 |
| Retained earnings | 10,374 | 10,355 |
| Accumulated other comprehensive income | 368 | 284 |
| | <hr/> | <hr/> |
| Total shareholders' equity | 13,740 | 13,571 |
| | <hr/> | <hr/> |
| Total liabilities and shareholders' equity | \$ 24,502 | \$ 22,831 |
| | <hr/> | <hr/> |



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The Thomson Corporation Consolidated Statement of Cash Flow (millions of U.S. dollars, unaudited)

| | Three Months Ended | |
|---|---------------------------|--------------------|
| | March 31, | |
| | <u>2008</u> | <u>2007</u> |
| Cash provided by (used in): | | |
| Operating activities | | |
| Net earnings | \$ 194 | \$ 224 |
| Remove earnings from discontinued operations | (1) | (15) |
| Add back (deduct) items not involving cash: | | |
| Depreciation | 121 | 115 |
| Amortization | 62 | 61 |
| Net gains on disposals of businesses and investments | - | (6) |
| Deferred income taxes | (53) | (42) |
| Other, net | 88 | 64 |
| Changes in working capital and other items | (113) | (101) |
| Cash used in operating activities – discontinued operations | (14) | (13) |
| Net cash provided by operating activities | <u>284</u> | <u>287</u> |
| Investing activities | | |
| Acquisitions, less cash therein | (123) | (154) |
| Proceeds from other disposals | 154 | 6 |
| Capital expenditures, less proceeds from disposals | (108) | (98) |
| Other investing activities | (12) | (10) |
| Capital expenditures of discontinued operations | - | (37) |
| Other investing activities of discontinued operations | (7) | (4) |
| Proceeds from (payments for) disposals of discontinued operations, net of income taxes paid | (53) | 35 |
| Acquisitions by discontinued operations | - | (54) |
| Net cash used in investing activities | <u>(149)</u> | <u>(316)</u> |
| Financing activities | | |
| Repayments of debt | (400) | - |
| Net borrowings under short-term loan facilities | 354 | 244 |
| Proceeds from debt | 1,679 | - |
| Repurchase of common shares | - | (55) |
| Dividends paid on preference shares | (2) | (1) |
| Dividends paid on common shares | (126) | (153) |
| Other financing activities, net | 2 | 10 |
| Net cash provided by financing activities | <u>1,507</u> | <u>45</u> |
| Translation adjustments | 83 | - |
| Increase in cash and cash equivalents | 1,725 | 16 |
| Cash and cash equivalents at beginning of period | 7,497 | 334 |
| Cash and cash equivalents at end of period | <u>\$ 9,222</u> | <u>\$ 350</u> |



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The Thomson Corporation Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow⁽¹⁾ (millions of U.S. dollars, unaudited)

| | Three Months Ended | |
|---|---------------------------|---------------|
| | March 31, | |
| | 2008 | 2007 |
| Net cash provided by operating activities | \$ 284 | \$ 287 |
| Capital expenditures less proceeds from disposals | (108) | (98) |
| Other investing activities | (12) | (10) |
| Capital expenditures of discontinued operations | - | (37) |
| Other investing activities of discontinued operations | (7) | (4) |
| Dividends paid on preference shares | (2) | (1) |
| Free cash flow | <u>\$ 155</u> | <u>\$ 137</u> |

- (1) Free cash flow is net cash provided by operating activities less capital expenditures, other investing activities and dividends paid on preference shares. Thomson Reuters uses free cash flow as a performance measure because it represents cash available to repay debt, pay common dividends and fund new acquisitions.



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The Thomson Corporation Business Segment Information

(millions of U.S. dollars)
(unaudited)

| | <u>Three Months Ended</u> <u>March 31,</u> | | |
|------------------------------------|---|-----------------|---------------|
| | <u>2008</u> | <u>2007</u> | <u>Change</u> |
| Revenues | | | |
| Legal | \$ 809 | \$ 740 | 9% |
| Financial | 565 | 527 | 7% |
| Tax & Accounting | 205 | 160 | 28% |
| Scientific | 163 | 149 | 9% |
| Healthcare | 95 | 92 | 3% |
| Intercompany eliminations | (3) | (6) | |
| Total revenues | <u>\$ 1,834</u> | <u>\$ 1,662</u> | <u>10%</u> |
| Segment Operating Profit | | | |
| Legal | \$ 225 | \$ 206 | 9% |
| Financial | 110 | 95 | 16% |
| Tax & Accounting | 39 | 38 | 3% |
| Scientific | 32 | 34 | -6% |
| Healthcare | 3 | 4 | -25% |
| Corporate and other ⁽¹⁾ | (131) | (91) | |
| Amortization | (62) | (61) | |
| Operating Profit | <u>\$ 216</u> | <u>\$ 225</u> | <u>-4%</u> |

(1) Corporate and other includes corporate costs, THOMSONplus costs, Reuters-related costs and certain costs associated with stock-based compensation.

| | <u>Three Months Ended</u> <u>March 31,</u> | |
|--------------------------------|---|-----------------|
| | <u>2008</u> | <u>2007</u> |
| Depreciation By Segment | | |
| Legal | \$ (55) | \$ (48) |
| Financial | (41) | (46) |
| Tax & Accounting | (8) | (6) |
| Scientific | (9) | (7) |
| Healthcare | (7) | (5) |
| Corporate and Other | (1) | (3) |
| Total | <u>\$ (121)</u> | <u>\$ (115)</u> |



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Reuters Group PLC Business Segment Information

(millions of U.S. dollars, under Canadian GAAP)
(unaudited)

| | Three Months Ended | | |
|--|---------------------------|-----------------|---------------|
| | March 31, | | |
| | 2008 | 2007 | Change |
| Revenues | | | |
| Sales & Trading | \$ 876 | \$ 803 | 9% |
| Research & Asset Management | 214 | 168 | 27% |
| Enterprise | 239 | 202 | 18% |
| Media | 91 | 81 | 12% |
| Total Revenues | \$ 1,420 | \$ 1,254 | 13% |
| Operating Profit | \$ 335 | \$ 98 | 242% |
| Operating Profit Margin | 23.6% | 7.8% | |
| Amortization | 10 | 12 | |
| Fair value adjustments | (20) | 2 | |
| Pension accounting adjustment | (115) | 20 | |
| Deal-related expenses | 38 | - | |
| Underlying Operating Profit⁽¹⁾ | \$ 248 | \$ 132 | 88% |
| Underlying Operating Profit Margin | 17.5% | 10.5% | |

(1) Underlying operating profit is the non-GAAP measure to be used in the future by Thomson Reuters. For consistency with other information in this release, Reuters Group PLC results have been shown using this measure of underlying performance, rather than Reuters Group PLC's previous definition of Trading Profit.



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Reuters Group PLC Business Segment Information⁽¹⁾ (millions of Pounds Sterling, under IFRS) (unaudited)

| | <u>Three Months Ended</u> <u>March 31,</u> | | |
|---|---|--------------|---------------|
| | <u>2008</u> | <u>2007</u> | <u>Change</u> |
| Revenues | | | |
| Sales & Trading | £ 442 | £ 400 | 11% |
| Research & Asset Management | 108 | 84 | 29% |
| Enterprise | 121 | 101 | 20% |
| Media | 46 | 41 | 12% |
| Total Revenues | <u>£ 717</u> | <u>£ 626</u> | <u>15%</u> |
| Operating Profit | <u>£ 102</u> | <u>£ 71</u> | <u>44%</u> |
| Operating Profit Margin | <u>14.2%</u> | <u>11.3%</u> | |
| Fair value adjustments | (1) | (1) | |
| Impairments and amortization of business combination intangibles | 4 | 6 | |
| Deal-related expenses | 19 | - | |
| Underlying Operating Profit⁽²⁾ | <u>£ 124</u> | <u>£ 76</u> | <u>63%</u> |
| Underlying Operating Profit Margin | <u>17.3%</u> | <u>12.1%</u> | |

(1) These unaudited results do not comprise statutory accounts of Reuters Group PLC within the meaning of Section 435 of the UK Companies Act 2006. Statutory accounts for the year ended December 31, 2007 have not been delivered to the Registrar of Companies in the UK. A report of the auditors has been made on those accounts and such report was unqualified and did not contain any statement under Section 498 of the UK Companies Act 2006.

(2) Underlying operating profit is the non-GAAP measure to be used in the future by Thomson Reuters. For consistency with other information in this release, Reuters Group PLC results have been shown using this measure of underlying performance, rather than Reuters Group PLC's previous definition of Trading Profit.



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Pro Forma Thomson Reuters Division and Business Segment Information⁽¹⁾ (millions of U.S. dollars) (unaudited)

| | Three Months Ended | | |
|---|---------------------------|-----------------|----------------------------|
| | March 31, | | |
| | 2008 | 2007 | Change |
| Pro Forma Revenues | | | |
| Legal | \$ 809 | \$ 740 | 9% |
| Tax & Accounting | 205 | 160 | 28% |
| Scientific | 163 | 149 | 9% |
| Healthcare | 95 | 92 | 3% |
| Professional Division | <u>1,272</u> | <u>1,141</u> | <u>11%</u> |
| Sales & Trading | 975 | 843 | 16% |
| Investment & Advisory | 596 | 515 | 16% |
| Enterprise | 300 | 241 | 24% |
| Media | 114 | 96 | 19% |
| Markets Division | <u>1,985</u> | <u>1,695</u> | <u>17%</u> ⁽²⁾ |
| Intercompany eliminations | (3) | (6) | |
| Total Pro Forma Revenues | <u>3,254</u> | <u>2,830</u> | <u>15%</u> |
| Accounting adjustment | - | 86 | |
| Total Pro Forma Revenues Excluding Accounting Adjustment | <u>\$ 3,254</u> | <u>\$ 2,916</u> | <u>12%</u> |
| Pro Forma Segment Operating Profit | | | |
| Legal | \$ 225 | \$ 206 | 9% |
| Tax & Accounting | 39 | 38 | 3% |
| Scientific | 32 | 34 | -6% |
| Healthcare | 3 | 4 | -25% |
| Professional Division | <u>299</u> | <u>282</u> | <u>6%</u> |
| Markets Division | <u>353</u> | <u>123</u> | <u>187%</u> ⁽²⁾ |
| Corporate and other | (66) | (103) | |
| Amortization | (158) | (157) | |
| Pro Forma Operating Profit | <u>\$ 428</u> | <u>\$ 145</u> | <u>195%</u> |
| Amortization | 158 | 157 | |
| Fair value adjustments | (20) | 2 | |
| Revenue accounting adjustment | - | 86 | |
| THOMSONplus | 13 | 34 | |
| Pro Forma Underlying Operating Profit | <u>\$ 579</u> | <u>\$ 424</u> | <u>37%</u> |

(1) Pro forma financial information included in this news release is for information purposes only and is unaudited. The pro forma financial information was prepared in U.S. dollars in a manner consistent with accounting policies that applied to Thomson under Canadian GAAP prior to the closing of the acquisition and which currently apply to Thomson Reuters. The pro forma financial information should not be considered indicative of actual balance sheet data or operating results that would have been achieved had Thomson acquired Reuters on January 1, 2007, or of results which may occur in the future. The pro forma financial information should be read in conjunction with historical financial results for Thomson and Reuters. The Reuters historical financial information has been converted from British pounds sterling to U.S. dollars for purposes of the pro forma financial information presented using average exchange rates applicable during the periods presented. Pro forma information reflects the estimated impacts of purchase accounting but excludes deal-related expenses. The impacts of purchase accounting are based on preliminary estimates and therefore subject to change during the course of 2008, pending a final valuation of the Reuters net assets.

(2) Excluding the impact of the revenue accounting adjustment from first-quarter 2007 results for the Markets Division, year-on-year revenue growth is 11% and operating profit growth is 69%.



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Pro Forma Thomson Reuters Division and Business Segment Information

(millions of U.S. dollars)

(unaudited)

| | <u>Three Months Ended</u> | |
|---|---------------------------|-----------------|
| | <u>March 31,</u> | |
| | <u>2008</u> | <u>2007</u> |
| Pro Forma Depreciation by Segment: | | |
| Professional Division | | |
| Legal | \$ (55) | \$ (48) |
| Tax & Accounting | (8) | (6) |
| Scientific | (9) | (7) |
| Healthcare | (7) | (5) |
| Markets Division | (126) | (128) |
| Corporate and Other | (1) | (3) |
| Total: | <u>\$ (206)</u> | <u>\$ (197)</u> |