



Thomson Reuters Reports Second-Quarter
2008 Results

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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>Six Months Ended</u>		
	<u>2008</u>	<u>June 30, 2007</u>	<u>Change</u>	<u>2008</u>	<u>June 30, 2007</u>	<u>Change</u>
Pro Forma Revenues						
Legal	\$ 923	\$ 852	8%	\$1,732	\$1,592	9%
Tax & Accounting	189	155	22%	394	315	25%
Scientific	154	140	10%	295	267	10%
Healthcare	109	100	9%	204	192	6%
Professional Division	<u>1,375</u>	<u>1,247</u>	10%	<u>2,625</u>	<u>2,366</u>	11%
Sales & Trading	1,001	901	11%	1,976	1,799	10%
Investment & Advisory	593	544	9%	1,189	1,071	11%
Enterprise	338	275	23%	638	530	20%
Media	119	106	12%	233	207	13%
Markets Division	<u>2,051</u>	<u>1,826</u>	12%	<u>4,036</u>	<u>3,607</u>	12%
Intercompany eliminations	(4)	(4)		(7)	(10)	
Pro Forma Revenues – Ongoing Businesses⁽¹⁾	<u>3,422</u>	<u>3,069</u>	12%	<u>6,654</u>	<u>5,963</u>	12%
Purchase accounting differences ⁽¹⁾	--	--		--	(86)	
Disposals ⁽²⁾	20	22		42	44	
Pro Forma Revenues	<u>3,442</u>	<u>3,091</u>	11%	<u>6,696</u>	<u>5,921</u>	13%
Pro Forma Operating Profit						
Legal	321	294	9%	546	500	9%
Tax & Accounting	33	31	6%	72	69	4%
Scientific	48	41	17%	77	73	5%
Healthcare	10	9	11%	13	13	0%
Professional Division	<u>412</u>	<u>375</u>	10%	<u>708</u>	<u>655</u>	8%
Markets Division	<u>372</u>	<u>286</u>	30%	<u>715</u>	<u>502</u>	42%
Corporate and other	(221)	(98)		(277)	(208)	
Amortization	(158)	(158)		(316)	(315)	
Pro Forma Operating profit – Ongoing Businesses⁽¹⁾	<u>405</u>	<u>405</u>	0%	<u>830</u>	<u>634</u>	31%
Purchase accounting differences ⁽¹⁾	--	--		--	(86)	
Disposals ⁽²⁾	3	4		6	6	
Impairment of assets held for sale	(72)	--		(72)	--	
Pro Forma Operating Profit	<u>\$ 336</u>	<u>\$ 409</u>	-18%	<u>\$ 764</u>	<u>\$ 554</u>	38%



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Pro Forma Thomson Reuters
Reconciliation of Operating Profit to Underlying Operating Profit
(millions of U.S. dollars)
(unaudited)

	<u>Three Months Ended</u>			<u>Six Months Ended</u>		
	<u>2008</u>	<u>June 30,</u> <u>2007</u>	<u>Change</u>	<u>2008</u>	<u>June 30,</u> <u>2007</u>	<u>Change</u>
Pro Forma Operating Profit	\$ 336	\$ 409	-18%	\$ 764	\$ 554	38%
Adjustments:						
Amortization	158	158		316	315	
Purchase accounting differences	--	--		--	86	
Disposals	(3)	(4)		(6)	(6)	
Impairment of assets held for sale	72	--		72	--	
Fair value adjustments	4	28		(16)	30	
Integration and synergy costs	141	27		154	61	
Pro Forma Underlying Operating Profit⁽³⁾	<u>\$ 708</u>	<u>\$ 618</u>	15%	<u>\$1,284</u>	<u>\$ 1,040</u>	23%
Pro Forma Underlying Operating Profit Margin %	<u>20.7%</u>	<u>20.1%</u>		<u>19.3%</u>	<u>17.4%</u>	



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Pro Forma Thomson Reuters
Reconciliation of Underlying Operating Profit to Adjusted Earnings From Continuing Operations
(millions of U.S. dollars, except per common share data)
(unaudited)

	<u>Three Months Ended</u> <u>June 30, 2008</u>	<u>Six Months Ended</u> <u>June 30, 2008</u>
Pro Forma Underlying Operating Profit⁽³⁾	\$ 708	\$ 1,284
Integration and synergy costs	(141)	(154)
Net interest expense ⁽⁴⁾	(112)	(225)
Income taxes ⁽⁵⁾	(73)	(145)
Tradeweb ownership interests	(4)	(6)
Dividends declared on preference shares	(1)	(3)
Pro Forma Adjusted Earnings – Ongoing Businesses⁽⁶⁾	<u>\$ 377</u>	<u>\$ 751</u>
Pro Forma Adjusted Basic Earnings Per Share – Ongoing Businesses	<u>\$ 0.45</u>	<u>\$ 0.90</u>
Pro Forma Adjusted Diluted Earnings Per Share – Ongoing Businesses	<u>\$ 0.45</u>	<u>\$ 0.90</u>
Pro forma basic weighted average common shares ⁽⁷⁾	<u>830.9</u>	<u>832.6</u>
Pro forma diluted weighted average common shares ⁽⁸⁾	<u>836.5</u>	<u>837.3</u>



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

Pro Forma Depreciation by Segment	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Professional Division				
Legal	\$ (61)	\$ (52)	\$ (116)	\$ (100)
Tax & Accounting	(7)	(5)	(15)	(11)
Scientific	(8)	(7)	(16)	(13)
Healthcare	(6)	(6)	(13)	(11)
Professional Division	(82)	(70)	(160)	(135)
Markets Division	(121)	(126)	(247)	(254)
Corporate and Other	(3)	(3)	(4)	(6)
Pro Forma Depreciation – Ongoing Businesses	(206)	(199)	(411)	(395)
Disposals	--	--	(1)	(1)
Total Pro Forma Depreciation	\$ (206)	\$ (199)	\$ (412)	\$ (396)

- (1) Pro forma revenues from ongoing businesses and pro forma operating profit from ongoing businesses exclude the results of disposals (see note (2) below). Further, these amounts exclude initial one-time purchase accounting adjustments related to acquired revenue and reflect current estimates of all other ongoing purchase accounting adjustments. In order to reconcile these amounts to the 2007 pro forma revenues and operating profit disclosed in the Thomson Reuters PLC annual report on Form 20-F for the year ended December 31, 2007, the one-time adjustment to revenue as well as the variance to the earlier estimate of ongoing purchase accounting adjustments are reflected in the line "Purchase accounting differences."
- (2) Disposals include the results of businesses sold or held for sale that do not qualify as discontinued operations.
- (3) Pro forma underlying operating profit is operating profit adjusted for amortization of acquired intangible assets, the impairment of assets held for sale, costs associated with the integration of Reuters, expenses for corporate efficiency initiatives, and other items affecting comparability. Pro forma underlying operating profit excludes the results of disposals as well as the initial one-time purchase accounting adjustments related to acquired revenue and the variance to earlier estimates of ongoing purchase accounting adjustments as described in note (1) above. Pro forma underlying operating profit margin is the pro forma underlying operating profit expressed as a percentage of pro forma ongoing revenues.
- (4) Pro forma net interest expense represents a pro rata portion of full year pro forma interest expense of \$450 million.
- (5) Pro forma income taxes are calculated using an effective tax rate of 25%; excluding amortization, the rate is 16%.
- (6) Pro forma adjusted earnings from ongoing operations and pro forma adjusted earnings per share from ongoing operations include costs associated with the integration of Reuters and certain expenses for corporate efficiency initiatives costs, but exclude non-recurring items, discontinued operations, the results of disposals (see note (2) above) and other items affecting comparability. Pro forma adjusted earnings per share from ongoing operations does not represent actual earnings per share attributable to shareholders.
- (7) Pro forma basic weighted average common shares includes approximately 194.1 million Thomson Reuters PLC shares issued to former Reuters Group PLC shareholders on April 17, 2008 as if the shares were outstanding from January 1, 2008, the beginning of the periods presented.
- (8) Pro forma diluted weighted average common shares includes the effect of Reuters Group PLC options assumed in the acquisition from January 1, 2008, the beginning of the periods presented.



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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues	\$ 3,128	\$ 1,805	\$ 4,962	\$ 3,467
Cost of sales, selling, marketing, general and administrative expenses	(2,428)	(1,274)	(3,863)	(2,535)
Depreciation	(192)	(117)	(313)	(232)
Amortization	(141)	(62)	(203)	(123)
Impairment of assets held for sale	(72)	--	(72)	--
Operating profit	295	352	511	577
Net other (expense) income	(38)	6	(64)	12
Net interest expense and other financing costs	(54)	(51)	(15)	(104)
Income taxes	(20)	(45)	(54)	(14)
Tradeweb ownership interests	(4)	--	(6)	--
Earnings from continuing operations	179	262	372	471
Earnings (losses) from discontinued operations, net of tax	(6)	115	(5)	130
Net earnings	173	377	367	601
Dividends declared on preference shares	(1)	(2)	(3)	(3)
Earnings attributable to common shares	\$ 172	\$ 375	\$ 364	\$ 598
Basic earnings per common share	\$ 0.22	\$ 0.59	\$ 0.51	\$ 0.93
Diluted earnings per common share	\$ 0.22	\$ 0.58	\$ 0.51	\$ 0.93
Basic weighted average common shares	792,544,170	640,884,903	716,323,549	640,978,139
Diluted weighted average common shares	797,766,197	644,161,588	720,098,337	644,004,845



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Thomson Reuters Corporation
Consolidated Balance Sheet

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

	<u>June 30,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
Assets		
Cash and cash equivalents	\$ 789	\$ 7,497
Accounts receivable, net of allowances	1,811	1,565
Prepaid expenses and other current assets	801	512
Deferred income taxes	197	104
Current assets	<u>3,598</u>	<u>9,678</u>
Computer hardware and other property, net	1,723	731
Computer software, net	1,903	721
Identifiable intangible assets, net	8,618	3,438
Goodwill	19,994	6,935
Other non-current assets	1,994	1,328
Total assets	<u><u>\$ 37,830</u></u>	<u><u>\$ 22,831</u></u>
Liabilities and shareholders' equity		
Liabilities		
Short-term indebtedness	\$ 4	\$ 183
Accounts payable and accruals	2,560	1,536
Deferred revenue	1,235	1,108
Current portion of long-term debt and finance lease obligations	667	412
Current liabilities	<u>4,466</u>	<u>3,239</u>
Long-term debt and finance lease obligations	7,733	4,264
Other non-current liabilities	1,270	783
Deferred income taxes	2,622	974
Minority interest in equity of consolidated affiliates	73	--
Shareholders' equity		
Capital	11,020	2,932
Retained earnings	10,341	10,355
Accumulated other comprehensive income	305	284
Total shareholders' equity	<u>21,666</u>	<u>13,571</u>
Total liabilities and shareholders' equity	<u><u>\$ 37,830</u></u>	<u><u>\$ 22,831</u></u>



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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash provided by (used in):				
Operating activities				
Net earnings	\$ 173	\$ 377	\$ 367	\$ 601
Remove earnings from discontinued operations	6	(115)	5	(130)
Add back (deduct) items not involving cash:				
Depreciation	192	117	313	232
Amortization	141	62	203	123
Net gains on disposals of businesses and investments	--	(2)	--	(8)
Impairment of assets held for sale	72	--	72	--
Deferred income taxes	(77)	(19)	(130)	(61)
Other, net	96	71	184	135
Changes in working capital and other items	283	5	170	(96)
Cash provided by operating activities – discontinued operations	(6)	(53)	(20)	(66)
Net cash provided by operating activities	<u>880</u>	<u>443</u>	<u>1,164</u>	<u>730</u>
Investing activities				
Acquisitions, less cash therein	(8,147)	(29)	(8,270)	(183)
Proceeds from disposals	--	5	154	11
Capital expenditures, less proceeds from disposals	(232)	(142)	(340)	(240)
Other investing activities	(11)	(13)	(23)	(23)
Capital expenditures of discontinued operations	--	(58)	--	(95)
Other investing activities of discontinued operations	--	(2)	(7)	(6)
Proceeds from disposals of discontinued operations, net of income taxes paid	--	438	(53)	473
Acquisitions by discontinued operations	--	--	--	(54)
Net cash (used in) provided by investing activities	<u>(8,390)</u>	<u>199</u>	<u>(8,539)</u>	<u>(117)</u>
Financing activities				
Repayments of debt	(4,679)	(20)	(5,079)	(20)
Net repayments under short-term loan facilities	(1,426)	(380)	(1,072)	(136)
Proceeds from debt	5,921	--	7,600	--
Repurchase of common shares	(458)	(20)	(458)	(75)
Dividends paid on preference shares	(1)	(2)	(3)	(3)
Dividends paid on common shares	(144)	(153)	(270)	(306)
Dividend paid related to Reuters Group PLC	(246)	--	(246)	--
Other financing activities, net	192	5	194	15
Net cash (used in) provided by financing activities	<u>(841)</u>	<u>(570)</u>	<u>666</u>	<u>(525)</u>
Translation adjustments	(82)	--	1	--
(Decrease) increase in cash and cash equivalents	(8,433)	72	(6,708)	88
Cash and cash equivalents at beginning of period	9,222	350	7,497	334
Cash and cash equivalents at end of period	<u>\$ 789</u>	<u>\$ 422</u>	<u>\$ 789</u>	<u>\$ 422</u>



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

	<u>Three Months</u> <u>Ended</u> <u>June 30,</u>		<u>Six Months</u> <u>Ended</u> <u>June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net cash provided by operating activities	\$ 880	\$ 443	\$ 1,164	\$ 730
Capital expenditures	(232)	(142)	(340)	(240)
Other investing activities	(11)	(13)	(23)	(23)
Capital expenditures of discontinued operations	--	(58)	--	(95)
Other investing activities of discontinued operations	--	(2)	(7)	(6)
Dividends paid on preference shares	(1)	(2)	(3)	(3)
Free cash flow	<u>\$ 636</u>	<u>\$ 226</u>	<u>\$ 791</u>	<u>\$ 363</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 dividends and fund new acquisitions.