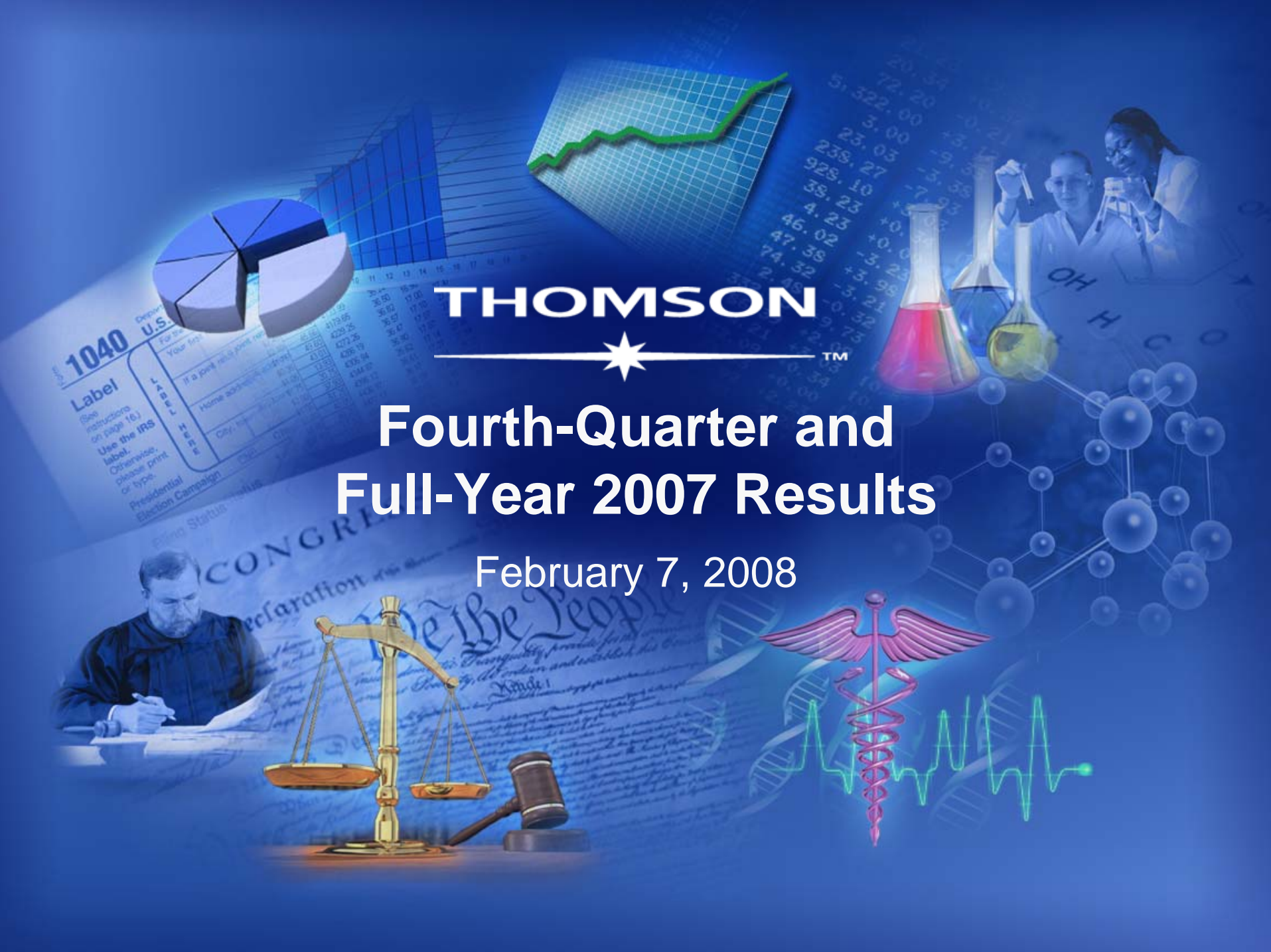


**THOMSON**



# Fourth-Quarter and Full-Year 2007 Results

February 7, 2008



# Agenda

- Welcome/Introduction Frank Golden
- 2007 Recap Richard Harrington
- Financial Review Robert Daleo
- Questions & Answers



# Special Note

## CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS

This presentation, in particular the discussion of the proposed acquisition of Reuters Group PLC, includes forward-looking statements. These statements are based on certain assumptions and reflect Thomson's current expectations. Forward-looking statements also include statements about Thomson's beliefs and expectations related to its anticipated run-rate savings and costs related to *THOMSONplus* as well as the timing for the achievement of savings from the program, and its beliefs that the Reuters acquisition will be approved and close early in the second quarter. While Thomson believes that the proposed transaction with Reuters Group PLC will be approved by antitrust/competition authorities, there can be no assurance that the required approvals will be obtained, how long it will take to obtain such approvals or what conditions, if any, such authorities may impose. All forward-looking statements in this presentation are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These risks and uncertainties include the failure of Reuters shareholders to approve the proposed transaction; the effect of regulatory conditions, if any, imposed by regulatory authorities; the reaction of Thomson's and Reuters' customers, employees and suppliers to the proposed transaction; and the diversion of management time on transaction-related issues. Some of the other factors that could cause actual results or events to differ materially from current expectations are actions of competitors; failure to fully derive anticipated benefits from acquisitions and divestitures; failure to develop additional products and services to meet customers' needs, attract new customers or expand into new geographic markets; and changes in the general economy. Additional factors are discussed in Thomson's materials filed with the securities regulatory authorities in Canada and the United States from time to time, including Thomson's latest annual information form, which is also contained in its most recent annual report on Form 40-F filed with the U.S. Securities and Exchange Commission (SEC). Any forward-looking statements made by or on behalf of Thomson speak only as of the date they are made. Thomson disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law, rule or regulation.

## ADDITIONAL INFORMATION

This presentation does not constitute an offer for sale of any securities or an offer or an invitation to purchase any such securities. Following satisfaction or waiver of the pre-conditions to the proposed Reuters transaction, documents relating to the proposed transaction will be furnished to or filed with the SEC. Shareholders are urged to read such documents regarding the proposed transaction if and when they become available, because they will contain important information. Shareholders will be able to obtain free copies of these documents, as well as other filings containing information about the companies, without charge, at the SEC's website at [www.sec.gov](http://www.sec.gov), at the Canadian securities regulatory authorities' website at [www.sedar.com](http://www.sedar.com) and from Thomson. These documents will also be available for inspection and copying at the public reference room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, USA. For further information about the public reference room, call the SEC at +1 800-732-0330.

## NON-GAAP FINANCIAL MEASURES

This presentation contains disclosures of certain non-GAAP financial measures. Please see the "Investor Relations" section of our website, [www.thomson.com](http://www.thomson.com), for a reconciliation of each of these measures to the most directly comparable GAAP financial measure. You can also find some GAAP reconciliations in the tables attached to our earnings release dated February 7, 2008, which is also available on the Thomson website.

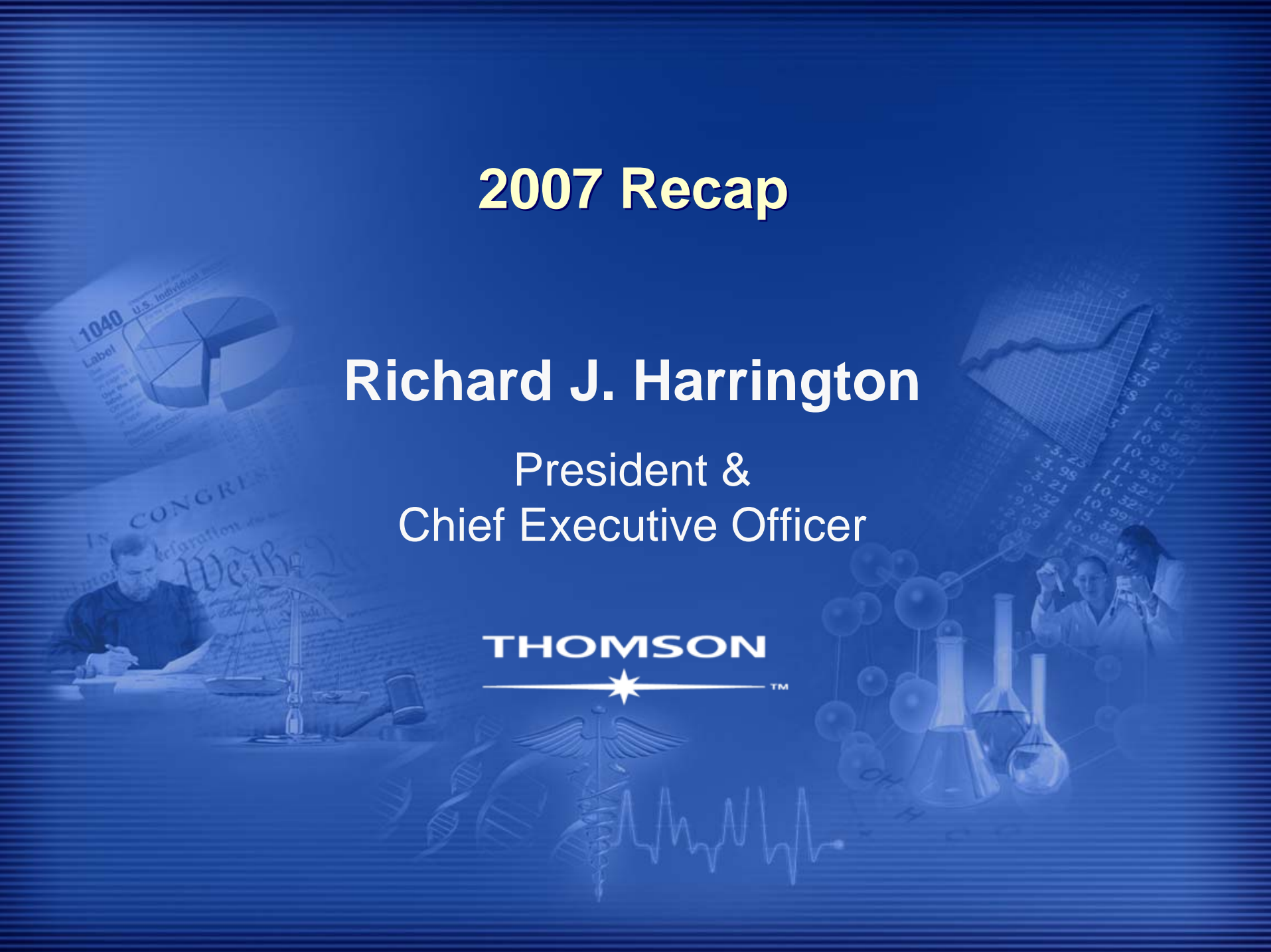


# 2007 Recap

**Richard J. Harrington**

President &  
Chief Executive Officer

**THOMSON**



# Overview

- 2007 Recap
- Building on Our Strengths
- Thomson Reuters – Looking Ahead



# 2007 – A Milestone Year

- Strong Operating Performance
- Strategic repositioning of portfolio through:
  - Sale of Learning
  - Proposed acquisition of Reuters
- 10% dividend increase
  - 3rd consecutive year of double-digit dividend growth



# Full-Year 2007 Financial Highlights

- Revenue Growth
  - Up 11% (including FX)
  - Up 9% (excluding FX)
  - 6% organic growth
- Operating Profit Growth
  - Up 4%
  - *Up 14% underlying basis*
- Adjusted Earnings Per Share
  - Up 27%
  - \$1.69 per share vs. \$1.33



# Building on Our Strengths

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# We've Transformed Our DNA

- Recognized and realized advantages of:
  - Serving professional customers
  - Strong business information services platform
  - Intelligent information and decision-support tools
  - Subscription-based model
- Transitioned from print to electronic solutions
  - 82% of revenue is electronic, software & services based and grew 13% in 2007
- Continually refined business model & strategy
  - Front-End Customer Strategy led to strong understanding of our customers' needs
  - Portfolio optimization resulted in higher growth & returns



# Thomson in 2008

- Stronger business portfolio
- Stronger competitive position
- More diversified revenue stream
- Enhanced solutions / product offerings
- Robust electronic platforms provide stability & flexibility
- Increasingly signing multi-year / enterprise-wide contracts
- Stronger customer relationships



# Leader Across Information Services Markets

2007 financial information	Strengths – Resilient Businesses	Benefits/Opportunities
<p><b>Legal</b></p> <p><u>Revenue</u> <b>\$3.3B</b></p> <p><u>Segment Operating Profit</u> <b>\$1.0B</b></p>	<ul style="list-style-type: none"> <li>▪ Market leader                             <ul style="list-style-type: none"> <li>✓ 100% of largest 250 law firms</li> <li>✓ 87% of Fortune 500 companies</li> </ul> </li> <li>▪ Revenue ~70% electronic</li> <li>▪ Print revenue now stable &amp; bundled                             <ul style="list-style-type: none"> <li>✓ 42% 2002 vs. 33% today</li> </ul> </li> <li>▪ Large law concentration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Expanding share of wallet</li> <li>▪ Customers demanding productivity tools</li> <li>▪ Contracts                             <ul style="list-style-type: none"> <li>✓ Multi-year</li> <li>✓ Not headcount driven</li> <li>✓ No opting out with law firm mergers</li> </ul> </li> <li>▪ No longer law library-based model</li> </ul>
<p><b>Financial</b></p> <p><u>Revenue</u> <b>\$2.2B</b></p> <p><u>Segment Operating Profit</u> <b>\$0.5B</b></p>	<ul style="list-style-type: none"> <li>▪ #2 in North America</li> <li>▪ Well diversified product portfolio &amp; strong buy-side offerings</li> <li>▪ 40% revenue from fixed income, transaction related &amp; Corporate Services</li> <li>▪ Growing international business (25%)</li> <li>▪ Financial markets developing worldwide                             <ul style="list-style-type: none"> <li>✓ Global assets under management up 85% – \$62 trillion in 2006 from \$33 trillion in 1998</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Thomson ONE now a comprehensive solution = ~80% of TF terminals</li> <li>▪ Enhanced product quality</li> <li>▪ Importance of analytical tools increasing</li> <li>▪ Volatility works to our advantage</li> <li>▪ Enterprise-wide deals increasing</li> </ul>



# Leader Across Information Services Markets

2007 financial information	Strengths – Resilient Businesses	Benefits/Opportunities
<p><b>Tax &amp; Accounting</b></p> <p><u>Revenue</u> <b>\$0.7B</b></p> <p><u>Segment Operating Profit</u> <b>\$0.2B</b></p>	<ul style="list-style-type: none"> <li>▪ Market Leader</li> <li>▪ Processes 40% of professionally prepared U.S. corporate income tax returns</li> <li>▪ Checkpoint – cornerstone solution                             <ul style="list-style-type: none"> <li>✓ 95 of Top 100 accounting firms, 85 of Fortune 100, 92 of top 100 law firms</li> </ul> </li> <li>▪ Renewal rates over 90%</li> <li>▪ Need for outsourcing services growing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revenue growth has exceeded market</li> <li>▪ Software                             <ul style="list-style-type: none"> <li>✓ Outputs required annually</li> <li>✓ Underlying tax code content requires constantly updating</li> </ul> </li> <li>▪ Deeply embedded</li> </ul>
<p><b>Scientific</b></p> <p><u>Revenue</u> <b>\$0.7B</b></p> <p><u>Seq. Op. Profit</u> <b>\$0.2B</b></p>	<ul style="list-style-type: none"> <li>▪ Well-diversified customer base</li> <li>▪ 93 of top 100 Pharma companies</li> <li>▪ #1 provider of global patent info</li> <li>▪ Renewal rates over 90%</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pharma R&amp;D spending resilient</li> <li>▪ Moving to multi-year contracts</li> <li>▪ Capture growing Asian market</li> </ul>
<p><b>Healthcare</b></p> <p><u>Revenue</u> <b>\$0.5B</b></p> <p><u>Seq. Op. Profit</u> <b>\$0.1B</b></p>	<ul style="list-style-type: none"> <li>▪ Macro trends favorable</li> <li>▪ Largest U.S. hospital decision support provider – 3,500 hospitals</li> <li>▪ Healthcare industry independent of broader economic environment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Opportunity given increasing costs for providers and payers</li> <li>▪ Demand for cost savings solutions by corporations and hospitals</li> </ul>



# Thomson Reuters – Looking Ahead

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# Thomson Reuters

**At the center of business & commercial enterprise dealings every day**

## Combination that will:

- Achieve benefits of size & scale
- Capitalize on Reuters global footprint
- Leverage well-established positions in North America, Europe & Asia across the company
- Deliver high-end, critical information & decision support tools improving customer productivity
- Generate significant FCF & shareholder value



# Summary

- 2007 – A signature year
- State-of-the-Company is strong
- Well positioned to capitalize on opportunities ahead

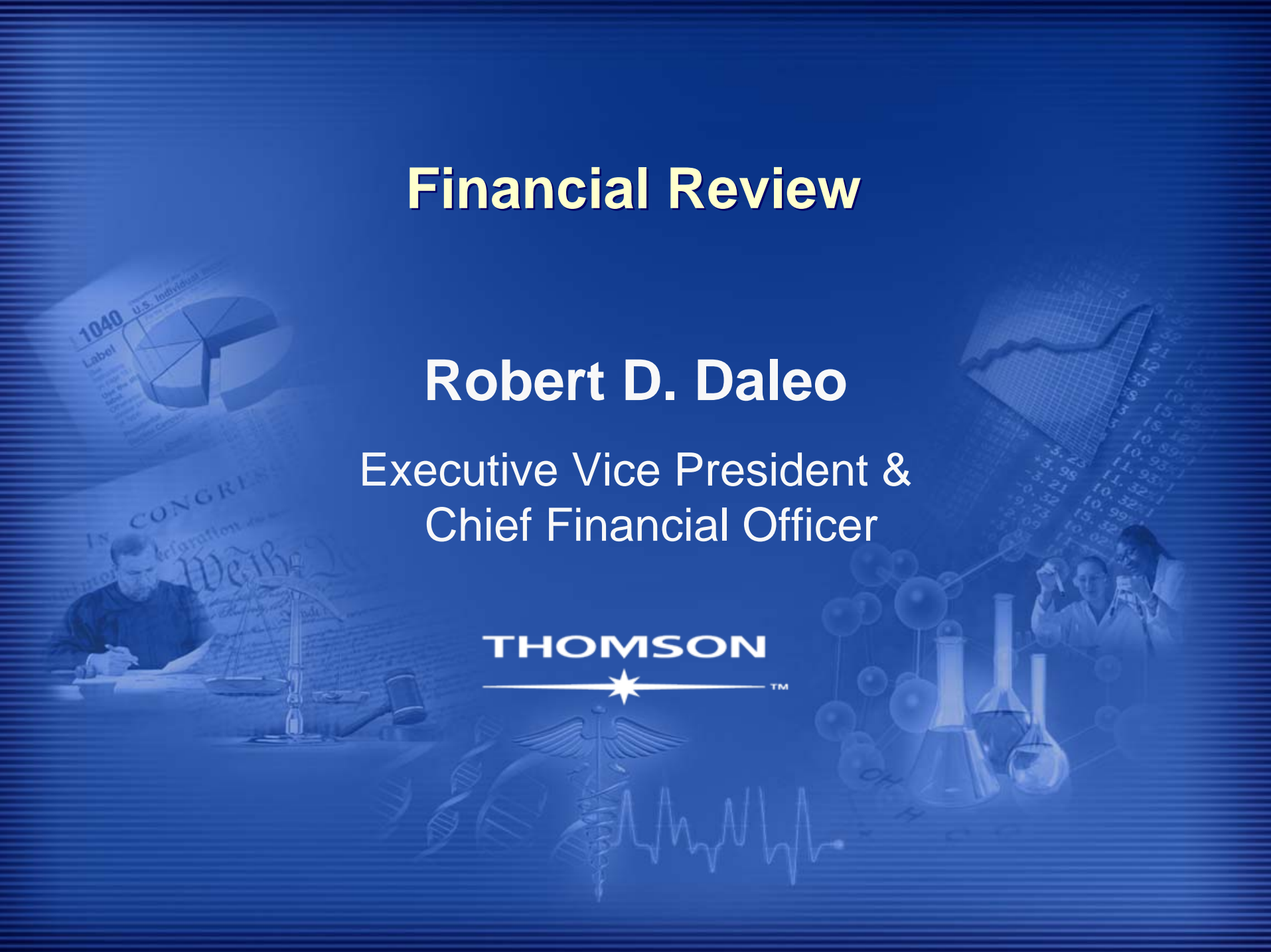


# Financial Review

**Robert D. Daleo**

Executive Vice President &  
Chief Financial Officer

**THOMSON**



# Today's Agenda

- Q4 and Full-Year Results
- 2007 Key Metrics
- Reuters Transaction Update
- Dividend Increase for 2008



# Consolidated Results

(\$ Millions)

## FOURTH QUARTER

## FULL YEAR

	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>
Revenues	\$2,033	\$1,850	10%	\$7,296	\$6,591	11%
Operating Profit	\$ 410	\$ 422	-3%	\$1,297	\$1,248	4%
<i>Operating Profit Margin</i>	20.2%	22.8%		17.8%	18.9%	

### Underlying Profit & Margins:

Operating Profit	\$ 489	\$ 451	8%	\$1,492	\$1,308	14%
<i>Operating Profit Margin</i>	24.1%	24.4%		20.4%	19.8%	

Note: Results from continuing operations.



# Legal

(\$ Millions)

## FOURTH QUARTER

## FULL YEAR

	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>
Revenues	\$875	\$795	10%	\$3,318	\$3,008	10%
Segment Operating Profit	\$272	\$255	7%	\$1,044	\$ 943	11%
<i>Segment Operating Profit Margin</i>	31.1%	32.1%		31.5%	31.3%	

Note: Results from continuing operations.



# Financial

(\$ Millions)

## FOURTH QUARTER

## FULL YEAR

	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>
Revenues	\$575	\$528	9%	\$2,186	\$2,025	8%
Segment Operating Profit	\$135	\$111	22%	\$ 454	\$ 380	19%
Segment Operating Profit Margin	23.5%	21.0%		20.8%	18.8%	

Note: Results from continuing operations.



# Tax & Accounting

(\$ Millions)

## FOURTH QUARTER

## FULL YEAR

2007   2006   Change

2007   2006   Change

Revenues

\$248   \$211   18%

\$705   \$598   18%

Segment Operating Profit

\$ 89   \$ 95   -6%

\$184   \$168   10%

Segment Operating Profit Margin

35.9%   45.0%

26.1%   28.1%

Note: Results from continuing operations.



# Scientific

(\$ Millions)

## FOURTH QUARTER

## FULL YEAR

2007    2006    Change

2007    2006    Change

Revenues

\$180    \$162    11%

\$651    \$602    8%

Segment Operating Profit

\$ 55    \$ 46    20%

\$175    \$151    16%

Segment Operating Profit Margin

30.6%    28.4%

26.9%    25.1%

Note: Results from continuing operations.



# Healthcare

(\$ Millions)

## FOURTH QUARTER

## FULL YEAR

	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>
Revenues	\$158	\$158	0%	\$452	\$374	21%
Segment Operating Profit	\$ 57	\$ 61	-7%	\$ 85	\$ 81	5%
<i>Segment Operating Profit Margin</i>	36.1%	38.6%		18.8%	21.7%	

Note: Results from continuing operations.



# Corporate Expense Overview

(\$ Millions)

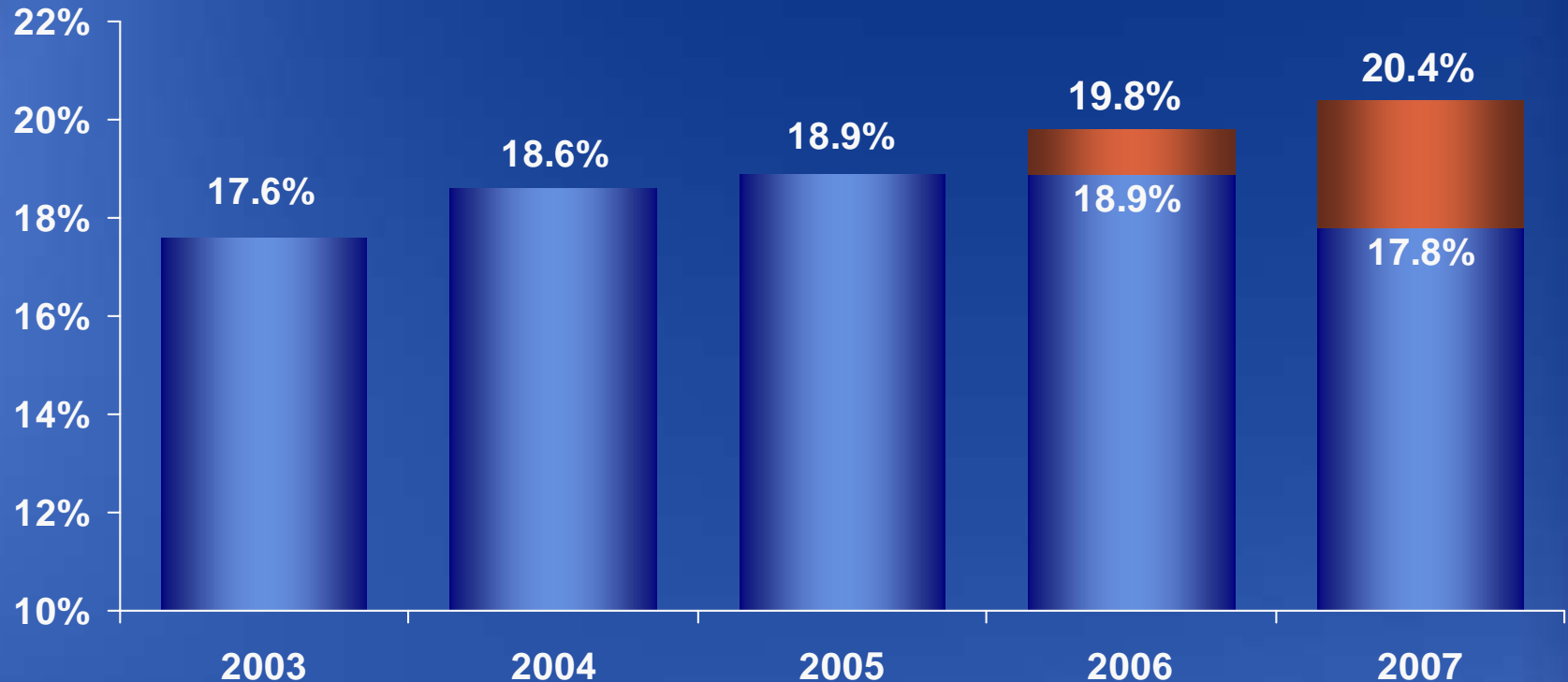
## FOURTH QUARTER

## FULL YEAR

	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Core Corporate Costs	\$ 52	\$55	\$194	\$175
Pension Credit	(34)	-	(34)	-
THOMSON <i>plus</i> Costs	68	29	153	60
Reuters Transaction Costs	45	-	76	-
Total Corporate Costs	<u>\$131</u>	<u>\$84</u>	<u>\$389</u>	<u>\$235</u>



# Operating Profit Margin

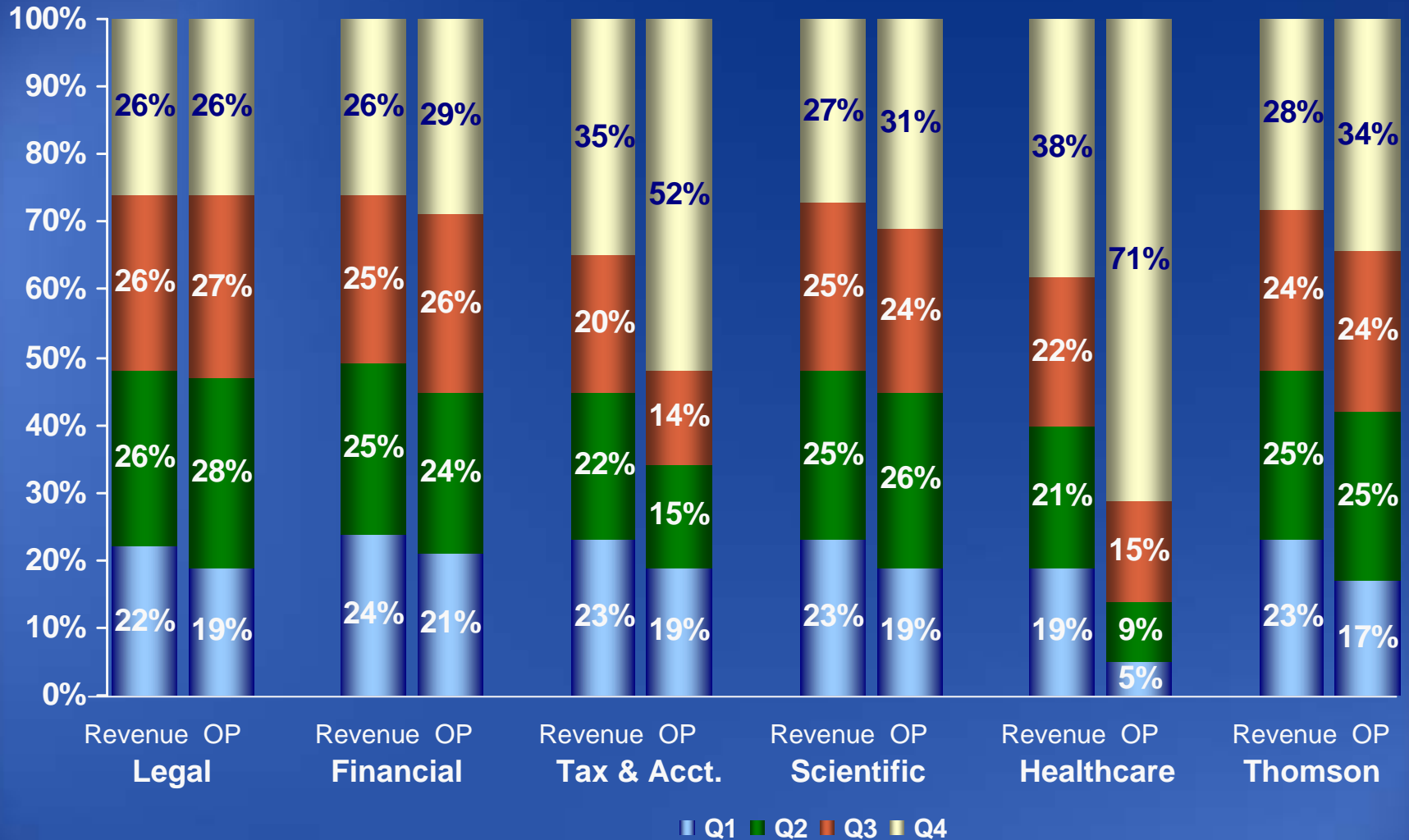


- For 2007 represents underlying operating profit margin excluding THOMSONplus costs, Reuters transaction-related expenses & benefit of a \$34 million pension credit
- For 2006 excludes THOMSONplus costs

Note: Results from continuing operations.



# 2006 / 2007 Revenue and Operating Profit Phasing



OP = segment operating profit excludes amortization for each business segment

Thomson Consolidated Operating Profit includes amortization. THOMSONplus and Reuters related costs have been removed



# Free Cash Flow

(\$ Millions)

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Free Cash Flow	\$1,066	\$1,440	-26%
Discontinued Operation	93	(370)	
Interest from Learning Proceeds	(155)	0	
THOMSON <i>plus</i> Costs	162	69	
Reuters Transaction Costs	73	0	
Lawsuit Settlement	<u>36</u>	<u>0</u>	
Free Cash Flow Excluding Above	\$1,275	\$1,139	12%

\*Free cash flow excludes cost of acquisitions, proceeds from disposals and dividends paid on common shares.



# Free Cash Flow

(\$ Millions)



\*Free cash flow excludes cost of acquisitions, proceeds from disposals and dividends paid on common shares.



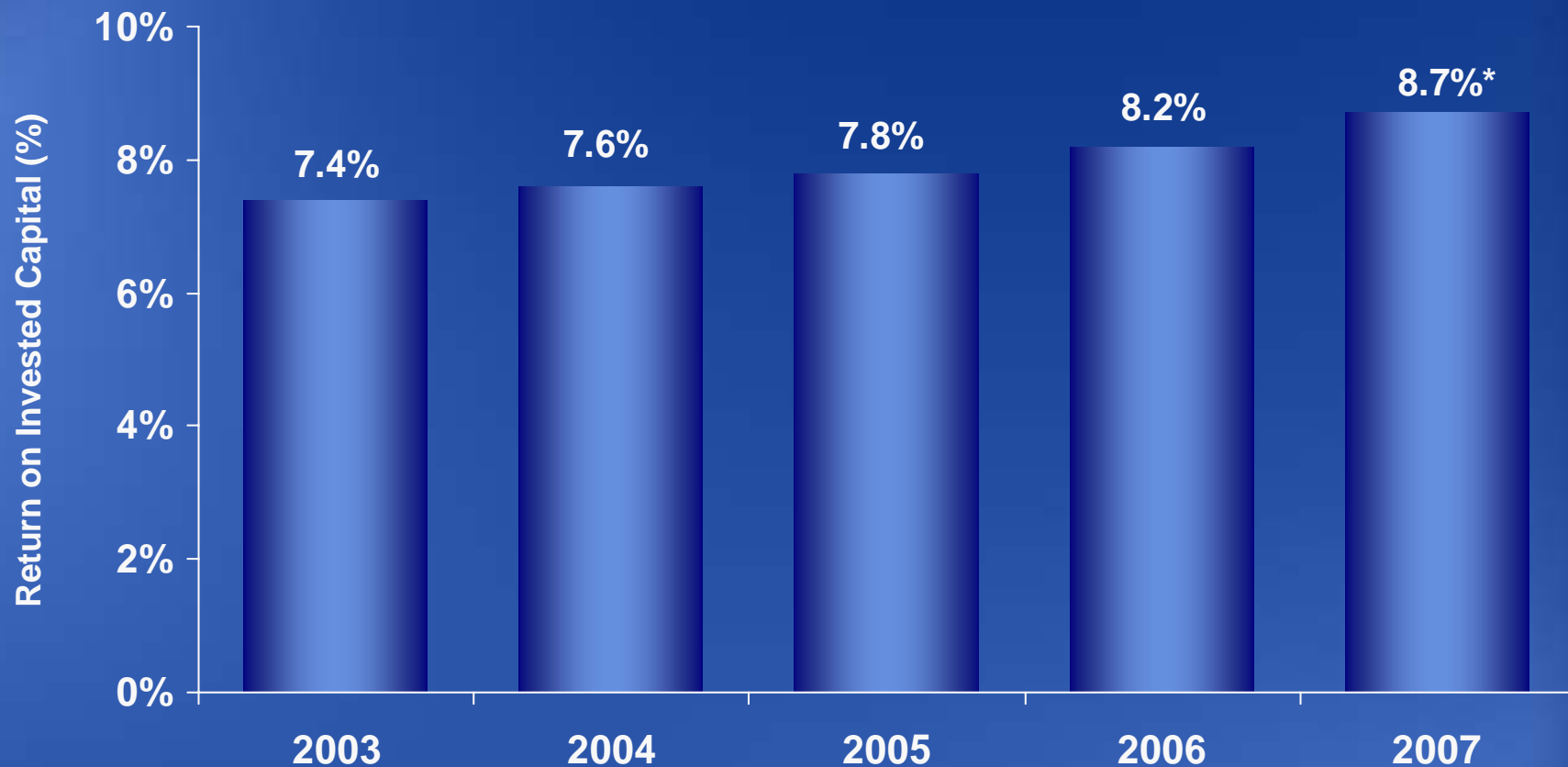
# CAPEX/Revenues



*Note: Results from continuing operations*



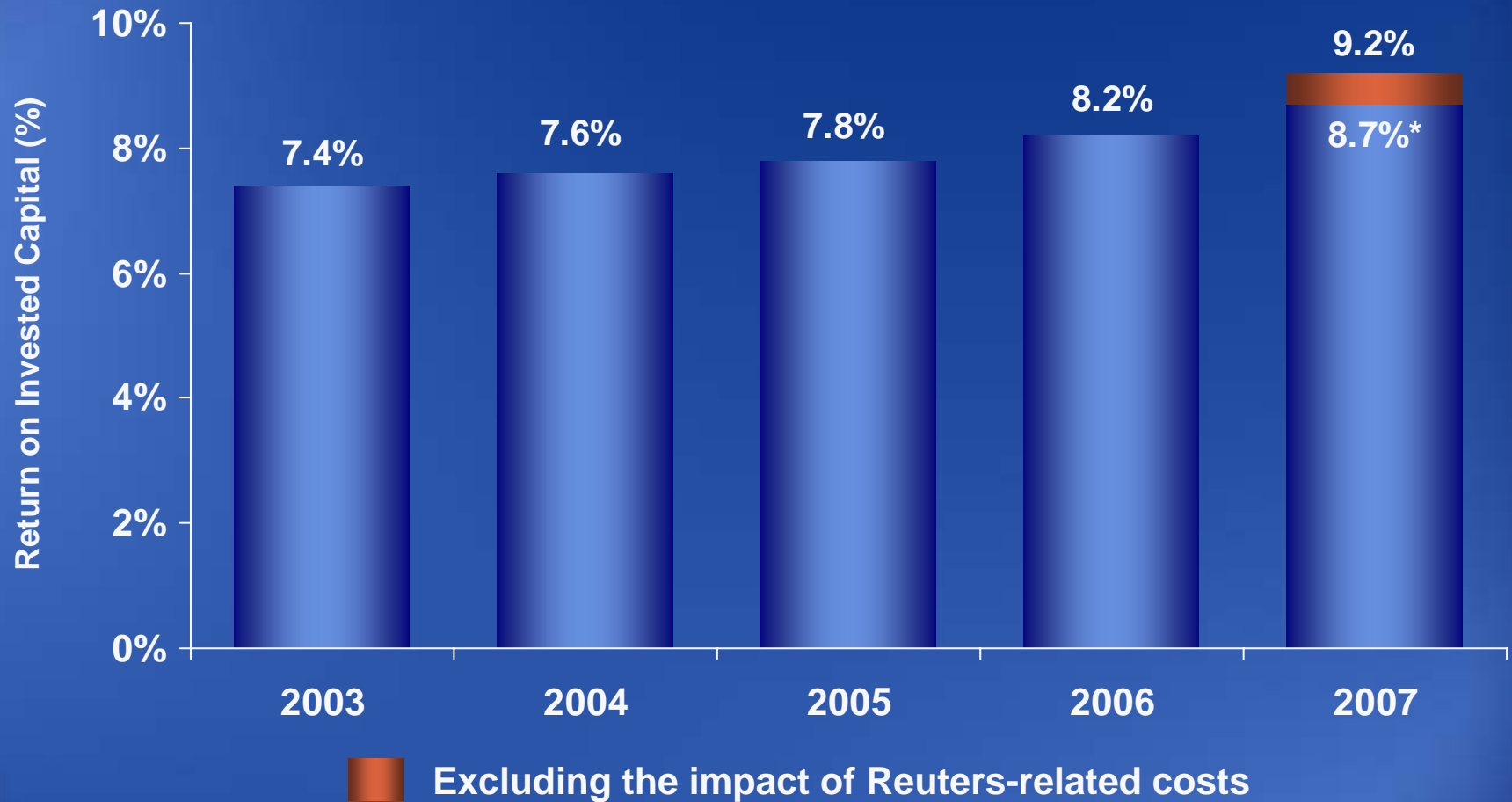
# Return On Invested Capital



*\*Excludes the impact of discontinued operations*



# Return On Invested Capital



*\*Excludes the impact of discontinued operations*



# Earnings/EPS Variance Analysis

(\$ Millions)

## FOURTH QUARTER

	2007		2006	
	\$	EPS	\$	EPS
Earnings – attributable to common shares as reported	\$432	\$0.67	\$390	\$0.61
Net other expense	40	0.06	35	0.05
Pension credit	(34)	(0.05)	0	0.00
Reuters transaction-related costs	45	0.07	0	0.00
Tax on above/tax benefits	(8)	(0.01)	(27)	(0.04)
Normalization of tax rate	32	0.05	8	0.01
Discontinued operations	(123)	(0.19)	(86)	(0.13)
Adjusted earnings	<u>\$384</u>	<u>\$0.60</u>	<u>\$320</u>	<u>\$0.50</u>



# Dividend Increase

- Increasing annual dividend to \$1.08 (\$0.10 per share)
  - Represents 10.2% increase
  - Third consecutive 10%+ increase



# Thomson Reuters – Transaction Update

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# Thomson Reuters Transaction Update

- U.S. Department of Justice timing aligned with European Commission
- High degree of confidence acquisition will receive clearance
- Expect transaction to close early in the second quarter of 2008
- Integration planning efforts proceeding on course



# 2007 – A Milestone Year

- Strong Operating Performance
- Strategic repositioning of portfolio through:
  - Sale of Learning
  - Proposed acquisition of Reuters
- 10% dividend increase
  - 3rd consecutive year of double-digit dividend growth



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# Questions & Answers

February 7, 2008

