

# THIRD QUARTER REPORT

Period Ended  
September 30, 2014

Management's Discussion and Analysis and  
Unaudited Consolidated Financial Statements



**THOMSON REUTERS**

# THOMSON REUTERS CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

*This management's discussion and analysis is designed to provide you with a narrative explanation through the eyes of our management of our financial condition and results of operations. We recommend that you read this in conjunction with our consolidated interim financial statements for the three and nine months ended September 30, 2014, our 2013 annual consolidated financial statements and our 2013 annual management's discussion and analysis. This management's discussion and analysis is dated as of October 29, 2014. This management's discussion and analysis contains forward-looking statements, which are subject to risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements. Forward-looking statements include, but are not limited to, our 2014 outlook and our expectations related to general economic conditions and market trends and their anticipated effects on our business segments. For additional information related to forward-looking statements and material risks associated with them, please see the "Cautionary Note Concerning Factors That May Affect Future Results" section of this management's discussion and analysis.*

**Contents** - We have organized our management's discussion and analysis in the following key sections:

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We prepare our consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). This management's discussion and analysis also includes certain non-IFRS financial measures which we use as supplemental indicators of our operating performance and financial position and for internal planning purposes.

References in this discussion to "\$" and "US\$" are to U.S. dollars and references to "C\$" are to Canadian dollars. In addition, "bp" means "basis points" and "na" and "n/m" refer to "not applicable" and "not meaningful", respectively. Unless otherwise indicated or the context otherwise requires, references in this discussion to "we," "our," "us" and "Thomson Reuters" are to Thomson Reuters Corporation and our subsidiaries.

## OVERVIEW

**Our company** - We are the leading source of intelligent information for businesses and professionals. We combine industry expertise with innovative technology to deliver critical information to leading decision-makers. We deliver this must-have insight to the financial and risk, legal, tax and accounting, intellectual property and science and media markets, powered by the world's most trusted news organization.

We derive the majority of our revenues from selling electronic content and services to professionals, primarily on a subscription basis. Over the years, this has proven to be capital efficient and cash flow generative, and it has enabled us to maintain leading and scalable positions in our chosen markets. Within each of the market segments that we serve, we bring in-depth understanding of our customers' needs, flexible technology platforms, proprietary content and scale. We believe our ability to embed our solutions into customers' workflows is a significant competitive advantage as it leads to strong customer retention.

Our company is organized as a group of strategic business units: Financial & Risk, Legal, Tax & Accounting and Intellectual Property & Science, supported by a corporate center. We believe this structure allows us to best meet the complex demands of our customers, capture growth opportunities and achieve efficiencies. We also operate a Global Growth & Operations (GGO) organization which works across our business units to identify opportunities in faster growing geographic areas. We do not report GGO as a separate business unit, but rather include its results within our strategic business units. Our Reuters News business is managed and reported within our corporate center.

## KEY HIGHLIGHTS

Our third quarter results were consistent with our expectations and built upon the improved trends we reported in the first six months of the year. Below are highlights from our third quarter results.

(millions of U.S. dollars, except per share amounts) <b>Non-IFRS Financial Measures <sup>(1)</sup></b>	<b>2014</b>	2013	Change	Excluding Charges*		
				<b>2014</b>	2013	Change
Revenues from ongoing businesses	<b>3,107</b>	3,073	1%	<b>3,107</b>	3,073	1%
<i>Revenue growth before currency</i>			1%			1%
Adjusted EBITDA	<b>822</b>	845	(3%)	<b>840</b>	855	(2%)
Adjusted EBITDA margin	<b>26.5%</b>	27.5%	(100)bp	<b>27.0%</b>	27.8%	(80)bp
Underlying operating profit	<b>530</b>	548	(3%)	<b>548</b>	558	(2%)
Underlying operating profit margin	<b>17.1%</b>	17.8%	(70)bp	<b>17.6%</b>	18.2%	(60)bp
Adjusted earnings per share (adjusted EPS)	<b>\$0.45</b>	\$0.48	(6%)	<b>\$0.47</b>	\$0.49	(4%)

\* The charges incurred were associated with our simplification program initiatives.

Revenues from ongoing businesses increased before currency, reflecting 4% combined growth from our Legal, Tax & Accounting and Intellectual Property & Science businesses, which was partially offset by a 2% decline in our Financial & Risk business. The increase in revenues from ongoing businesses before currency was due to contributions from acquisitions as revenues from existing businesses were essentially unchanged.

- Despite a 2% revenue decrease, we believe that Financial & Risk is continuing to make progress. The business continued to drive cost savings and expanded margins for the first nine months of the year by executing on its operational priorities and simplification program initiatives. Financial & Risk's revenue decline in the third quarter reflected the lag effect of negative net sales over the past 12 months on its revenue. A 1% contribution from acquisitions was more than offset by a 3% decline in existing businesses. Financial & Risk's net sales continued to improve and were positive in the third quarter and the nine-month period. In the third quarter, net sales were positive in all regions. For the fourth quarter of 2014, we expect Financial & Risk's net sales performance will improve over the comparable prior-year period.
- Legal's revenues rose 1%, driven by growth in revenues from existing businesses for the first time since the second quarter of 2013. A 6% increase in Legal's Solutions businesses was offset by an 8% decline in U.S. print and a 1% decline in U.S. online legal information.
- Tax & Accounting had a strong third quarter, with revenues increasing 13%, of which 9% was from existing businesses. This growth was driven by the continued strength of its offerings and healthy conditions prevailing in the global tax and accounting markets.
- Intellectual Property & Science also reported good growth, with revenues increasing 3%, all from existing businesses. Revenue growth reflected strong growth in recurring revenues.
- Our Global Growth & Operations (GGO) unit, which works across our businesses to combine our global capabilities, increased revenues 8%, of which 3% was from existing businesses. On an annualized basis, GGO comprises about \$1.2 billion of our company's total revenues. GGO's results are included in each of our four segments.

The decrease in adjusted EBITDA and the related margin decline included higher charges associated with our simplification program initiatives in the current-year period, as well as a significant negative impact from foreign exchange. Excluding charges from both periods, the decrease in our adjusted EBITDA margin was almost entirely due to foreign exchange, but also reflected investments in our Tax & Accounting and Intellectual Property & Science segments, which offset the cost savings from our earlier simplification program initiatives. The decrease in underlying operating profit and margins (including and excluding the charges) largely reflected the same factors that impacted adjusted EBITDA. Adjusted EPS decreased due to lower underlying operating profit and higher income tax expense.

In the third quarter, we completed an offering of \$1.0 billion of debt securities.

In the first nine months of 2014, we returned over \$700 million to shareholders through our buyback program.

During 2014, we remain focused on:

- Transforming from a portfolio company to an enterprise model to realize more benefits from simplification and greater scale;
- Shifting our growth focus towards organic initiatives (rather than acquisitions), with greater emphasis on innovation and investing organically in high growth opportunities; and
- Delivering strong and consistent cash flow growth to reinvest in our growth businesses while returning capital to our shareholders both through dividends and increased share repurchases.

## KEY HIGHLIGHTS (CONTINUED)

### 2014 Outlook:

We recently reaffirmed our 2014 full-year business outlook that we originally communicated in February. For 2014, we continue to expect revenues to be comparable to 2013<sup>(1)</sup>, adjusted EBITDA margin<sup>(1)</sup> between 26.0% and 27.0%, underlying operating profit margin<sup>(1)</sup> between 17.0% and 18.0%, and free cash flow<sup>(1)</sup> between \$1.3 billion and \$1.5 billion.

Our 2014 outlook includes the impact of an estimated \$120 million of previously announced charges expected to be incurred this year. The free cash flow outlook for 2014 reflects the estimated cash impact of the charges incurred in 2013 and expected to be incurred in 2014, as well as the impact of the loss of free cash flow from Other Businesses (approximately \$375 million in the aggregate). Additional information is provided in the "Outlook" section of this management's discussion and analysis.

(1) Refer to Appendix A for additional information on non-IFRS financial measures.

## SEASONALITY

Our revenues and operating profit on a consolidated basis do not tend to be significantly impacted by seasonality as we record a large portion of our revenues ratably over a contract term and our costs are generally incurred evenly throughout the year. However, our non-recurring revenues can cause changes in our performance from quarter to consecutive quarter. Additionally, the release of certain print-based offerings can be seasonal as can certain product releases for the regulatory markets, which tend to be concentrated at the end of the year. As a consequence, the results of certain of our segments can be impacted by seasonality to a greater extent than our consolidated revenues and operating profit.

## USE OF NON-IFRS FINANCIAL MEASURES

In addition to our results reported in accordance with IFRS, we use certain non-IFRS financial measures as supplemental indicators of our operating performance and financial position and for internal planning purposes. These non-IFRS financial measures include:

- Revenues from ongoing businesses;
- Revenues at constant currency (before currency or revenues excluding the effects of foreign currency);
- Underlying operating profit and the related margin;
- Adjusted EBITDA and the related margin;
- Adjusted EBITDA less capital expenditures and the related margin;
- Adjusted earnings and adjusted earnings per share;
- Net debt;
- Free cash flow; and
- Free cash flow from ongoing businesses.

We report non-IFRS financial measures as we believe their use provides more insight into and understanding of our performance. See Appendix A of this management's discussion and analysis for a description of our non-IFRS financial measures, including an explanation of why we believe they are useful measures of our performance, including our ability to generate cash flow. Refer to the sections of this management's discussion and analysis entitled "Results of Operations", "Liquidity and Capital Resources" and Appendix B for reconciliations of these non-IFRS financial measures to the most directly comparable IFRS financial measures.

## RESULTS OF OPERATIONS

### BASIS OF PRESENTATION

In this management's discussion and analysis, we discuss our results of operations on both an IFRS and non-IFRS basis. Both bases exclude discontinued operations and include the performance of acquired businesses from the date of purchase.

#### Consolidated results

We discuss our consolidated results from continuing operations on an IFRS basis, as reported in our consolidated income statement. Additionally, we discuss our consolidated results on a non-IFRS basis using the measures described in the "Use of Non-IFRS Financial Measures" section. Among other adjustments, our non-IFRS revenue and profitability measures as well as free cash flow from ongoing businesses exclude Other Businesses, which is an aggregation of businesses that have been or are expected to be exited through sale or closure that did not qualify for discontinued operations classification.

## Segment results

We discuss the results of our four reportable segments as presented in our consolidated interim financial statements for the three and nine months ended September 30, 2014: Financial & Risk, Legal, Tax & Accounting and Intellectual Property & Science.

We also provide information on "Corporate & Other" and "Other Businesses". These categories neither qualify as a component of another reportable segment nor as a separate reportable segment.

- Corporate & Other includes expenses for corporate functions, certain share-based compensation costs and the Reuters News business, which is comprised of the Reuters News Agency and consumer publishing.
- Other Businesses is an aggregation of businesses that have been or are expected to be exited through sale or closure that did not qualify for discontinued operations classification. The results of Other Businesses are not comparable from period to period as the composition of businesses changes due to the timing of completed divestitures.

See note 3 of our consolidated interim financial statements for the three and nine months ended September 30, 2014 which includes a reconciliation of results from our reportable segments to consolidated results as reported in our consolidated income statement.

In analyzing our revenues from ongoing businesses, at both the consolidated and segment levels, we separately measure the effect of foreign currency changes. We separately measure both the revenue growth of existing businesses and the impact of acquired businesses on our revenue growth, on a constant currency basis.

## CONSOLIDATED RESULTS

(millions of U.S. dollars, except per share amounts)	Three months ended September 30,			Nine months ended September 30,		
	2014	2013	Change	2014	2013	Change
<b>IFRS Financial Measures</b>						
Revenues	3,107	3,086	1%	9,396	9,424	-
Operating profit	466	316	47%	1,206	1,303	(7%)
Diluted earnings per share	\$0.28	\$0.33	(15%)	\$0.93	\$0.58	60%
<b>Non-IFRS Financial Measures</b>						
Revenues from ongoing businesses	3,107	3,073	1%	9,394	9,278	1%
Adjusted EBITDA	822	845	(3%)	2,519	2,460	2%
Adjusted EBITDA margin	26.5%	27.5%	(100)bp	26.8%	26.5%	30bp
Adjusted EBITDA less capital expenditures	591	633	(7%)	1,815	1,710	6%
Adjusted EBITDA less capital expenditures margin	19.0%	20.6%	(160)bp	19.3%	18.4%	90bp
Underlying operating profit	530	548	(3%)	1,639	1,579	4%
Underlying operating profit margin	17.1%	17.8%	(70)bp	17.4%	17.0%	40bp
Adjusted earnings per share (adjusted EPS)	\$0.45	\$0.48	(6%)	\$1.41	\$1.34	5%

**Foreign currency effects.** With respect to the average foreign exchange rates that we use to report our results, the U.S. dollar strengthened against the Japanese yen, weakened against the British pound sterling and was essentially unchanged against the Euro in the third quarter of 2014 compared to the same period in 2013. Given our currency mix of revenues and expenses around the world, these fluctuations had no impact on our revenue growth, but had a negative impact on our adjusted EBITDA and underlying operating profit margins in the third quarter.

### Revenues.

(millions of U.S. dollars)	Three months ended September 30,		Percentage change:				
	2014	2013	Existing Businesses	Acquired businesses	Constant currency	Foreign currency	Total
Revenues from ongoing businesses	3,107	3,073	-	1%	1%	-	1%
Other Businesses	-	13	n/m	n/m	n/m	n/m	n/m
Revenues	3,107	3,086	n/m	n/m	n/m	n/m	1%

(millions of U.S. dollars)	Nine months ended September 30,		Percentage change:				
	2014	2013	Existing Businesses	Acquired businesses	Constant currency	Foreign currency	Total
Revenues from ongoing businesses	<b>9,394</b>	9,278	-	1%	1%	-	1%
Other Businesses	<b>2</b>	146	n/m	n/m	n/m	n/m	n/m
Revenues	<b>9,396</b>	9,424	n/m	n/m	n/m	n/m	-

Revenues from ongoing businesses increased on a constant currency basis in both the third quarter and the nine-month period as combined growth of 4% in our Legal, Tax & Accounting and Intellectual Property & Science segments was partially offset by a 2% decline in our Financial & Risk segment. Acquisitions contributed to revenue growth in both periods. Revenues from existing businesses were essentially unchanged as growth in our Tax & Accounting and Intellectual Property & Science segments offset a 3% decline in our Financial & Risk segment. The decline in Financial & Risk was primarily due to the lag effect of negative net sales over the prior 12 months on our current period revenue, reflecting our largely subscription-based model.

Our GGO organization is focused on supporting our businesses in the following geographic areas: Latin America, China, India, the Middle East, Africa, the Association of Southeast Asian Nations/North Asia, Russia and countries comprising the Commonwealth of Independent States and Turkey. Revenues from these geographic areas represented 10% and 9% of our revenues in the third quarter and nine-month period, respectively. On a constant currency basis, revenues from our GGO regions grew 8% in both periods, and grew 3% and 4% from existing businesses in the third quarter and nine-month period, respectively.

#### Operating profit, underlying operating profit, adjusted EBITDA and adjusted EBITDA less capital expenditures.

(millions of U.S. dollars)	Three months ended September 30,			Nine months ended September 30,		
	2014	2013	Change	2014	2013	Change
Operating profit	<b>466</b>	316	47%	<b>1,206</b>	1,303	(7%)
Adjustments to remove:						
Amortization of other identifiable intangible assets	<b>160</b>	165		<b>488</b>	482	
Fair value adjustments	<b>(88)</b>	70		<b>(53)</b>	(21)	
Other operating (gains) losses, net	<b>(9)</b>	6		<b>(4)</b>	(124)	
Operating loss (profit) from Other Businesses	<b>1</b>	(9)		<b>2</b>	(61)	
Underlying operating profit	<b>530</b>	548	(3%)	<b>1,639</b>	1,579	4%
Remove: depreciation and amortization of computer software (excluding Other Businesses)	<b>292</b>	297		<b>880</b>	881	
Adjusted EBITDA <sup>(1)</sup>	<b>822</b>	845	(3%)	<b>2,519</b>	2,460	2%
Remove: capital expenditures, less proceeds from disposals (excluding Other Businesses)	<b>231</b>	212		<b>704</b>	750	
Adjusted EBITDA less capital expenditures <sup>(1)</sup>	<b>591</b>	633	(7%)	<b>1,815</b>	1,710	6%
Underlying operating profit margin	<b>17.1%</b>	17.8%	(70)bp	<b>17.4%</b>	17.0%	40bp
Adjusted EBITDA margin	<b>26.5%</b>	27.5%	(100)bp	<b>26.8%</b>	26.5%	30bp
Adjusted EBITDA less capital expenditures margin	<b>19.0%</b>	20.6%	(160)bp	<b>19.3%</b>	18.4%	90bp

(1) See Appendix B for a reconciliation of earnings from continuing operations to adjusted EBITDA and adjusted EBITDA less capital expenditures.

In the third quarter, operating profit increased primarily due to favorable fair value adjustments. In the nine-month period, operating profit decreased primarily due to a gain in 2013 on the sale of our Investor Relations, Public Relations and Multimedia Solutions businesses (Corporate Services). Operating profit was further impacted by charges, primarily severance, associated with our simplification program initiatives. In the third quarter of 2014, we incurred \$18 million of charges compared to \$10 million in the prior-year period. In the nine-month period of 2014, we incurred \$58 million of charges compared to \$97 million in the prior-year period. As previously announced, we expect to incur approximately \$120 million of charges in 2014.

In the third quarter, adjusted EBITDA, underlying operating profit and the related margins declined primarily due to the impact of unfavorable foreign exchange. In the nine-month period, adjusted EBITDA, underlying operating profit and the related margins increased primarily due to lower charges associated with our simplification program initiatives compared to the prior-year period. Depreciation and amortization decreased slightly in both periods. In the third quarter, the impact of foreign currency caused both adjusted EBITDA and underlying operating profit margins to decline by 70bp. In the nine-month period, the impact of foreign currency increased adjusted EBITDA margin by 10bp, but did not affect underlying operating profit margin.

Adjusted EBITDA less capital expenditures decreased in the third quarter due to lower adjusted EBITDA and higher capital expenditures. Adjusted EBITDA less capital expenditures increased in the nine-month period due to higher adjusted EBITDA and lower capital expenditures. The fluctuations in capital expenditures reflected timing of spending.

As discussed above, in the third quarter of 2014, we continued to incur charges for simplification program initiatives and we continued to reduce our costs as a result of earlier initiatives. We believe that our adjusted EBITDA and underlying operating profit margins excluding these charges provide a better measurement of our performance.

- Excluding the charges from both periods, our adjusted EBITDA margin decreased 80bp in the third quarter. The margin decline was almost entirely attributable to the impact of foreign exchange, but also reflected investments in our Tax & Accounting and Intellectual Property & Science segments which offset the cost reductions from our simplification program initiatives. On the same basis, our adjusted EBITDA margin decreased 20bp in the nine-month period of 2014, as benefits from simplification program initiatives were not enough to mitigate the decline in revenues from existing businesses in our Financial & Risk segment over the nine-month period, and investments in our Tax & Accounting and Intellectual Property & Science segments. Foreign exchange had no impact on the adjusted EBITDA margin in the nine-month period.
- Excluding charges from both periods, our underlying operating profit margin decreased 60bp in the third quarter, and was unchanged in the nine-month period primarily due to the same factors that impacted adjusted EBITDA margin.

We are focused on leveraging our unique content and capabilities on behalf of our customers and to establish a scalable platform for sustainable growth. We believe that simplification efforts are critical to drive growth as well as realize savings. Our key areas of focus include the consolidation of our technology platforms and content assets; the standardization of internal processes such as order-to-cash; the outsourcing of non-core activities; and a reduction in the number of real estate sites and legal entities through which we currently operate. We announced specific simplification initiatives in 2013 to reduce our ongoing staff costs, primarily in our Financial & Risk business. These initiatives are generating benefits in 2014, and by 2015, we expect to generate approximately \$300 million of annual cost savings.

#### Operating expenses.

(millions of U.S. dollars)	Three months ended September 30,			Nine months ended September 30,		
	2014	2013	Change	2014	2013	Change
Operating expenses	<b>2,198</b>	2,302	(5%)	<b>6,826</b>	6,882	(1%)
Adjustments to remove:						
Fair value adjustments <sup>(1)</sup>	<b>88</b>	(70)		<b>53</b>	21	
Other Businesses	<b>(1)</b>	(4)		<b>(4)</b>	(85)	
Operating expenses, excluding fair value adjustments and Other Businesses	<b>2,285</b>	2,228	3%	<b>6,875</b>	6,818	1%

(1) Fair value adjustments primarily represent non-cash accounting adjustments from the revaluation of embedded foreign exchange derivatives within certain customer contracts due to fluctuations in foreign exchange rates and mark-to-market adjustments from certain share-based awards.

Operating expenses, excluding fair value adjustments and Other Businesses, increased in the third quarter compared to the prior-year period as higher expenses associated with newly acquired businesses, higher charges associated with our simplification program initiatives, investments in our Tax & Accounting and Intellectual Property & Science segments, and the unfavorable impact of foreign exchange more than offset reduced costs resulting from simplification program initiatives. In the nine-month period, operating expenses, excluding fair value adjustments and Other Businesses, increased despite lower charges associated with our simplification program initiatives and lower expenses due to a reduction in our cost structure associated with these initiatives, as higher expenses associated with newly acquired businesses, investments in our Tax & Accounting and Intellectual Property & Science segments, and the unfavorable impact of foreign exchange more than offset the cost reductions. The charges associated with our simplification program initiatives were \$18 million in the third quarter (2013 – \$10 million) and \$58 million in the nine-month period (2013 – \$97 million).

#### Depreciation and amortization.

(millions of U.S. dollars)	Three months ended September 30,			Nine months ended September 30,		
	2014	2013	Change	2014	2013	Change
Depreciation	<b>97</b>	102	(5%)	<b>294</b>	310	(5%)
Amortization of computer software	<b>195</b>	195	-	<b>586</b>	571	3%
Subtotal	<b>292</b>	297	(2%)	<b>880</b>	881	-
Amortization of other identifiable intangible assets	<b>160</b>	165	(3%)	<b>488</b>	482	1%

- Depreciation and amortization of computer software on a combined basis were slightly lower in both periods due to the completion of depreciation of fixed assets acquired in previous years. The increase in amortization of computer software in the nine-month period reflected our investments in products, such as Thomson Reuters Eikon, and the amortization of assets from recently acquired businesses.
- Amortization of other identifiable intangible assets decreased in the third quarter and increased slightly in the nine-month period. The decrease in the third quarter was due to the completion of amortization for certain identifiable assets acquired in previous years, partly offset by amortization from newly-acquired assets.

#### Other operating gains (losses), net.

(millions of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Other operating gains (losses), net	9	(6)	4	124

In the nine months ended September 30, 2013, other operating gains, net, were primarily comprised of a gain from the sale of our Corporate Services business, which was partially offset by acquisition-related costs.

#### Net interest expense.

(millions of U.S. dollars)	Three months ended September 30,			Nine months ended September 30,		
	2014	2013	Change	2014	2013	Change
Net interest expense	110	109	1%	329	348	(5%)

Both periods benefited from lower interest costs on our net pension obligations following the \$500 million contribution that we made to our pension plans in the fourth quarter of 2013. That contribution reduced our net pension obligations, as well as our ongoing interest cost associated with the net obligations. However, net interest expense increased slightly in the third quarter as the benefit from the pension contribution was offset by higher interest on our debt obligations and interest on certain tax liabilities. In the nine-month period, net interest expense decreased as a result of the pension contribution and lower interest on our debt obligations. The fluctuation in interest expense on our debt obligations in both periods reflected the timing of and interest cost associated with debt issuances and repayments in the second and third quarters of 2013 (see the "Liquidity and Capital Resources - Cash Flow" section of this management's discussion and analysis for additional information). As of September 30, 2014, over 95% of our long-term debt obligations paid interest at fixed rates (after swaps).

#### Other finance (costs) income.

(millions of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Other finance (costs) income	(82)	38	(25)	(34)

Other finance (costs) income primarily included gains or losses realized from changes in foreign currency exchange rates on certain intercompany funding arrangements and gains or losses related to freestanding derivative instruments.

#### Share of post-tax earnings in equity method investments.

(millions of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Share of post-tax earnings in equity method investments	2	5	3	24

The third quarter and nine months ended September 30, 2013 included our share of post-tax earnings from our former joint venture in Omgeo, a provider of trade management services, which was sold in the fourth quarter of 2013.

#### Tax (expense) benefit.

(millions of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Tax (expense) benefit	(26)	33	(53)	(423)

The comparability of our tax expense was impacted by various transactions and accounting adjustments during each period. Additionally, the tax expense in each period reflected the mix of taxing jurisdictions in which pre-tax profits and losses were recognized. Because the geographical mix of pre-tax profits and losses in interim periods distorts the reported effective tax rate, tax expense or benefit in interim periods is not necessarily indicative of tax expense for the full year.

In the nine months ended September 30, 2013, we recorded tax charges of \$396 million in connection with intercompany sales of certain technology and content assets between our wholly owned subsidiaries. These transactions were part of the consolidation of the ownership and management of our technology and content assets and are part of our simplification program. The intercompany gains that arose from these transactions were eliminated in consolidation.

The following table sets forth significant components within income tax expense that impact comparability from period to period, including tax expense associated with items that are removed from adjusted earnings:

<b>(Expense) benefit</b>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
(millions of U.S. dollars)	<b>2014</b>	2013	<b>2014</b>	2013
<b>Discrete tax items:</b>				
Deferred tax adjustment <sup>(1)</sup>	-	-	<b>(21)</b>	-
Consolidation of technology and content assets <sup>(2)</sup>	-	-	-	(396)
Uncertain tax positions <sup>(3)</sup>	<b>1</b>	10	<b>4</b>	12
Corporate tax rates <sup>(4)</sup>	<b>1</b>	4	<b>3</b>	5
Other <sup>(5)</sup>	<b>8</b>	6	<b>24</b>	27
Subtotal	<b>10</b>	20	<b>10</b>	(352)
<b>Tax related to:</b>				
Sale of businesses <sup>(6)</sup>	-	(3)	-	(26)
Operating profit of Other Businesses	<b>1</b>	(2)	<b>1</b>	(15)
Fair value adjustments	<b>(17)</b>	24	<b>(10)</b>	1
Other items	<b>2</b>	(1)	<b>(1)</b>	-
Subtotal	<b>(14)</b>	18	<b>(10)</b>	(40)
<b>Total</b>	<b>(4)</b>	38	-	(392)

(1) Relates to the write-off of deferred tax assets established in prior years.

(2) Relates to the consolidation of the ownership and management of our technology and content assets.

(3) Relates to the reversal of tax reserves in connection with favorable developments regarding tax disputes.

(4) Relates to the net reduction of deferred tax liabilities due to changes in corporate tax rates that were substantively enacted in certain jurisdictions.

(5) Primarily relates to the recognition of deferred tax benefits in connection with acquisitions.

(6) Primarily relates to the sale of the Corporate Services business.

Because the items described above impact the comparability of our tax expense for each period, we remove them from our calculation of adjusted earnings, along with the pre-tax items to which they relate. Accordingly, in our calculation of adjusted earnings for the nine months ended September 30, 2013, we removed the impact of the tax charges associated with the consolidation of technology and content assets. Within our tax provision on adjusted earnings, we amortize a portion of the taxes associated with the intercompany sales on a straight-line basis over seven years (see note 2 below).

The computation of our adjusted tax expense is set forth below:

(Expense) benefit (millions of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
<b>Tax (expense) benefit</b>	<b>(26)</b>	33	<b>(53)</b>	(423)
Remove: Items from above impacting comparability	4	(38)	-	392
Other adjustments:				
Interim period effective tax rate normalization <sup>(1)</sup>	5	(9)	-	3
Tax charge amortization <sup>(2)</sup>	(22)	(16)	(65)	(48)
<b>Total tax expense on adjusted earnings</b>	<b>(39)</b>	(30)	<b>(118)</b>	(76)

(1) Adjustment to reflect income taxes based on estimated full-year effective tax rate. Reported earnings or loss for interim periods reflect income taxes based on the estimated effective tax rates of each of the jurisdictions in which we operate. The adjustment reallocates estimated full-year income taxes between interim periods, but has no effect on full-year income taxes.

(2) For the year ended December 31, 2013, we recorded \$604 million of deferred tax charges associated with the consolidation of the ownership and management of our technology and content assets. Within our tax expense on adjusted earnings, we amortize these charges on a straight-line basis over seven years. We believe this treatment more appropriately reflects our tax position because these charges are expected to be paid over seven years, in varying annual amounts, in conjunction with the repayments of interest-bearing notes that were issued as consideration in the original transactions.

### Net earnings and earnings per share.

(millions of U.S. dollars, except per share amounts)	Three months ended September 30,			Nine months ended September 30,		
	2014	2013	Change	2014	2013	Change
Net earnings	250	283	(12%)	802	528	52%
Diluted earnings per share	\$0.28	\$0.33	(15%)	\$0.93	\$0.58	60%

Net earnings and the related per share amount decreased in the third quarter as higher operating profit was more than offset by higher tax expense and finance costs. Net earnings and the related per share amount increased in the nine-month period primarily due to lower tax expense.

As part of our simplification program, we are reducing the number of subsidiaries in our legal organizational structure in the fourth quarter of 2014. From an accounting standpoint, these actions will trigger the release of accumulated foreign exchange translation adjustments currently reported within shareholders' equity to the consolidated income statement. Based on current estimates, these actions will result in a non-cash gain of approximately \$900 million which we will report in Other operating gains, net.

### Adjusted earnings and adjusted earnings per share.

(millions of U.S. dollars, except per share amounts and share data)	Three months ended September 30,			Nine months ended September 30,		
	2014	2013	Change	2014	2013	Change
Earnings attributable to common shareholders	231	271	(15%)	762	488	56%
Adjustments to remove:						
Operating loss (profit) from Other Businesses	1	(9)		2	(61)	
Fair value adjustments	(88)	70		(53)	(21)	
Other operating (gains) losses, net	(9)	6		(4)	(124)	
Other finance costs (income)	82	(38)		25	34	
Share of post-tax earnings in equity method investments	(2)	(5)		(3)	(24)	
Tax on above items <sup>(1)</sup>	14	(18)		10	40	
Discrete tax items <sup>(1)</sup>	(10)	(20)		(10)	352	
Amortization of other identifiable intangible assets	160	165		488	482	
Discontinued operations	-	-		-	(6)	
Interim period effective tax rate normalization <sup>(1)</sup>	5	(9)		-	3	
Tax charge amortization <sup>(1)</sup>	(22)	(16)		(65)	(48)	
Dividends declared on preference shares	(1)	-		(2)	(2)	
Adjusted earnings	361	397	(9%)	1,150	1,113	3%
Adjusted earnings per share (adjusted EPS)	\$0.45	\$0.48	(6%)	\$1.41	\$1.34	5%
Diluted weighted-average common shares (millions)	807.6	832.1		814.0	831.7	

(1) See the "Tax expense" section above for additional information.

In the third quarter of 2014, adjusted earnings and the related per share amount decreased due to lower underlying operating profit and higher income taxes. In the nine-month period, adjusted earnings and the related per share amount increased as higher underlying operating profit and lower interest expense more than offset higher income taxes. Additionally, in both periods, adjusted earnings per share were further impacted by lower diluted weighted-average common shares primarily due to share repurchases (see Liquidity and Capital Resources - Share repurchases section of this management's discussion and analysis for additional information). Foreign currency negatively impacted adjusted earnings per share by \$0.02 in the third quarter and positively impacted adjusted earnings per share by \$0.01 in the nine-month period, compared to the prior-year periods.

## SEGMENT RESULTS

A discussion of the operating results of our Financial & Risk, Legal, Tax & Accounting and Intellectual Property & Science segments follows.

- Results from the Reuters News business are included in "Corporate & Other". These results as well as Other Businesses are both excluded from our reportable segments as neither of them qualify as a component of our four reportable segments, nor as a separate reportable segment.
- We use segment operating profit to measure the operating performance of our reportable segments.
  - The costs of centralized support services such as technology, news, real estate, accounting, procurement, legal and human resources are allocated to each segment based on usage or other applicable measures.
  - We define segment operating profit as operating profit before (i) amortization of other identifiable intangible assets; (ii) other operating gains and losses; (iii) certain asset impairment charges; (iv) corporate-related items; and (v) fair value adjustments. We use this measure because we do not consider these excluded items to be controllable operating activities for purposes of assessing the current performance of our reportable segments.
  - We also use segment operating profit margin, which we define as segment operating profit as a percentage of revenues.
  - Our definition of segment operating profit may not be comparable to that of other companies.
- As a supplemental measure of segment operating performance, we add back depreciation and amortization of computer software to segment operating profit to arrive at each segment's EBITDA and the related margin as a percentage of revenues. See Appendix B of this management's discussion and analysis for additional information.

### Financial & Risk

(millions of U.S. dollars)	Three months ended September 30,		Percentage change:				Total
	2014	2013	Existing businesses	Acquired businesses	Constant currency	Foreign currency	
Revenues	<b>1,628</b>	1,640	(3%)	1%	(2%)	1%	(1%)
EBITDA	<b>408</b>	433					(6%)
EBITDA margin	<b>25.1%</b>	26.4%					(130)bp
Segment operating profit	<b>252</b>	275					(8%)
Segment operating profit margin	<b>15.5%</b>	16.8%					(130)bp

(millions of U.S. dollars)	Nine months ended September 30,		Percentage change:				Total
	2014	2013	Existing businesses	Acquired businesses	Constant currency	Foreign currency	
Revenues	<b>4,941</b>	4,975	(3%)	1%	(2%)	1%	(1%)
EBITDA	<b>1,233</b>	1,213					2%
EBITDA margin	<b>25.0%</b>	24.4%					60bp
Segment operating profit	<b>758</b>	735					3%
Segment operating profit margin	<b>15.3%</b>	14.8%					50bp

Revenues decreased on a constant currency basis as growth from acquired businesses was more than offset by a decline in revenues from existing businesses in the third quarter and nine-month period. In both periods, the 3% decline in revenues from existing businesses was due to the lag effect of negative net sales over the past 12 months on Financial & Risk's current period revenues, reflecting our largely subscription-based model, as well as from a continued decline in market-driven transaction revenues. The decline in transaction revenues reflected significantly lower market volatility, which resulted in lower trading volumes across global markets including equity, credit and foreign exchange. Net sales were positive in the third quarter and for the nine-month period. In the third quarter, net sales were positive in all regions for the first time since the acquisition of Reuters in 2008. Despite having positive net sales for the last nine-months, Financial & Risk's revenues continued to decline as the impact of negative net sales in the fourth quarter of 2013 had a disproportionate impact on 2014 recurring revenue performance in the third quarter and nine-month period. The fourth quarter of 2013 net sales performance was primarily due to the fact that many banks reset their cost bases at the end of the year. Compared to the prior-year periods, Financial & Risk has experienced improvement in net sales in seven of the last eight quarters and we expect its net sales performance to continue to improve in the fourth quarter compared to the prior-year period. Financial & Risk is in the early stages of migrating some of its legacy buy-side and Foreign Exchange products to new propositions on its unified technology platform. While in some instances these migrations are expected to result in lower price realization from certain customers, we believe the revenue impact will be partly mitigated by the improving trends in net sales and the benefit of our annual price increase. As a result, we expect improved Financial & Risk revenue performance in 2015.

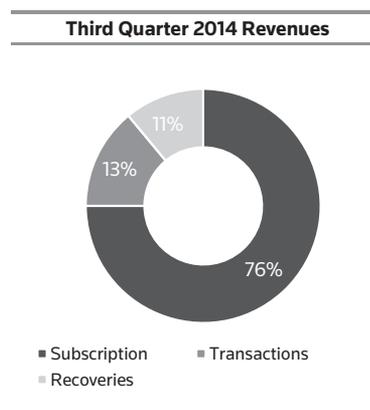
In the third quarter, revenues in the Americas were essentially unchanged (3% decrease from existing businesses), revenues in Europe, Middle East and Africa (EMEA) decreased 4% (5% decrease from existing businesses), and revenues in Asia Pacific were essentially unchanged (1% decrease from existing businesses). For the nine-month period, revenues decreased in the Americas and EMEA, but increased in Asia Pacific largely due to growth from acquired businesses.

Financial & Risk continues to make significant operational progress, including the transformation of its product teams and regional sales organizations, and the simplification of its technology and service platforms. In 2014, Financial & Risk launched Eikon 4.0 as well as our new Accelus ORG ID, which is a "Know Your Customer" proposition in our Risk business. We also discontinued our legacy Reuters 3000Xtra product with over 120,000 customers upgraded to Eikon. The progress in these areas had led to increased retention rates across every region, and improved net sales performance. Our simplification program continues to contribute to the reduction of our cost structure.

In 2014, we are no longer reporting revenue information for four lines of businesses in our Financial & Risk segment, as the business is no longer managed under that structure. Financial & Risk has built a unified technology platform, which is enabling us to leverage the scale of a single Financial & Risk business, and also provides a vehicle for innovation and the creation of industry solutions. The unified technology platform strategy has enabled us to simplify our structure, remove costs and focus investment spending on areas that we believe provide the greatest growth and scale opportunities.

Results by revenue type were:

- **Subscription** revenues decreased 3% in both periods. Revenues from existing businesses decreased 3% and 2% in the third quarter and nine-month periods, respectively, reflecting the impact of negative net sales over the past 12 months;
- **Transactions** revenues increased 3% (5% decrease from existing businesses) in the third quarter and increased 1% (6% decrease from existing businesses) in the nine-month period. The declines in revenues from existing businesses were driven by lower overall market volatility which depressed trading volumes; and
- **Recoveries** revenues (low-margin revenues that we collect and largely pass-through to a third party provider, such as stock exchange fees) increased 1% in the third quarter and were essentially unchanged in the nine-month period.



EBITDA, segment operating profit and the related margins decreased in the third quarter, which included higher charges from our simplification program and a significant negative impact from foreign currency. We believe that Financial & Risk's EBITDA and underlying operating profit margins excluding the simplification charges from each period provide a better measurement of Financial & Risk's performance.

- Excluding charges from both periods, Financial & Risk's EBITDA margin decreased 50bp to 26.2% in the third quarter, as cost savings resulting from earlier simplification initiatives were more than offset by unfavorable foreign exchange which negatively impacted margins by approximately 150bp compared to the prior-year period. On the same basis, Financial & Risk's EBITDA margin increased 40bp to 26.2% in the nine-month period of 2014, as the benefits from our simplification initiatives mitigated the margin impact of the decline in revenues from existing businesses. Foreign exchange decreased EBITDA margins in the nine-months by approximately 10bp compared to the prior-year period.
- Excluding charges from both periods, Financial & Risk's segment operating profit margin decreased 50bp to 16.6% in the third quarter, and increased 40bp to 16.6% in the nine-month period due to the same factors that impacted EBITDA margin.

## Legal

(millions of U.S. dollars)	Three months ended September 30,		Percentage change:				
	2014	2013	Existing businesses	Acquired businesses	Constant currency	Foreign currency	Total
Revenues	854	843	1%	-	1%	-	1%
EBITDA	324	320					1%
EBITDA margin	37.9%	38.0%					(10)bp
Segment operating profit	254	248					2%
Segment operating profit margin	29.7%	29.4%					30bp

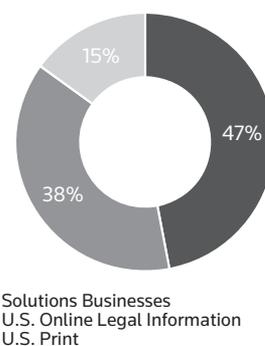
(millions of U.S. dollars)	Nine months ended September 30,		Percentage change:				
	2014	2013	Existing businesses	Acquired businesses	Constant currency	Foreign currency	Total
Revenues	2,507	2,483	-	1%	1%	-	1%
EBITDA	939	922					2%
EBITDA margin	37.5%	37.1%					40bp
Segment operating profit	730	704					4%
Segment operating profit margin	29.1%	28.4%					70bp

Revenues increased on a constant currency basis in the third quarter, driven by contributions from existing businesses for the first time since the second quarter of 2013. In the nine-month period, the increase in revenues on a constant currency basis was driven by contributions from acquired businesses. In the third quarter, subscription revenues increased 4% (3% from existing businesses), transaction revenues increased 1% (existing businesses were essentially unchanged) and U.S. print revenues decreased 8% (all from existing businesses). In the nine-month period, subscription revenues increased 4% (3% from existing businesses), transaction revenues decreased 4% (all from existing businesses) and U.S. print revenues decreased 7% (all from existing businesses). Subscription revenues represented approximately 75% of Legal's business in each period. Excluding U.S. print, Legal's revenues increased 3% (all from existing businesses) in the third quarter and increased 3% (2% from existing businesses) in the nine-month period.

Results by line of business were:

- **Solutions Businesses** revenues include non-U.S. legal information and global software and services businesses. Our Solutions businesses revenues increased 7% (6% from existing businesses) and 7% (5% from existing businesses) in the third quarter and nine-month period, respectively, driven by our U.K. Practical Law, Elite, Pangea3 and FindLaw businesses;
- **U.S. Online Legal Information** revenues are primarily comprised of Westlaw and decreased 1% (all from existing businesses) in both periods; and
- **U.S. Print** revenues decreased 8% and 7% (all from existing businesses), in the third quarter and nine-month period, respectively. As previously stated, we expect U.S. print revenues to decline by mid-to-high single digits for the full year 2014 compared to the prior-year period.

Third Quarter 2014 Revenues



In the both periods, EBITDA increased compared to the prior-year periods. The related EBITDA margins decreased slightly in the third quarter, but increased 40bp in the nine-month period. Foreign exchange had no impact on the EBITDA margin in the third quarter, but accounted for all of the increase in the nine-month period. In both periods, a challenging business mix impacted margin growth. Segment operating profit growth and margin improvement benefited from lower depreciation and amortization in the third quarter and nine-month periods.

## Tax & Accounting

(millions of U.S. dollars)	Three months ended September 30,		Percentage change:				
	2014	2013	Existing businesses	Acquired businesses	Constant currency	Foreign currency	Total
Revenues	301	270	9%	4%	13%	(1%)	12%
EBITDA	72	66					9%
EBITDA margin	23.9%	24.4%					(50)bp
Segment operating profit	43	34					26%
Segment operating profit margin	14.3%	12.6%					170bp

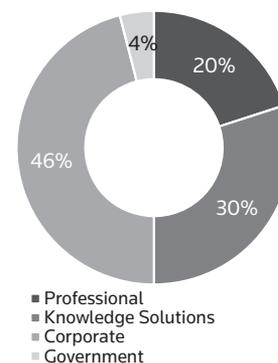
(millions of U.S. dollars)	Nine months ended September 30,		Percentage change:				
	2014	2013	Existing businesses	Acquired businesses	Constant currency	Foreign currency	Total
Revenues	973	875	9%	4%	13%	(2%)	11%
EBITDA	285	251					14%
EBITDA margin	29.3%	28.7%					60bp
Segment operating profit	192	160					20%
Segment operating profit margin	19.7%	18.3%					140bp

In both periods, revenues increased on a constant currency basis reflecting contributions from existing and acquired businesses. Recurring revenues, which comprised approximately 80% of our Tax & Accounting business in each period, increased 13% (8% from existing businesses) in the third quarter and 12% (8% from existing businesses) in the nine-month period. Transaction revenues increased 10% (9% from existing businesses) in the third quarter and 18% (14% from existing businesses) in the nine-month period.

Results by line of business were:

- **Professional** revenues from accounting firms increased 11% (all from existing businesses) in the third quarter and 9% (all from existing businesses) for the nine-month period, primarily from our CS Professional Suite and Enterprise Suite accounting software solutions;
- **Knowledge Solutions** revenues increased 4% (2% from existing businesses) in the third quarter and 3% (1% from existing businesses) for the nine-month period. Revenues from existing businesses in the third quarter reflected growth in our U.S. Checkpoint business offset by a decline in non-U.S. content sales;
- **Corporate** revenues increased 20% (11% from existing businesses) in the third quarter and 21% (12% from existing businesses) for the nine-month period, primarily from ONESOURCE software and services and strong growth in solutions revenues in Latin America; and
- **Government** revenues, which only represents about 4% of Tax & Accounting revenues, increased 8% in the third quarter.

Third Quarter 2014 Revenues



In both periods, EBITDA and segment operating profit increased due to the impact of higher revenues. The related margins increased as well, except that the third quarter EBITDA margin declined due to reinvestments. In the third quarter, segment operating profit and margins also benefited from lower depreciation and amortization.

Tax & Accounting is a seasonal business with a significant percentage of its operating profit historically generated in the fourth quarter. Small movements in the timing of revenues and expenses can impact quarterly margins. Full-year margins are more reflective of the segment's performance.

## Intellectual Property & Science

(millions of U.S. dollars)	Three months ended September 30,		Percentage change:				
	2014	2013	Existing businesses	Acquired businesses	Constant currency	Foreign currency	Total
Revenues	248	240	3%	-	3%	-	3%
EBITDA	76	80					(5%)
EBITDA margin	30.6%	33.3%					(270)bp
Segment operating profit	54	61					(11%)
Segment operating profit margin	21.8%	25.4%					(360)bp

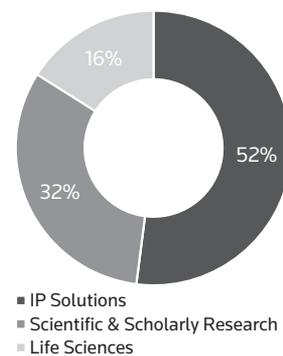
(millions of U.S. dollars)	Nine months ended September 30,		Percentage change:				
	2014	2013	Existing businesses	Acquired businesses	Constant currency	Foreign currency	Total
Revenues	742	707	4%	1%	5%	-	5%
EBITDA	233	229					2%
EBITDA margin	31.4%	32.4%					(100)bp
Segment operating profit	167	171					(2%)
Segment operating profit margin	22.5%	24.2%					(170)bp

In both periods, revenues increased on a constant currency basis reflecting contributions from existing businesses. The nine-month period also benefited from revenue contributions from acquired businesses. Recurring revenues, which comprised approximately 80% of our Intellectual Property & Science business in each period, increased 5% (all from existing businesses) in the third quarter and 7% (5% from existing businesses) in the nine-month period. Revenue growth from recurring revenues was partly offset by transaction revenues, which decreased 4% (5% decrease from existing businesses) in the third quarter, and decreased 1% (3% decrease from existing businesses) in the nine-month period.

Results by line of business were:

- **IP Solutions** revenues increased 3% (2% from existing businesses) in the third quarter and 4% (3% from existing businesses) in the nine-month period, respectively, primarily due to recurring revenue growth from MarkMonitor;
- **Scientific & Scholarly Research** revenues increased 5% (3% from existing businesses) in the third quarter and 9% (7% from existing businesses) in the nine-month period, led by higher subscriptions and discrete sales for Web of Science products; and
- **Life Sciences** revenues increased 6% (5% from existing businesses) in the third quarter and 6% (1% from existing businesses) in the nine-month period led by our Business of Science and Discovery of Science solutions.

Third Quarter 2014 Revenues



In the third quarter, EBITDA, segment operating profit and the related margins decreased as a result of unfavorable revenue mix, reinvestments in the business, and the dilutive impact of businesses acquired in 2013. In the nine-month period, the declines in EBITDA and segment operating profit margins reflected the same factors that impacted the third quarter.

Quarterly revenue growth for Intellectual Property & Science can be uneven due to the impact of large sales in the Scientific & Scholarly Research business. Small movements in the timing of revenues and expenses can impact quarterly margins. Full-year revenues and margins are more reflective of the segment's performance.

## Corporate & Other

(millions of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Revenues - Reuters News	79	82	240	245
Reuters News	(3)	(5)	1	(8)
Core corporate expenses	(70)	(65)	(209)	(183)
Total	(73)	(70)	(208)	(191)

In both periods, revenues from our Reuters News business were slightly lower driven by lower agency and consumer business revenues. Higher core corporate expenses in both periods reflected 2014 consulting costs associated with transforming our business.

## Other Businesses

"Other Businesses" is an aggregation of businesses that have been or are expected to be exited through sale or closure that did not qualify for discontinued operations classification. The results of Other Businesses are not comparable from period to period, as the composition of businesses changes as businesses are identified for sale or closure. Further fluctuations are caused by the timing of the sales or closures. In 2013, the most significant business in Other Businesses was Corporate Services, a provider of tools and solutions that help companies communicate with investors and media formerly in the Financial & Risk segment. Corporate Services was sold in the second quarter of 2013.

The results of Other Businesses were as follows:

(millions of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Revenues	-	13	2	146
Operating (loss) profit	(1)	9	(2)	61

## LIQUIDITY AND CAPITAL RESOURCES

Our disciplined capital management strategy remains focused on:

- Growing free cash flow and balancing the cash generated between reinvestment in the business and returns to shareholders; and
- Maintaining a strong balance sheet, solid credit ratings and ample financial flexibility to support the execution of our business strategy.

Our principal sources of liquidity are cash on hand, cash provided by our operations, our \$2.0 billion commercial paper programs and our \$2.5 billion credit facility. From time to time, we also issue debt securities (which we did in the third quarter of 2014). Our principal uses of cash are for debt repayments, debt servicing costs, dividend payments, capital expenditures, acquisitions and share repurchases. We believe that our existing sources of liquidity will be sufficient to fund our expected cash requirements in the normal course of business for the next 12 months.

### CASH FLOW

#### Summary of Consolidated Statement of Cash Flow

(millions of U.S. dollars)	Three months ended September 30,			Nine months ended September 30,		
	2014	2013	Change	2014	2013	Change
Net cash provided by operating activities	585	676	(91)	1,574	1,696	(122)
Net cash used in investing activities	(252)	(327)	75	(848)	(1,340)	492
Net cash provided by (used in) financing activities	648	(1,362)	2,010	(361)	(1,022)	661
Increase (decrease) in cash and bank overdrafts	981	(1,013)	1,994	365	(666)	1,031
Translation adjustments	(17)	5	(22)	(14)	(12)	(2)
Cash and bank overdrafts at beginning of period	699	1,606	(907)	1,312	1,276	36
Cash and bank overdrafts at end of period	1,663	598	1,065	1,663	598	1,065
Cash and bank overdrafts at end of period comprised of:						
Cash and cash equivalents	1,686	607	1,079	1,686	607	1,079
Bank overdrafts	(23)	(9)	(14)	(23)	(9)	(14)

**Operating activities.** The decrease in net cash provided by operating activities in both periods was primarily due to the loss of operating cash flow from Other Businesses, higher severance payments associated with our simplification program initiatives, and unfavorable working capital movements. These decreases were partly offset by favorable timing of interest payments and, in the nine-month period, higher adjusted EBITDA.

**Investing activities.** The decrease in net cash used in investing activities in the third quarter was principally attributable to lower acquisition spending. The decrease in net cash used in investing activities in the nine-month period also reflected lower acquisition spending and lower capital expenditures, as well as the 2013 proceeds from the sale of our Corporate Services business. In 2014, we acquired Dominio Sistemas, a Brazilian provider of accounting and software solutions primarily to accounting firms within our Tax & Accounting segment. In 2013, we acquired Practical Law, a provider of practical legal know-how, current awareness and workflow solutions within the Legal segment and T.Global, a Brazilian provider of global trade management software and solutions also within our Tax & Accounting segment. The fluctuations in capital expenditures reflected timing of spending.

**Financing activities.** The increase in net cash provided by financing activities for the third quarter was primarily attributable to net proceeds received from our September 2014 debt issuances, compared to the prior-year period when we repaid debt. In the nine-month period, net cash used in financing activities decreased as greater spending on share repurchases was partially offset by a net increase in debt obligations and a contribution of \$120 million in Tradeweb by shareholders that have non-controlling interests in the business. The Tradeweb contribution was made in exchange for additional shares and is reflected within "Other financing activities" in the consolidated statement of cash flows. In the third quarter and nine-month period of 2014, we returned approximately \$0.4 billion (2013 - \$0.4 billion) and \$1.5 billion (2013 - \$0.9 billion), respectively, to our shareholders through dividends and share repurchases. Additional information about our debt, dividends and share repurchases is as follows:

- **Commercial paper programs.** Our \$2.0 billion commercial paper programs provide cost-effective and flexible short-term funding to balance the timing of completed acquisitions, dividend payments and debt repayments. We had no short-term notes outstanding at September 30, 2014. Issuances of commercial paper reached a peak of \$0.2 billion during the nine-month period of 2014.
- **Credit facility.** We have a \$2.5 billion syndicated credit facility agreement which matures in May 2018. The facility may be utilized to provide liquidity for general corporate purposes (including support for our commercial paper programs). There were no borrowings during the first nine months of 2014. In the nine-month period of 2013, we borrowed and repaid \$440 million under the credit facility.

We may request an increase, subject to approval by applicable lenders, in the lenders' commitments up to a maximum amount of \$3.0 billion.

Based on our current credit ratings, the cost of borrowing under the agreement is priced at LIBOR/EURIBOR plus 100 basis points. If our long-term debt rating were downgraded by Moody's or Standard & Poor's, our facility fee and borrowing costs may increase, although availability would be unaffected. Conversely, an upgrade in our ratings may reduce our facility fees and borrowing costs. We monitor the lenders that are party to our facility and believe they continue to be able to lend to us.

We guarantee borrowings by our subsidiaries under the credit facility. We must also maintain a ratio of net debt as of the last day of each fiscal quarter to EBITDA as defined in the credit agreement (earnings before interest, income taxes, depreciation and amortization and other modifications described in the credit agreement) for the last four quarters ended of not more than 4.5:1. We were in compliance with this covenant at September 30, 2014.

- **Debt shelf prospectus.** We have a debt shelf prospectus under which we may issue up to \$3.0 billion principal amount of debt securities from time to time through April 2016. As of September 30, 2014, we had issued \$1.0 billion principal amount of debt securities under the prospectus.
- **Long-term debt.** The following table provides information regarding notes that we issued and repaid in the nine months ended September 30, 2014 and 2013:

Month/Year	Transaction	Principal Amount (in millions)
<b>Notes issued</b>		
September 2014	1.65% Notes due 2017	US\$550
September 2014	3.85% Notes due 2024	US\$450
May 2013	0.875% Notes due 2016	US\$500
May 2013	4.50% Notes due 2043	US\$350
<b>Notes repaid</b>		
July 2013	5.95% Notes due 2013	US\$750
August 2013	5.25% Notes due 2013	US\$250

The net proceeds of the September 2014 debt issuances are being used for general corporate purposes, including ongoing share repurchases and debt repayments. The net proceeds of the May 2013 debt issuance were used for general corporate purposes, including pension contributions and debt repayments.

- **Credit ratings.** Our access to financing depends on, among other things, suitable market conditions and the maintenance of suitable long-term credit ratings. Our credit ratings may be adversely affected by various factors, including increased debt levels, decreased earnings, declines in customer demand, increased competition, a further deterioration in general economic and business conditions and adverse publicity. Any downgrades in our credit ratings may impede our access to the debt markets or result in significantly higher borrowing rates.

The following table sets forth the credit ratings that we have received from rating agencies in respect of our outstanding securities as of the date of this management's discussion and analysis:

	Moody's	Standard & Poor's	DBRS Limited	Fitch
Long-term debt	Baa2	BBB+	BBB (high)	BBB+
Commercial paper	P-2	A-2 <sup>(1)</sup>	R-2 (high)	F2
Trend/Outlook	Stable	Stable	Stable	Stable

(1) The A-2 rating represents the global short-term/commercial paper rating from Standard & Poor's. This A-2 global short-term/ commercial paper rating, taken together with our global long-term debt rating of BBB+, corresponds to a Canadian market commercial paper rating of A-1 (low) per Standard & Poor's ratings criteria.

We are not aware of any changes to our credit ratings being contemplated by rating agencies.

These credit ratings are not recommendations to purchase, hold, or sell securities and do not address the market price or suitability of a specific security for a particular investor. Credit ratings may not reflect the potential impact of all risks on the value of securities. We cannot assure you that our credit ratings will not be lowered in the future or that rating agencies will not issue adverse commentaries regarding our securities.

- **Dividends.** In February 2014, we announced a \$0.02 per share increase in the annualized dividend rate to \$1.32 per common share. Dividends paid on our common shares were as follows for the periods presented:

(millions of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Dividends declared	266	268	802	807
Dividends reinvested	(8)	(9)	(24)	(29)
Dividends paid	258	259	778	778

- **Share repurchases.** We may buy back shares (and subsequently cancel them) from time to time as part of our capital strategy. In October 2013, we announced plans to repurchase up to \$1.0 billion of our common shares by the end of 2014. We completed these repurchases in the third quarter of 2014. In July 2014, we announced a new plan to repurchase up to an additional \$1.0 billion of our common shares by the end of 2015. As of September 30, 2014, we have cumulatively repurchased 28.6 million of our common shares for slightly over \$1.0 billion since our first share buyback program announced in October 2013.

We currently repurchase shares under a normal course issuer bid (NCIB), which we renewed in May 2014 for an additional 12 months. Under the current NCIB, we may repurchase up to 30 million common shares between May 28, 2014 and May 27, 2015 in open market transactions on the Toronto Stock Exchange (TSX), the New York Stock Exchange (NYSE) and/or other exchanges and alternative trading systems, if eligible, or by such other means as may be permitted by the TSX.

During the third quarter and nine months ended September 30, 2014, we repurchased 2.8 million and 20.6 million of our common shares for a cost of \$107 million and \$731 million, respectively, of which \$5 million was payable to the broker at September 30, 2014. The average price per share that we repurchased in the third quarter and nine months ended September 30, 2014 was \$37.29 and \$35.46, respectively. During the third quarter and nine months ended September 30, 2013, we repurchased 2.9 million of our common shares for \$100 million at an average price per share of \$34.09.

Decisions regarding any future repurchases will be based on market conditions, share price and other factors including opportunities to invest capital for growth. We may elect to suspend or discontinue our share repurchases at any time, in accordance with applicable laws. From time to time when we do not possess material nonpublic information about ourselves or our securities, we may enter into a pre-defined plan with our broker to allow for the repurchase of shares at times when we ordinarily would not be active in the market due to our own internal trading blackout periods, insider trading rules or otherwise. Any such plans entered into with our broker will be adopted in accordance with applicable Canadian securities laws and the requirements of Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended. We entered into such plans with our broker on September 30, 2014 and on December 31, 2013. As a result, we recorded a liability of \$125 million in "Other financial liabilities" within current liabilities at September 30, 2014 (\$100 million at December 31, 2013) with a corresponding amount recorded in equity in the consolidated statement of financial position in both periods. The liability recorded on December 31, 2013 was settled in the first quarter of 2014.

#### Free cash flow and free cash flow from ongoing businesses.

(millions of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net cash provided by operating activities	585	676	1,574	1,696
Capital expenditures, less proceeds from disposals	(231)	(213)	(704)	(751)
Other investing activities	5	12	7	33
Dividends paid on preference shares	(1)	-	(2)	(2)
Free cash flow	358	475	875	976
Remove: Other Businesses	(2)	(24)	(1)	(76)
Free cash flow from ongoing businesses	356	451	874	900

In the third quarter, free cash flow and free cash flow from ongoing businesses decreased primarily due to lower cash from operating activities, which included higher severance payments associated with our simplification program. In the nine-month period, free cash flow decreased due to the loss of cash flow from Other Businesses, primarily our Corporate Services business, which was sold in the second quarter of 2013. Capital expenditures were higher in the third quarter, but lower in the nine-month period due to timing of spending.

## FINANCIAL POSITION

Our total assets were \$31.7 billion at September 30, 2014, reflecting a decrease of \$0.8 billion compared to December 31, 2013. The decrease was due to payments of dividends, repurchases of shares, depreciation and amortization and changes in foreign currency, partly offset by debt issuances, assets of newly-acquired businesses and capital expenditures. See the "Cash Flow" section of this management's discussion and analysis for additional information.

As of September 30, 2014, the carrying amounts of our total current liabilities exceeded the carrying amounts of our total current assets principally because current liabilities include deferred revenue from the sale of information and services delivered electronically on a subscription basis, for which many customers pay in advance. The cash received from these advance payments is used to currently fund the operating, investing and financing activities of our business. However, for accounting purposes, these advance payments must be deferred and recognized over the term of the subscription. As such, we typically reflect a negative working capital position in our balance sheet. In the ordinary course of business, deferred revenue does not represent a cash obligation, but rather an obligation to perform services or deliver products. Therefore, we believe that our negative working capital position as at September 30, 2014, was not indicative of a liquidity issue, but rather an outcome of the required accounting for our business model.

### Net Debt<sup>(1)</sup>

(millions of U.S. dollars)	As at	
	September 30, 2014	December 31, 2013
Current indebtedness	1,117	596
Long-term indebtedness	7,810	7,470
Total debt	8,927	8,066
Swaps	39	(86)
Total debt after swaps	8,966	7,980
Remove fair value adjustments for hedges	-	(27)
Total debt after hedging arrangements	8,966	7,953
Remove transaction costs and discounts included in the carrying value of debt	80	78
Less: cash and cash equivalents <sup>(2)</sup>	(1,686)	(1,316)
Net debt	7,360	6,715

(1) Net debt is a non-IFRS financial measure, which we define in Appendix A.

(2) Includes cash and cash equivalents of \$89 million and \$105 million at September 30, 2014 and December 31, 2013, respectively, which was held in subsidiaries which have regulatory restrictions, contractual restrictions or operate in countries where exchange controls and other legal restrictions apply and are therefore not available for general use by our company.

The increase in net debt was primarily due to capital expenditures and payments for dividends and repurchases of shares exceeding net cash provided by operating activities during the first six months of the year.

The maturity dates for our long-term debt are well balanced with no significant concentration in any one year. Our next scheduled long-term debt maturities occur in the fourth quarter of 2014 and in the third quarter of 2015 and are recorded as "Current indebtedness" in our consolidated statement of financial position. At September 30, 2014, the average maturity of our long-term debt was approximately eight years at an average interest rate (after swaps) of less than 5%.

### Additional information.

- We monitor the financial strength of financial institutions with which we have banking and other commercial relationships, including those that hold our cash and cash equivalents as well as those which are counterparties to derivative financial instruments and other arrangements; and
- We expect to continue to have access to funds held by our subsidiaries outside the U.S. in a tax efficient manner to meet our liquidity requirements.

## **OFF-BALANCE SHEET ARRANGEMENTS, COMMITMENTS AND CONTRACTUAL OBLIGATIONS**

For a summary of our other off-balance sheet arrangements, commitments and contractual obligations please see our 2013 annual management's discussion and analysis. There were no material changes to these arrangements, commitments and contractual obligations during the nine months ended September 30, 2014.

## **CONTINGENCIES**

### **Lawsuits and Legal Claims**

We are engaged in various legal proceedings, claims, audits and investigations that have arisen in the ordinary course of business. These matters include, but are not limited to, intellectual property infringement claims, employment matters and commercial matters. The outcome of all of the matters against us is subject to future resolution, including the uncertainties of litigation. Based on information currently known to us and after consultation with outside legal counsel, management believes that the probable ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on our financial condition taken as a whole.

### **Uncertain Tax Positions**

We are subject to taxation in numerous jurisdictions. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain. We maintain provisions for uncertain tax positions that we believe appropriately reflect our risk. These provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. We review the adequacy of these provisions at the end of the reporting period. It is possible that at some future date, liabilities in excess of our provisions could result from audits by, or litigation with, relevant taxing authorities. Management believes that such additional liabilities would not have a material adverse impact on our financial condition taken as a whole.

## OUTLOOK

The information in this section is forward-looking and should be read in conjunction with the section below entitled "Cautionary Note Concerning Factors That May Affect Future Results".

We recently reaffirmed our business outlook for 2014 that was first communicated in February.

Our 2014 outlook for adjusted EBITDA margin and underlying operating profit margin includes an estimated \$120 million of previously announced charges associated with our simplification program initiatives. Our free cash flow outlook includes the estimated cash impact of charges incurred in 2013 and expected to be incurred in 2014, as well as the impact of the loss of free cash flow from Other Businesses (approximately \$375 million in the aggregate).

The following table sets forth our current 2014 financial outlook, the material assumptions related to our financial outlook and the material risks that may cause actual performance to differ materially from our current expectations.

Our 2014 outlook for revenues, adjusted EBITDA margin and underlying operating profit margin excludes the impact of foreign currency.

<b>Revenues to be comparable to 2013</b>	
<b>Material assumptions</b>	<b>Material risks</b>
<ul style="list-style-type: none"> <li>Gradual improvement in Financial &amp; Risk's net sales performance during the year</li> <li>Gross domestic product (GDP) growth in the countries where we operate</li> <li>Continued increase in the number of professionals around the world and their demand for high quality information and services</li> <li>Continued operational improvement in the Financial &amp; Risk business and the successful execution of new sales initiatives, ongoing product release programs, our globalization strategy and other growth and efficiency initiatives</li> <li>A mid-to-high single digit decline in our U.S. print revenues within the Legal segment</li> </ul>	<ul style="list-style-type: none"> <li>Uneven economic growth or recession across the markets we serve may result in reduced spending levels by our customers</li> <li>Demand for our products and services could be reduced by changes in customer buying patterns, competitive pressures or our inability to execute on key product or customer support initiatives</li> <li>Implementation of regulatory reform, including further Dodd-Frank legislation and similar financial services laws around the world, may limit business opportunities for our customers, lowering their demand for our products and services</li> <li>Pressure on our customers, in developed markets in particular, to constrain the number of professionals employed due to regulatory and economic uncertainty</li> <li>Competitive pricing actions could impact our revenues</li> </ul>
<b>Adjusted EBITDA margin expected to be between 26.0% and 27.0%</b>	
<b>Material assumptions</b>	<b>Material risks</b>
<ul style="list-style-type: none"> <li>Revenues expected to be comparable to 2013</li> <li>Business mix continues to shift to higher-growth, lower margin offerings</li> <li>Realization of expected benefits from simplification program initiatives, primarily in our Financial &amp; Risk segment, relative to reductions in workforce, platform consolidation and operational simplification</li> </ul>	<ul style="list-style-type: none"> <li>Refer to the risks above related to the revenue outlook</li> <li>Revenues from higher margin businesses may be lower than expected</li> <li>The costs of required investments exceed expectations or actual returns are below expectations</li> <li>Acquisition and disposal activity may dilute margins</li> <li>Simplification program initiatives may cost more than expected, be delayed or may not produce the expected level of savings</li> </ul>

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**Underlying operating profit margin expected to be between 17.0% and 18.0%**

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<b>Material assumptions</b>	<b>Material risks</b>
<ul style="list-style-type: none"><li>Adjusted EBITDA margin expected to be between 26.0% and 27.0%</li><li>Depreciation and software amortization expense expected to be approximately 9.5% of revenues</li><li>Capital expenditures expected to be approximately 8% of revenues</li></ul>	<ul style="list-style-type: none"><li>Refer to the risks above related to adjusted EBITDA margin outlook</li><li>Capital expenditures may be higher than currently expected, resulting in higher in-period depreciation and amortization</li></ul>

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**Free cash flow is expected to be between \$1.3 billion and \$1.5 billion**

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<b>Material assumptions</b>	<b>Material risks</b>
<ul style="list-style-type: none"><li>Revenues expected to be comparable to 2013</li><li>Adjusted EBITDA margin expected to be between 26.0% and 27.0%</li><li>Capital expenditures expected to be approximately 8% of revenues</li></ul>	<ul style="list-style-type: none"><li>Refer to the risks above related to the revenue outlook and adjusted EBITDA margin outlook</li><li>A weaker macroeconomic environment and unanticipated disruptions from new order-to-cash applications could negatively impact working capital performance</li><li>Capital expenditures may be higher than currently expected resulting in higher cash outflows</li><li>The timing and amount of tax payments to governments may differ from our expectations</li></ul>

Additionally, in 2014, we expect interest expense to be between \$450 million and \$475 million, assuming no significant change in our level of indebtedness. We expect our 2014 effective tax rate (as a percentage of post-amortization adjusted earnings) to be between 13% and 15%, assuming no material changes in current tax laws or treaties to which we are subject.

## RELATED PARTY TRANSACTIONS

As of October 29, 2014, Woodbridge beneficially owned approximately 57% of our shares.

### TRANSACTIONS WITH WOODBRIDGE

From time to time, in the normal course of business, we enter into transactions with Woodbridge and certain of its affiliates. These transactions involve providing and receiving product and service offerings, are negotiated at arm's length on standard terms, including price, and are not significant to our results of operations or financial condition either individually or in the aggregate.

In May 2012, as part of our efforts to expand our mutual fund data and strategic research capabilities, we acquired a Canadian mutual fund database, fund fact sheet business and mutual fund and equity data feed business for approximately C\$9 million from The Globe and Mail (The Globe), which is majority owned by Woodbridge. We paid approximately C\$8 million in cash and issued a C\$1 million promissory note to The Globe that will be due in May 2016. In connection with the acquisition, we licensed the acquired database to The Globe over a four year term, valued at approximately C\$250,000 per year. The Globe issued four promissory notes to us, each for the value of the annual license. Amounts due each year under the notes issued by The Globe are offset against the note issued by us. Our board of directors' Corporate Governance Committee approved the transaction.

In the normal course of business, certain of our subsidiaries charge a Woodbridge-owned company fees for various administrative services. In 2013, the total amount charged to Woodbridge for these services was approximately \$105,000.

We purchase property and casualty insurance from third party insurers and retain the first \$500,000 of each and every claim under the programs via our captive insurance subsidiaries. Woodbridge is included in these programs and pays us a premium commensurate with its exposures. Premiums relating to 2013 were \$44,000, which would approximate the premium charged by a third party insurer for such coverage.

We maintained an agreement with Woodbridge until April 17, 2008 (the closing date of the Reuters acquisition) under which Woodbridge agreed to indemnify up to \$100 million of liabilities incurred either by our current and former directors and officers or by our company in providing indemnification to these individuals on substantially the same terms and conditions as would apply under an arm's length, commercial arrangement. We were required to pay Woodbridge an annual fee of \$750,000, which was less than the premium that would have been paid for commercial insurance. In 2008, we replaced this agreement with a conventional insurance agreement. We were entitled to seek indemnification from Woodbridge for any claims arising from events prior to April 17, 2008, so long as the claims were made before April 17, 2014. As there were no claims against the indemnity by current or former directors and officers, we did not seek indemnification from Woodbridge under this arrangement.

## **TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES**

From time to time, we enter into transactions with our investments in associates and joint ventures. These transactions typically involve providing or receiving services and are entered into in the normal course of business and on an arm's length basis.

We and Shin Nippon Hoki Shuppan K.K. each own 50% of Westlaw Japan K.K., a provider of legal information and solutions to the Japanese legal market. We provide the joint venture with technology and other services, which were valued at approximately \$500,000 for the nine months ended September 30, 2014.

In connection with the 2008 acquisition of Reuters, we assumed a lease agreement with 3XSQ Associates, an entity owned by Thomson Reuters and Rudin Times Square Associates LLC that was formed to build and operate the 3 Times Square property and building in New York, New York that serves as our corporate headquarters. We follow the equity method of accounting for our investment in 3XSQ Associates. The lease provides us with over 690,000 square feet of office space until 2021 and includes provisions to terminate portions early and various renewal options. Our costs under this lease arrangement for rent, taxes and other expenses were approximately \$29 million for the nine months ended September 30, 2014.

## **SUBSEQUENT EVENTS**

There were no material events occurring after September 30, 2014 through the date of this management's discussion and analysis.

## **CHANGES IN ACCOUNTING POLICIES**

Please refer to the "Changes in Accounting Policies" section of our 2013 annual management's discussion and analysis, which is contained in our 2013 annual report, as well as note 2 of our consolidated interim financial statements for the nine months ended September 30, 2014, for information regarding changes in accounting policies.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Please refer to the "Critical Accounting Estimates and Judgments" section of our 2013 annual management's discussion and analysis, which is contained in our 2013 annual report, for additional information. Since the date of our 2013 annual management's discussion and analysis, there have not been any significant changes to our critical accounting estimates and judgments.

## **ADDITIONAL INFORMATION**

### **DISCLOSURE CONTROLS AND PROCEDURES**

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in applicable U.S. and Canadian securities law) as of the end of the period covered by this management's discussion and analysis, have concluded that our disclosure controls and procedures were effective to ensure that all information that we are required to disclose in reports that we file or furnish under the U.S. Securities Exchange Act and applicable Canadian securities law is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and Canadian securities regulatory authorities and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. A multi-year phased implementation of order-to-cash (OTC) applications and related workflow processes is in progress. Key elements of the OTC solutions are order management, billing, cash management and collections functionality. We expect to reduce the number of applications and to streamline processes across our organization through this initiative. We are also in the process of automating manual processes and updating workflows associated with intercompany revenue and cost allocation. In 2014, we outsourced the support for selected financial applications and general accounting processes as part of our simplification program. Therefore, the internal control activities associated with the outsourced functions are being performed by the third-party providers. However, our management remains responsible for the end-to-end control environment. We continue to modify the design and documentation of the related internal control processes and procedures as the implementations of these initiatives progress.

Except as described above, there was no change in our internal control over financial reporting during the last fiscal quarter that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **SHARE CAPITAL**

As of October 29, 2014, we had outstanding 799,912,559 common shares, 6,000,000 Series II preference shares, 10,315,302 stock options and a total of 7,471,749 time-based restricted share units and performance restricted share units. We have also issued a Thomson Reuters Founders Share which enables Thomson Reuters Founders Share Company to exercise extraordinary voting power to safeguard the Thomson Reuters Trust Principles.

## **PUBLIC SECURITIES FILINGS AND REGULATORY ANNOUNCEMENTS**

You may access other information about our company, including our 2013 annual report (which contains information required in an annual information form) and our other disclosure documents, reports, statements or other information that we file with the Canadian securities regulatory authorities through SEDAR at [www.sedar.com](http://www.sedar.com) and in the United States with the SEC at [www.sec.gov](http://www.sec.gov).

## **CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS**

*Certain statements in this management's discussion and analysis are forward-looking, including, but not limited to, statements about 2014 expectations in the "Overview" and "Outlook" sections, our expectations about additional charges associated with our simplification program initiatives and expected cost savings, net sales, pricing, and revenue performance in the Financial & Risk segment, U.S. print revenues in our Legal segment and future share repurchases. The words "expect", "target" and "will" and similar expressions identify forward-looking statements. These forward-looking statements are based on certain assumptions and reflect our company's current expectations. As a result, forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Certain factors that could cause actual results or events to differ materially from current expectations are discussed in the "Outlook" section above. Additional factors are discussed in the "Risk Factors" section of our 2013 annual report and in materials that we from time to time file with, or furnish to, the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission. There is no assurance that any forward-looking statement will materialize. Our outlook is provided for the purpose of providing information about current expectations for 2014. This information may not be appropriate for other purposes. You are cautioned not to place undue reliance on forward-looking statements, which reflect our expectations only as of the date of this management's discussion and analysis. Except as may be required by applicable law, we disclaim any obligation to update or revise any forward-looking statements.*

## APPENDIX A

### NON-IFRS FINANCIAL MEASURES

We use non-IFRS financial measures as supplemental indicators of our operating performance and financial position. Additionally, we use non-IFRS measures as performance metrics as the basis for management incentive programs. These measures do not have any standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies. The following table sets forth our non-IFRS financial measures, including an explanation of why we believe they are useful measures of our performance. Reconciliations for the most directly comparable IFRS measure are reflected in our management's discussion and analysis.

<b>How We Define It</b>	<b>Why We Use It and Why It Is Useful to Investors</b>	<b>Most Directly Comparable IFRS Measure/Reconciliation</b>
<b>Revenues from ongoing businesses</b>		
Revenues from reportable segments and Corporate & Other (which includes the Reuters News business), less eliminations.	Provides a measure of our ability to grow our ongoing businesses over the long term.	Revenues
<b>Revenues at constant currency (before currency or revenues excluding the effects of foreign currency)</b>		
Revenues applying the same foreign currency exchange rates for the current and equivalent prior period. To calculate the foreign currency impact between periods, we convert the current and equivalent prior period's local currency revenues using the same foreign currency exchange rate.	Provides a measure of underlying business trends, without distortion from the effect of foreign currency movements during the period.  Our reporting currency is the U.S. dollar. However, we conduct a significant amount of our activities in currencies other than the U.S. dollar. We manage our operating segments on a constant currency basis, and we manage currency exchange risk at the corporate level.	Revenues
<b>Underlying operating profit and underlying operating profit margin</b>		
Operating profit from reportable segments and Corporate & Other. The related margin is expressed as a percentage of revenues from ongoing businesses.	Provides a basis to evaluate operating profitability and performance trends, excluding the impact of items which distort the performance of our operations.	Operating profit
<b>Adjusted EBITDA and adjusted EBITDA margin</b>		
Underlying operating profit excluding the related depreciation and amortization of computer software. The related margin is expressed as a percentage of revenues from ongoing businesses.	Provides a measure commonly reported and widely used by investors as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric.	Earnings (loss) from continuing operations
<b>Adjusted EBITDA less capital expenditures and adjusted EBITDA less capital expenditures margin</b>		
Adjusted EBITDA less capital expenditures, less proceeds from disposals (excluding Other Businesses). The related margin is expressed as a percentage of revenues from ongoing businesses.	Provides a basis for evaluating the operating profitability and capital intensity of a business in a single measure. This measure captures investments regardless of whether they are expensed or capitalized.	Earnings (loss) from continuing operations

How We Define It	Why We Use It and Why It Is Useful to Investors	Most Directly Comparable IFRS Measure/Reconciliation
<b>Adjusted earnings and adjusted earnings per share</b>		
Earnings (loss) attributable to common shareholders and per share excluding:	Provides a more comparable basis to analyze earnings and is also a measure commonly used by shareholders to measure our performance.	Earnings (loss) attributable to common shareholders and earnings (loss) per share attributable to common shareholders
<ul style="list-style-type: none"> <li>• the pre-tax impacts of amortization of other identifiable intangible assets;</li> <li>• the post-tax impacts of fair value adjustments, other operating gains and losses, certain impairment charges, the results of Other Businesses, other net finance costs or income, our share of post-tax earnings or losses in equity method investments, discontinued operations and other items affecting comparability. We also deduct dividends declared on preference shares; and</li> </ul>	We believe this treatment more accurately reflects our tax position because the tax liability is associated with ongoing tax implications from the consolidation of these assets.	
This measure is calculated using diluted weighted-average shares.		
In interim periods, we also adjust our reported earnings and earnings per share to reflect a normalized effective tax rate. Specifically, the normalized effective rate is computed as the estimated full-year effective tax rate applied to adjusted pre-tax earnings of the interim period. The reported effective tax rate is based on separate annual effective income tax rates for each taxing jurisdiction that are applied to each interim period's pre-tax income.	Because the geographical mix of pre-tax profits and losses in interim periods distorts the reported effective tax rate within an interim period, we believe that using the expected full-year effective tax rate provides more comparability among interim periods. The adjustment to normalize the effective tax rate reallocates estimated full-year income taxes between interim periods, but has no effect on full year tax expense or on cash taxes paid.	

<b>How We Define It</b>	<b>Why We Use It and Why It Is Useful to Investors</b>	<b>Most Directly Comparable IFRS Measure/Reconciliation</b>
<b>Net debt</b>		
Total indebtedness, including the associated fair value of hedging instruments on our debt, but excluding unamortized transaction costs and premiums or discounts associated with our debt, less cash and cash equivalents.	<p>Provides a commonly used measure of a company's leverage.</p> <p>Given that we hedge some of our debt to reduce risk, we include hedging instruments as we believe it provides a better measure of the total obligation associated with our outstanding debt. However, because we intend to hold our debt and related hedges to maturity, we do not consider certain components of the associated fair value of hedges in our measurements. We reduce gross indebtedness by cash and cash equivalents.</p>	Total debt (current indebtedness plus long-term indebtedness)
<b>Free cash flow</b>		
Net cash provided by operating activities, and other investing activities, less capital expenditures and dividends paid on our preference shares.	Helps assess our ability, over the long term, to create value for our shareholders as it represents cash available to repay debt, pay common dividends and fund share repurchases and new acquisitions.	Net cash provided by operating activities
<b>Free cash flow from ongoing businesses</b>		
Free cash flow excluding businesses that have been or are expected to be exited through sale or closure, which we refer to as "Other Businesses".	Provides a supplemental measure of our ability, over the long term, to create value for our shareholders because it represents free cash flow generated by our operations excluding businesses that have been or are expected to be exited through sale or closure.	Net cash provided by operating activities

## APPENDIX B

This appendix provides reconciliations that are not presented elsewhere in this management's discussion and analysis for certain non-IFRS measures to the most directly comparable IFRS measure, for the three and nine months ended September 30, 2014 and 2013.

### RECONCILIATION OF EARNINGS FROM CONTINUING OPERATIONS TO ADJUSTED EBITDA AND ADJUSTED EBITDA LESS CAPITAL EXPENDITURES

(millions of U.S. dollars)	Three months ended September 30,			Nine months ended September 30,		
	2014	2013	Change	2014	2013	Change
Earnings from continuing operations	250	283	(12%)	802	522	54%
Adjustments to remove:						
Tax expense (benefit)	26	(33)		53	423	
Other finance costs (income)	82	(38)		25	34	
Net interest expense	110	109		329	348	
Amortization of other identifiable intangible assets	160	165		488	482	
Amortization of computer software	195	195		586	571	
Depreciation	97	102		294	310	
EBITDA	920	783		2,577	2,690	
Adjustments to remove:						
Share of post-tax earnings in equity method investments	(2)	(5)		(3)	(24)	
Other operating (gains) losses, net	(9)	6		(4)	(124)	
Fair value adjustments	(88)	70		(53)	(21)	
EBITDA from Other Businesses <sup>(1)</sup>	1	(9)		2	(61)	
Adjusted EBITDA	822	845	(3%)	2,519	2,460	2%
Remove: Capital expenditures, less proceeds from disposals (excluding Other Businesses <sup>(1)</sup> )	231	212		704	750	
Adjusted EBITDA less capital expenditures	591	633	(7%)	1,815	1,710	6%
Adjusted EBITDA margin	26.5%	27.5%	(100)bp	26.8%	26.5%	30bp
Adjusted EBITDA less capital expenditures margin	19.0%	20.6%	(160)bp	19.3%	18.4%	90bp

### RECONCILIATION OF UNDERLYING OPERATING PROFIT TO ADJUSTED EBITDA BY SEGMENT

(millions of U.S. dollars)	Three months ended September 30, 2014			Three months ended September 30, 2013		
	Underlying Operating profit	Add: Depreciation and amortization of computer software **	Adjusted EBITDA	Underlying Operating profit	Add: Depreciation and amortization of computer software **	Adjusted EBITDA
Financial & Risk	252	156	408	275	158	433
Legal	254	70	324	248	72	320
Tax & Accounting	43	29	72	34	32	66
Intellectual Property & Science	54	22	76	61	19	80
Corporate & Other (includes Reuters News)	(73)	15	(58)	(70)	16	(54)
Total	530	292	822	548	297	845

\*\* Excludes Other Businesses<sup>(1)</sup>

## RECONCILIATION OF UNDERLYING OPERATING PROFIT TO ADJUSTED EBITDA BY SEGMENT (CONTINUED)

(millions of U.S. dollars)	Nine months ended September 30, 2014			Nine months ended September 30, 2013		
	Underlying Operating profit	Add: Depreciation and amortization of computer software **	Adjusted EBITDA	Underlying Operating profit	Add: Depreciation and amortization of computer software **	Adjusted EBITDA
Financial & Risk	758	475	1,233	735	478	1,213
Legal	730	209	939	704	218	922
Tax & Accounting	192	93	285	160	91	251
Intellectual Property & Science	167	66	233	171	58	229
Corporate & Other (includes Reuters News)	(208)	37	(171)	(191)	36	(155)
<b>Total</b>	<b>1,639</b>	<b>880</b>	<b>2,519</b>	<b>1,579</b>	<b>881</b>	<b>2,460</b>

\*\* Excludes Other Businesses<sup>(1)</sup>

(1) Other Businesses are businesses that have been or are expected to be exited through sale or closure that did not qualify for discontinued operations classification. The results of Other Businesses were as follows:

(millions of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Revenues	-	13	2	146
Operating (loss) profit	(1)	9	(2)	61
Depreciation and amortization of computer software	-	-	-	-
EBITDA	(1)	9	(2)	61
Capital expenditures, less proceeds from disposals	-	1	-	1

## APPENDIX C

### QUARTERLY INFORMATION

The following table presents a summary of our consolidated operating results for the eight most recent quarters.

	Quarter ended March 31,		Quarter ended June 30,		Quarter ended September 30,		Quarter ended December 31,	
(millions of U.S. dollars, except per share amounts)	2014	2013	2014	2013	2014	2013	2013	2012
Revenues	3,130	3,175	3,159	3,163	3,107	3,086	3,278	3,364
Operating profit	359	390	381	597	466	316	213	537
Earnings (loss) from continuing operations	292	(17)	260	256	250	283	(347)	365
Earnings from discontinued operations, net of tax	-	-	-	6	-	-	4	3
<b>Net earnings (loss)</b>	<b>292</b>	<b>(17)</b>	<b>260</b>	<b>262</b>	<b>250</b>	<b>283</b>	<b>(343)</b>	<b>368</b>
<b>Earnings (loss) attributable to common shareholders</b>	<b>282</b>	<b>(31)</b>	<b>249</b>	<b>248</b>	<b>231</b>	<b>271</b>	<b>(351)</b>	<b>352</b>
<b>Dividends declared on preference shares</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>
<b>Basic earnings (loss) per share</b>								
From continuing operations	\$0.34	(\$0.04)	\$0.31	\$0.29	\$0.29	\$0.33	(\$0.43)	\$0.41
From discontinued operations	-	-	-	0.01	-	-	-	0.01
	<b>\$0.34</b>	<b>(\$0.04)</b>	<b>\$0.31</b>	<b>\$0.30</b>	<b>\$0.29</b>	<b>\$0.33</b>	<b>(\$0.43)</b>	<b>\$0.42</b>
<b>Diluted earnings (loss) per share</b>								
From continuing operations	\$0.34	(\$0.04)	\$0.31	\$0.29	\$0.28	\$0.33	(\$0.43)	\$0.41
From discontinued operations	-	-	-	0.01	-	-	-	0.01
	<b>\$0.34</b>	<b>(\$0.04)</b>	<b>\$0.31</b>	<b>\$0.30</b>	<b>\$0.28</b>	<b>\$0.33</b>	<b>(\$0.43)</b>	<b>\$0.42</b>

Our revenues and operating profit on a consolidated basis do not tend to be significantly impacted by seasonality as we record a large portion of our revenues ratably over a contract term and our costs are generally incurred evenly throughout the year. However, our non-recurring revenues can cause changes in our performance from quarter to consecutive quarter. Additionally, the release of certain print-based offerings can be seasonal as can certain product releases for the regulatory markets, which tend to be concentrated at the end of the year. As a consequence, the results of certain of our segments can be impacted by seasonality to a greater extent than our consolidated revenues and operating profit.

*Revenues* - Revenues declined in first and second quarters of 2014, as well as in the fourth quarter of 2013 compared to the respective prior-year periods, due to the impact of divestitures. Revenue performance over all periods reflected challenges in our Financial & Risk segment, including an overall difficult economic environment. This dynamic was partially offset by growth in our Legal, Tax & Accounting and Intellectual Property & Science segments. Acquisitions contributed to revenue changes. Foreign currency had a positive impact on revenues in the second quarter of 2014, but had no impact on revenues in all other periods.

*Operating profit* - Operating profit increased in the third quarter of 2014 compared to the prior-year period primarily due to favorable fair value adjustments. Operating profit decreased in the first and second quarters of 2014 compared to the respective prior-year periods as 2013 included operating profit from Other Businesses, which were sold later in the year, and as the current year periods included unfavorable fair value adjustments. The second quarter of 2013 also included a gain on sale of our Corporate Services business. In the fourth quarter of 2013, operating profit included \$275 million of charges associated with our simplification program initiatives.

*Net earnings (loss)* - Net earnings in the third quarter of 2014 were lower than the third quarter of 2013 as higher operating profit was more than offset by higher financing costs and income tax expense. Net earnings in the second quarter of 2014 were comparable to the prior-year period as lower operating profit was offset by lower tax expense. The second quarter of 2013 included an income tax charge of \$161 million associated with the consolidation of the ownership and management of our technology and content assets, which are part of our simplification program. The net losses in the first quarter and fourth quarter of 2013 were primarily due to \$235 million and \$425 million, respectively, of tax charges associated with the consolidation of the ownership and management of our technology and content assets.

**THOMSON REUTERS CORPORATION**  
**CONSOLIDATED INCOME STATEMENT**  
**(unaudited)**

(millions of U.S. dollars, except per share amounts)	Notes	Three months ended		Nine months ended	
		September 30,	2013	September 30,	2013
		<b>2014</b>		<b>2014</b>	
Revenues		<b>3,107</b>	3,086	<b>9,396</b>	9,424
Operating expenses	5	<b>(2,198)</b>	(2,302)	<b>(6,826)</b>	(6,882)
Depreciation		<b>(97)</b>	(102)	<b>(294)</b>	(310)
Amortization of computer software		<b>(195)</b>	(195)	<b>(586)</b>	(571)
Amortization of other identifiable intangible assets		<b>(160)</b>	(165)	<b>(488)</b>	(482)
Other operating gains (losses), net	6	<b>9</b>	(6)	<b>4</b>	124
Operating profit		<b>466</b>	316	<b>1,206</b>	1,303
Finance costs, net:					
Net interest expense	7	<b>(110)</b>	(109)	<b>(329)</b>	(348)
Other finance (costs) income	7	<b>(82)</b>	38	<b>(25)</b>	(34)
Income before tax and equity method investments		<b>274</b>	245	<b>852</b>	921
Share of post-tax earnings in equity method investments	8	<b>2</b>	5	<b>3</b>	24
Tax (expense) benefit	9	<b>(26)</b>	33	<b>(53)</b>	(423)
Earnings from continuing operations		<b>250</b>	283	<b>802</b>	522
Earnings from discontinued operations, net of tax		-	-	-	6
Net earnings		<b>250</b>	283	<b>802</b>	528
Earnings attributable to:					
Common shareholders		<b>231</b>	271	<b>762</b>	488
Non-controlling interests		<b>19</b>	12	<b>40</b>	40
<b>Earnings per share:</b>	10				
Basic earnings per share:					
From continuing operations		<b>\$0.29</b>	\$0.33	<b>\$0.94</b>	\$0.58
From discontinued operations		-	-	-	0.01
Basic earnings per share		<b>\$0.29</b>	\$0.33	<b>\$0.94</b>	\$0.59
Diluted earnings per share:					
From continuing operations		<b>\$0.28</b>	\$0.33	<b>\$0.93</b>	\$0.58
From discontinued operations		-	-	-	-
Diluted earnings per share		<b>\$0.28</b>	\$0.33	<b>\$0.93</b>	\$0.58

The related notes form an integral part of these consolidated financial statements.

**THOMSON REUTERS CORPORATION**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(unaudited)**

(millions of U.S. dollars)	Notes	Three months ended		Nine months ended	
		September 30,	2013	September 30,	2013
		2014		2014	2013
Net earnings		<b>250</b>	283	<b>802</b>	528
Other comprehensive (loss) income:					
Cash flow hedges adjustments to earnings	7	<b>134</b>	(64)	<b>141</b>	72
Foreign currency translation adjustments to earnings		-	-	-	(1)
Items that may be subsequently reclassified to net earnings:					
Cash flow hedges adjustments to equity		<b>(130)</b>	74	<b>(118)</b>	(42)
Foreign currency translation adjustments to equity		<b>(424)</b>	263	<b>(306)</b>	(105)
		<b>(554)</b>	337	<b>(424)</b>	(147)
Item that will not be reclassified to net earnings:					
Net remeasurement (losses) gains on defined benefit pension plans, net of tax <sup>(1)</sup>		<b>(30)</b>	19	<b>(86)</b>	173
Other comprehensive (loss) income		<b>(450)</b>	292	<b>(369)</b>	97
Total comprehensive (loss) income		<b>(200)</b>	575	<b>433</b>	625
Comprehensive (loss) income for the period attributable to:					
Common shareholders		<b>(219)</b>	563	<b>393</b>	585
Non-controlling interests		<b>19</b>	12	<b>40</b>	40

(1) The related tax expense was \$19 million and \$12 million for the three months ended September 30, 2014 and 2013, respectively, and \$51 million and \$102 million for the nine months ended September 30, 2014 and 2013, respectively.

The related notes form an integral part of these consolidated financial statements.

**THOMSON REUTERS CORPORATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**

(millions of U.S. dollars)	Notes	September 30, 2014	December 31, 2013
<b>ASSETS</b>			
Cash and cash equivalents	11	1,686	1,316
Trade and other receivables		1,694	1,751
Other financial assets	11	151	183
Prepaid expenses and other current assets		584	650
Current assets		4,115	3,900
Computer hardware and other property, net		1,161	1,291
Computer software, net		1,516	1,622
Other identifiable intangible assets, net		7,367	7,890
Goodwill		16,653	16,871
Other financial assets	11	177	192
Other non-current assets	12	602	583
Deferred tax		69	90
Total assets		31,660	32,439
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Current indebtedness	11	1,117	596
Payables, accruals and provisions	13	2,109	2,624
Deferred revenue		1,255	1,348
Other financial liabilities	11	273	193
Current liabilities		4,754	4,761
Long-term indebtedness	11	7,810	7,470
Provisions and other non-current liabilities	14	1,838	1,759
Other financial liabilities	11	113	102
Deferred tax		1,646	1,917
Total liabilities		16,161	16,009
<b>Equity</b>			
Capital	15	10,187	10,347
Retained earnings		6,727	7,303
Accumulated other comprehensive loss		(1,897)	(1,614)
Total shareholders' equity		15,017	16,036
Non-controlling interests		482	394
Total equity		15,499	16,430
Total liabilities and equity		31,660	32,439
Contingencies (note 19)			

The related notes form an integral part of these consolidated financial statements.

**THOMSON REUTERS CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**(unaudited)**

(millions of U.S. dollars)	Notes	Three months ended		Nine months ended	
		September 30,	2013	September 30,	2013
<b>Cash provided by (used in):</b>					
<b>OPERATING ACTIVITIES</b>					
Net earnings		<b>250</b>	283	<b>802</b>	528
Adjustments for:					
Depreciation		<b>97</b>	102	<b>294</b>	310
Amortization of computer software		<b>195</b>	195	<b>586</b>	571
Amortization of other identifiable intangible assets		<b>160</b>	165	<b>488</b>	482
Net gains on disposals of businesses and investments		<b>(2)</b>	(1)	<b>(1)</b>	(157)
Deferred tax		<b>(112)</b>	54	<b>(187)</b>	296
Other	17	<b>37</b>	87	<b>148</b>	212
Changes in working capital and other items	17	<b>(40)</b>	(209)	<b>(556)</b>	(546)
Net cash provided by operating activities		<b>585</b>	676	<b>1,574</b>	1,696
<b>INVESTING ACTIVITIES</b>					
Acquisitions, net of cash acquired	18	<b>(28)</b>	(139)	<b>(165)</b>	(987)
Proceeds from disposals of businesses and investments, net of taxes paid		<b>2</b>	3	<b>14</b>	355
Capital expenditures, less proceeds from disposals		<b>(231)</b>	(213)	<b>(704)</b>	(751)
Other investing activities		<b>5</b>	12	<b>7</b>	33
Investing cash flows from continuing operations		<b>(252)</b>	(337)	<b>(848)</b>	(1,350)
Investing cash flows from discontinued operations		-	10	-	10
Net cash used in investing activities		<b>(252)</b>	(327)	<b>(848)</b>	(1,340)
<b>FINANCING ACTIVITIES</b>					
Proceeds from debt	11	<b>997</b>	-	<b>997</b>	1,294
Repayments of debt	11	-	(1,000)	-	(1,440)
Repurchases of common shares	15	<b>(109)</b>	(100)	<b>(726)</b>	(100)
Dividends paid on preference shares		<b>(1)</b>	-	<b>(2)</b>	(2)
Dividends paid on common shares	15	<b>(258)</b>	(259)	<b>(778)</b>	(778)
Other financing activities	16	<b>19</b>	(3)	<b>148</b>	4
Net cash provided by (used in) financing activities		<b>648</b>	(1,362)	<b>(361)</b>	(1,022)
Increase (decrease) in cash and bank overdrafts		<b>981</b>	(1,013)	<b>365</b>	(666)
Translation adjustments		<b>(17)</b>	5	<b>(14)</b>	(12)
Cash and bank overdrafts at beginning of period		<b>699</b>	1,606	<b>1,312</b>	1,276
Cash and bank overdrafts at end of period		<b>1,663</b>	598	<b>1,663</b>	598
Cash and bank overdrafts at end of period comprised of:					
Cash and cash equivalents		<b>1,686</b>	607	<b>1,686</b>	607
Bank overdrafts		<b>(23)</b>	(9)	<b>(23)</b>	(9)
		<b>1,663</b>	598	<b>1,663</b>	598

Supplemental cash flow information is provided in note 17.

Interest paid	<b>(110)</b>	(140)	<b>(298)</b>	(339)
Interest received	<b>1</b>	6	<b>2</b>	8
Income taxes paid	<b>(29)</b>	(31)	<b>(74)</b>	(101)

Interest paid is reflected as an operating cash flow and is net of debt-related hedges. Interest received is reflected as either an operating or investing cash flow depending on the nature of the underlying transaction.

Income taxes paid and received are reflected as either an operating or investing cash flow depending on the nature of the underlying transaction.

The related notes form an integral part of these consolidated financial statements.

**THOMSON REUTERS CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(unaudited)**

(millions of U.S. dollars)	Stated share capital	Contributed surplus	Total capital	Retained earnings	Unrecognized (loss) gain on cash flow hedges	Foreign currency translation adjustments	Total accumulated other comprehensive loss ("AOCL")	Non-controlling interests	Total
Balance, December 31, 2013	10,170	177	10,347	7,303	(17)	(1,597)	(1,614)	394	16,430
Comprehensive income (loss) <sup>(1)</sup>	-	-	-	676	23	(306)	(283)	40	433
Change in ownership interest of subsidiary <sup>(2)</sup>	-	-	-	44	-	-	-	82	126
Distributions to non-controlling interests	-	-	-	-	-	-	-	(34)	(34)
Dividends declared on preference shares	-	-	-	(2)	-	-	-	-	(2)
Dividends declared on common shares	-	-	-	(802)	-	-	-	-	(802)
Shares issued under Dividend Reinvestment Plan ("DRIP")	24	-	24	-	-	-	-	-	24
Repurchases of common shares <sup>(3)</sup>	(264)	-	(264)	(492)	-	-	-	-	(756)
Stock compensation plans	79	1	80	-	-	-	-	-	80
Balance, September 30, 2014	10,009	178	10,187	6,727	6	(1,903)	(1,897)	482	15,499

(millions of U.S. dollars)	Stated share capital	Contributed surplus	Total capital	Retained earnings	Unrecognized (loss) gain on cash flow hedges	Foreign currency translation adjustments	AOCL	Non-controlling interests	Total
Balance, December 31, 2012	10,201	170	10,371	8,311	(56)	(1,481)	(1,537)	353	17,498
Comprehensive income (loss) <sup>(1)</sup>	-	-	-	661	30	(106)	(76)	40	625
Distributions to non-controlling interest	-	-	-	-	-	-	-	(29)	(29)
Dividends declared on preference shares	-	-	-	(2)	-	-	-	-	(2)
Dividends declared on common shares	-	-	-	(807)	-	-	-	-	(807)
Shares issued under DRIP	29	-	29	-	-	-	-	-	29
Repurchases of common shares	(35)	-	(35)	(65)	-	-	-	-	(100)
Stock compensation plans	79	(16)	63	-	-	-	-	-	63
Balance, September 30, 2013	10,274	154	10,428	8,098	(26)	(1,587)	(1,613)	364	17,277

(1) Retained earnings for the nine months ended September 30, 2014 includes net remeasurement losses on defined benefit pension plans of \$86 million, net of tax (2013 - gains of \$173 million, net of tax).

(2) Includes cash contribution of \$120 million by the non-controlling interests. See note 16.

(3) Includes stated share capital of \$43 million and retained earnings of \$82 million related to the Company's pre-defined share repurchase plan. See note 15.

The related notes form an integral part of these consolidated financial statements.

# THOMSON REUTERS CORPORATION

## Notes to Consolidated Financial Statements (unaudited)

(unless otherwise stated, all amounts are in millions of U.S. dollars)

### Note 1: Business description and basis of preparation

#### General business description

Thomson Reuters Corporation (the "Company" or "Thomson Reuters") is an Ontario, Canada corporation with common shares listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") and Series II preference shares listed on the TSX. The Company provides intelligent information to businesses and professionals. Its offerings combine industry expertise with innovative technology to deliver critical information to decision makers.

#### Basis of preparation

The unaudited consolidated interim financial statements ("interim financial statements") were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2013, except as described in note 2. The interim financial statements are in compliance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements have been set out in note 2 of the Company's consolidated financial statements for the year ended December 31, 2013. These interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2013, which are included in the Company's 2013 annual report.

The accompanying interim financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

References to "\$" are to U.S. dollars and references to "C\$" are to Canadian dollars.

### Note 2: Changes in accounting policies

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are effective for accounting periods beginning on or after January 1, 2014. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

#### Pronouncements and related amendments adopted January 1, 2014

The following pronouncements and amendments were adopted on January 1, 2014 and did not have a material impact on the Company's results for the three and nine months ended September 30, 2014 and 2013, and financial position at September 30, 2014 and December 31, 2013.

IAS 32	<i>Financial Instruments: Presentation</i>	IAS 32 has been amended to clarify certain requirements for offsetting financial assets and liabilities. The amendment addresses the meaning and application of the concepts of legally enforceable right of set-off and simultaneous realization and settlement.
IAS 36	<i>Impairment of Assets</i>	IAS 36 has been amended to require disclosure of the recoverable amount of an asset (including goodwill) or a cash generating unit when an impairment loss has been recognized or reversed in the period. When the recoverable amount is based on fair value less costs of disposal, the valuation techniques and key assumptions must also be disclosed.
IAS 39	<i>Financial Instruments: Recognition and Measurement</i>	IAS 39 has been amended to allow hedge accounting to continue when, as a result of laws or regulations, the counterparty to a derivative designated as a hedging instrument is replaced by a central clearing counterparty.
IFRIC 21	<i>Levies</i>	IFRIC 21 addresses the recognition requirements for a liability to pay a levy imposed by a government, other than an income tax. The interpretation requires the recognition of a liability when the event, identified by the legislation, triggering the obligation to pay the levy occurs.

**Pronouncements and related amendments effective for annual accounting periods beginning January 1, 2015 or later**

IAS 19	<i>Employee Benefits</i>	IAS 19 amendment, <i>Defined Benefit Plans: Employee Contributions</i> , clarifies the accounting for contributions from employees. Employee contributions, which are often a fixed percentage of salary, may be recognized as a reduction in the service cost component of pension expense in the same period the employee provides services. However, if the employee contribution rate varies based on years of service, the reduction in expense must be allocated over future service periods, mirroring the service cost recognition pattern. The amendment is effective January 1, 2015 and is not anticipated to have a material impact on the Company's results and financial position.
IFRS 15	<i>Revenue from Contracts with Customers</i>	IFRS 15 is the culmination of a joint project between the IASB and the Financial Accounting Standards Board, the accounting standard setter in the U.S., to create a single revenue standard. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard moves away from a revenue recognition model based on an earnings process to an approach that is based on transfer of control of a good or service to a customer. Additionally, the new standard requires disclosures as to the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. IFRS 15 is effective on January 1, 2017, and shall be applied retrospectively to each period presented or retrospectively as a cumulative-effect adjustment as of the date of adoption. The Company is assessing the impact of the new standard on its results and financial position.
IFRS 9	<i>Financial Instruments</i>	<p>IFRS 9 replaces IAS 39 - <i>Financial Instruments: Recognition and Measurement</i>. The new standard addresses classification and measurement, impairment and hedge accounting.</p> <p><u>Classification and measurement</u> The new standard requires the classification of financial assets based on business model and cash flow characteristics measured at either (a) amortized cost; (b) fair value through profit or loss; or (c) fair value through other comprehensive income. For financial liabilities, the standard retains most of the IAS 39 requirements, but where the fair value option is taken, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement.</p> <p><u>Impairment</u> Under the forward looking impairment model, expected credit losses are recognized as soon as a financial asset is originated or purchased, rather than waiting for a trigger event to record a loss.</p> <p><u>Hedge accounting</u> The new standard more closely aligns hedge accounting with an entity's risk management activities. Specifically, the new standard (a) no longer requires the use of a specific quantitative threshold to determine if the hedging relationship is highly effective in order to qualify for hedge accounting; (b) removes restrictions that prevented some economically rational hedging strategies from qualifying for hedge accounting; and (c) allows purchased options, forwards and non-derivative financial instruments to be hedging instruments in applicable circumstances.</p> <p>IFRS 9 is effective on January 1, 2018 and shall be applied retrospectively to each period presented, subject to the various transition provisions within IFRS 9. The Company is assessing the impact of the new standard on its results and financial position.</p>

### Note 3: Segment information

The Company is organized as four reportable segments reflecting how the businesses are managed: Financial & Risk, Legal, Tax & Accounting and Intellectual Property & Science. The accounting policies applied by the segments are the same as those applied by the Company. The reportable segments offer products and services to target markets as described below.

#### Financial & Risk

The Financial & Risk segment is a provider of critical news, information and analytics, enabling transactions and bringing together financial communities. Financial & Risk also provides regulatory and operational risk management solutions.

#### Legal

The Legal segment is a provider of critical online and print information, decision support tools, software and services to support legal, investigation, business and government professionals around the world.

#### Tax & Accounting

The Tax & Accounting segment is a provider of integrated tax compliance and accounting information, software and services for professionals in accounting firms, corporations, law firms and government.

#### Intellectual Property & Science

The Intellectual Property & Science segment is a provider of comprehensive intellectual property and scientific information, decision support tools and services that enable governments, academia, publishers, corporations and law firms to discover, develop and deliver innovations.

The Company also reports "Corporate & Other" and "Other Businesses". These categories neither qualify as a component of another reportable segment nor as a separate reportable segment.

- Corporate & Other includes expenses for corporate functions, certain share-based compensation costs and the Reuters News business, which is comprised of the Reuters News Agency and consumer publishing; and
- Other Businesses is an aggregation of businesses that have been or are expected to be exited through sale or closure that did not qualify for discontinued operations classification.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2014	2013	2014	2013
<b>Revenues</b>				
Financial & Risk	1,628	1,640	4,941	4,975
Legal	854	843	2,507	2,483
Tax & Accounting	301	270	973	875
Intellectual Property & Science	248	240	742	707
Reportable segments	3,031	2,993	9,163	9,040
Corporate & Other (includes Reuters News)	79	82	240	245
Eliminations	(3)	(2)	(9)	(7)
Revenues from ongoing businesses	3,107	3,073	9,394	9,278
Other Businesses <sup>(1)</sup>	-	13	2	146
Consolidated revenues	3,107	3,086	9,396	9,424
<b>Operating profit</b>				
Segment operating profit				
Financial & Risk	252	275	758	735
Legal	254	248	730	704
Tax & Accounting	43	34	192	160
Intellectual Property & Science	54	61	167	171
Reportable segments	603	618	1,847	1,770
Corporate & Other (includes Reuters News)	(73)	(70)	(208)	(191)
Underlying operating profit	530	548	1,639	1,579
Other Businesses <sup>(1)</sup>	(1)	9	(2)	61
Fair value adjustments (see note 5)	88	(70)	53	21
Amortization of other identifiable intangible assets	(160)	(165)	(488)	(482)
Other operating gains (losses), net	9	(6)	4	124
Consolidated operating profit	466	316	1,206	1,303

(1) The nine months ended September 30, 2013, includes Investor Relations, Public Relations and Multimedia Solutions business ("Corporate Services"), a provider of tools and solutions that help companies communicate with investors and media, which was sold in the second quarter of 2013.

In accordance with IFRS 8, *Operating Segments*, the Company discloses information about its reportable segments based upon the measures used by management in assessing the performance of those reportable segments.

- Results from the Reuters News business and Other Businesses are excluded from reportable segments as they do not qualify as a component of the Company's four reportable segments, nor as a separate reportable segment.
- The Company uses segment operating profit to measure the operating performance of its reportable segments.
  - The costs of centralized support services such as technology, news, real estate, accounting, procurement, legal, and human resources are allocated to each segment based on usage or other applicable measures.
  - Segment operating profit is defined as operating profit before (i) amortization of other identifiable intangible assets; (ii) other operating gains and losses; (iii) certain asset impairment charges; (iv) corporate-related items; and (v) fair value adjustments. Management uses this measure because the Company does not consider these excluded items to be controllable operating activities for purposes of assessing the current performance of the reportable segments.
  - While in accordance with IFRS, the Company's definition of segment operating profit may not be comparable to that of other companies.
- Management also uses revenues from ongoing businesses and underlying operating profit to measure its consolidated performance, which includes Reuters News. Revenues from ongoing businesses are revenues from reportable segments and Corporate & Other, less eliminations.
- Underlying operating profit is comprised of operating profit from reportable segments and Corporate & Other.
- Other Businesses are excluded from both measures as they are not fundamental to the Company's strategy.
- Revenues from ongoing businesses and underlying operating profit do not have standardized meaning under IFRS, and therefore may not be comparable to similar measures of other companies.

#### Note 4: Seasonality

The Company's revenues and operating profit on a consolidated basis do not tend to be significantly impacted by seasonality as it records a large portion of its revenues ratably over a contract term and its costs are generally incurred evenly throughout the year. However, non-recurring revenues can cause changes in the Company's performance from quarter to consecutive quarter. Additionally, the release of certain print-based offerings can be seasonal as can certain product releases for the regulatory markets, which tend to be concentrated at the end of the year. As a consequence, the results of certain of the Company's segments can be impacted by seasonality to a greater extent than its consolidated revenues and operating profit.

#### Note 5: Operating expenses

The components of operating expenses include the following:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Salaries, commissions and allowances	1,153	1,148	3,480	3,610
Share-based payments	18	16	53	47
Post-employment benefits	65	67	195	216
Total staff costs	1,236	1,231	3,728	3,873
Goods and services <sup>(1)</sup>	547	500	1,628	1,510
Data	250	247	747	737
Telecommunications	142	142	428	432
Real estate	111	112	348	351
Fair value adjustments <sup>(2)</sup>	(88)	70	(53)	(21)
Total operating expenses	2,198	2,302	6,826	6,882

(1) Goods and services include professional fees, consulting and outsourcing services, contractors, technology-related expenses, selling and marketing, and other general and administrative costs.

(2) Fair value adjustments primarily represent mark-to-market impacts on embedded derivatives and certain share-based awards.

Operating expenses include costs incurred in the ordinary course of business. Operating expenses included charges associated with the Company's simplification program initiatives of \$18 million and \$10 million for the three months ended September 30, 2014 and 2013, respectively, and \$58 million and \$97 million for the nine months ended September 30, 2014 and 2013, respectively. The charges were largely comprised of severance and recorded primarily within Financial & Risk.

## Note 6: Other operating gains (losses), net

Other operating gains, net, were \$124 million for the nine months ended September 30, 2013, and were primarily comprised of a \$136 million gain from the sale of the Corporate Services business, which was partially offset by acquisition-related costs.

## Note 7: Finance costs, net

The components of finance costs, net, include interest (expense) income and other finance (costs) income are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Interest expense:				
Debt	(96)	(96)	(290)	(303)
Derivative financial instruments - hedging activities	-	3	4	9
Other	(5)	(1)	(15)	(9)
Fair value gains (losses) on financial instruments:				
Debt	2	1	4	4
Cash flow hedges, transfer from equity	(134)	64	(141)	(80)
Fair value hedges	(8)	2	(11)	(9)
Net foreign exchange gains (losses) on debt	140	(67)	148	85
Net interest expense - debt	(101)	(94)	(301)	(303)
Net interest expense - pension and other post-employment benefit plans	(10)	(16)	(30)	(48)
Interest income	1	1	2	3
Net interest expense	(110)	(109)	(329)	(348)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net (losses) gains due to changes in foreign currency exchange rates	(109)	43	(61)	(44)
Net gains (losses) on derivative instruments	27	(4)	35	11
Other	-	(1)	1	(1)
Other finance (costs) income	(82)	38	(25)	(34)

### Net (losses) gains due to changes in foreign currency exchange rates

Net (losses) gains due to changes in foreign currency exchange rates were principally comprised of amounts related to certain intercompany funding arrangements.

### Net gains (losses) on derivative instruments

Net gains (losses) on derivative instruments were principally comprised of amounts relating to freestanding derivative instruments.

## Note 8: Share of post-tax earnings in equity method investments

The components of share of post-tax earnings in equity method investments are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Share of post-tax earnings in equity method investees	4	4	5	9
Share of post-tax (losses) earnings in joint ventures	(2)	1	(2)	15
Share of post-tax earnings in equity method investments	2	5	3	24

In the three and nine months ended September 30, 2013, the Company's share of post-tax earnings in equity method investments included its former joint venture in Omgeo, a provider of trade management services, which was sold in the fourth quarter of 2013.

## Note 9: Taxation

The tax expense in each period reflected the mix of taxing jurisdictions in which pre-tax profits and losses were recognized. Because the geographical mix of pre-tax profits and losses in interim periods distorts the reported effective tax rate, tax expense or benefit in interim periods is not necessarily indicative of tax expense for the full year.

The comparability of the Company's tax expense was impacted by various transactions and accounting adjustments during each period. In the nine months ended September 30, 2013, the Company recorded tax charges of \$396 million in connection with intercompany sales of certain technology and content assets between wholly owned subsidiaries. These transactions were part of the Company's consolidation of the ownership and management of its technology and content assets and are part of its simplification program. The intercompany gains that arose from these transactions were eliminated in consolidation.

The following table sets forth significant components within income tax expense that impact comparability from period to period:

(Expense) benefit	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Sale of businesses <sup>(1)</sup>	-	(3)	-	(26)
Discrete tax items:				
Deferred tax adjustment <sup>(2)</sup>	-	-	(21)	-
Consolidation of technology and content assets <sup>(3)</sup>	-	-	-	(396)
Uncertain tax positions <sup>(4)</sup>	1	10	4	12
Corporate tax rates <sup>(5)</sup>	1	4	3	5
Other <sup>(6)</sup>	8	6	24	27

(1) Primarily relates to the sale of the Corporate Services business.

(2) Relates to the write-off of deferred tax assets established in prior years.

(3) Relates to the consolidation of the ownership and management of the Company's technology and content assets.

(4) Relates to the reversal of tax reserves in connection with favorable developments regarding tax disputes.

(5) Relates to the net reduction of deferred tax liabilities due to changes in corporate tax rates that were substantively enacted in certain jurisdictions.

(6) Primarily relates to the recognition of deferred tax benefits in connection with acquisitions.

## Note 10: Earnings per share

Basic earnings per share was calculated by dividing earnings attributable to common shareholders less dividends declared on preference shares by the sum of the weighted-average number of shares outstanding during the period plus vested deferred share units ("DSUs"). DSUs represent common shares that certain employees have elected to receive in the future in lieu of cash compensation.

Diluted earnings per share was calculated using the denominator of the basic calculation described above adjusted to include the potentially dilutive effect of outstanding stock options and time-based restricted share units ("TRSUs"). The denominator is: (1) increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all stock options with exercise prices below the average market price for the period; and (2) decreased by the number of shares that the Company could have repurchased if it had used the assumed proceeds from the exercise of stock options to repurchase them on the open market at the average share price for the year.

Earnings used in determining consolidated earnings per share and earnings per share from continuing operations are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net earnings	250	283	802	528
Less: Earnings attributable to non-controlling interests	(19)	(12)	(40)	(40)
Dividends declared on preference shares	(1)	-	(2)	(2)
Earnings used in consolidated earnings per share	230	271	760	486
Less: Earnings from discontinued operations, net of tax	-	-	-	(6)
Earnings used in earnings per share from continuing operations	230	271	760	480

Earnings used in determining earnings per share from discontinued operations are the earnings from discontinued operations as reported within the consolidated income statement.

The weighted-average number of shares outstanding, as well as a reconciliation of the weighted-average number of shares outstanding used in the basic earnings per share computation to the weighted-average number of shares outstanding used in the diluted earnings per share computation, is presented below:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Weighted-average number of shares outstanding	803,443,065	828,857,688	809,992,149	828,656,603
Vested DSUs	591,879	571,899	590,030	578,670
Basic	804,034,944	829,429,587	810,582,179	829,235,273
Effect of stock options and TRSUs	3,532,472	2,637,426	3,405,652	2,434,788
Diluted	807,567,416	832,067,013	813,987,831	831,670,061

## Note 11: Financial instruments

### Financial assets and liabilities

Financial assets and liabilities in the consolidated statement of financial position were as follows:

September 30, 2014	Cash, trade and other receivables	Assets/ (liabilities) at fair value through earnings	Derivatives used for hedging	Available for sale	Other financial liabilities	Total
Cash and cash equivalents	1,686	-	-	-	-	1,686
Trade and other receivables	1,694	-	-	-	-	1,694
Other financial assets - current	23	79	49	-	-	151
Other financial assets - non-current	60	31	51	35	-	177
Current indebtedness	-	-	-	-	(1,117)	(1,117)
Trade payables (see note 13)	-	-	-	-	(260)	(260)
Accruals (see note 13)	-	-	-	-	(1,370)	(1,370)
Other financial liabilities - current <sup>(1)</sup>	-	(25)	(66)	-	(182)	(273)
Long term indebtedness	-	-	-	-	(7,810)	(7,810)
Other financial liabilities - non-current	-	(5)	(73)	-	(35)	(113)
<b>Total</b>	<b>3,463</b>	<b>80</b>	<b>(39)</b>	<b>35</b>	<b>(10,774)</b>	<b>(7,235)</b>

December 31, 2013	Cash, trade and other receivables	Assets/ (liabilities) at fair value through earnings	Derivatives used for hedging	Available for sale	Other financial liabilities	Total
Cash and cash equivalents	1,316	-	-	-	-	1,316
Trade and other receivables	1,751	-	-	-	-	1,751
Other financial assets - current	38	66	79	-	-	183
Other financial assets - non-current	59	27	80	26	-	192
Current indebtedness	-	-	-	-	(596)	(596)
Trade payables (see note 13)	-	-	-	-	(406)	(406)
Accruals (see note 13)	-	-	-	-	(1,626)	(1,626)
Other financial liabilities - current <sup>(1)</sup>	-	(48)	-	-	(145)	(193)
Long term indebtedness	-	-	-	-	(7,470)	(7,470)
Other financial liabilities - non-current	-	(29)	(73)	-	-	(102)
<b>Total</b>	<b>3,164</b>	<b>16</b>	<b>86</b>	<b>26</b>	<b>(10,243)</b>	<b>(6,951)</b>

(1) Includes \$125 million (2013 – \$100 million) related to the Company's pre-defined plan with its broker for the repurchase of up to \$125 million (2013 – \$100 million) of the Company's shares during its internal trading blackout period. See note 15.

### Cash and cash equivalents

Of total cash and cash equivalents, \$89 million and \$105 million at September 30, 2014 and December 31, 2013, respectively, was held in subsidiaries which have regulatory restrictions, contractual restrictions or operate in countries where exchange controls and other legal restrictions apply and are therefore not available for general use by the Company.

### Debt-related activity

The following table provides information regarding notes that the Company issued and repaid in the nine months ended September 30, 2014 and 2013:

Month/Year	Transaction	Principal Amount (in millions)
<b>Notes issued</b>		
September 2014	1.65% Notes due 2017	US\$550
September 2014	3.85% Notes due 2024	US\$450
May 2013	0.875% Notes due 2016	US\$500
May 2013	4.50% Notes due 2043	US\$350
<b>Notes repaid</b>		
July 2013	5.95% Notes due 2013	US\$750
August 2013	5.25% Notes due 2013	US\$250

The net proceeds of the September 2014 debt issuances were for general corporate purposes, including debt repayments and share repurchases. The net proceeds of the May 2013 debt issuance were for general corporate purposes, including pension contributions and debt repayments.

### Credit facility

The Company has a \$2.5 billion syndicated credit facility agreement which matures in May 2018. The facility may be utilized to provide liquidity for general corporate purposes (including to support its commercial paper programs). There were no borrowings during the nine months ended September 30, 2014. In the nine months ended September 30, 2013, the Company borrowed and repaid \$440 million under the credit facility.

### Fair Value

The fair values of cash, trade and other receivables, trade payables and accruals approximate their carrying amounts because of the short-term maturity of these instruments. The fair value of long-term debt and related derivative instruments is set forth below.

### Debt and Related Derivative Instruments

#### Carrying Amounts

Amounts recorded in the consolidated statement of financial position are referred to as "carrying amounts". The carrying amounts of primary debt are reflected in "Long-term indebtedness" and "Current indebtedness" and the carrying amounts of derivative instruments are included in "Other financial assets" and "Other financial liabilities", both current and non-current in the consolidated statement of financial position, as appropriate.

#### Fair Value

The fair value of debt is estimated based on either quoted market prices for similar issues or current rates offered to the Company for debt of the same maturity. The fair values of interest rate swaps and forward contracts are estimated based upon discounted cash flows using applicable current market rates and taking into account non-performance risk.

The following is a summary of debt and related derivative instruments that hedge the cash flows or fair value of the debt:

	Carrying amount		Fair value	
	Primary debt instruments	Derivative instruments (asset) liability	Primary debt instruments	Derivative instruments (asset) liability
<b>September 30, 2014</b>				
Bank and other	40	-	43	-
C\$600, 5.20% Notes, due 2014	538	(49)	540	(49)
C\$600, 5.70% Notes, due 2015	536	66	554	66
C\$750, 6.00% Notes, due 2016	670	(51)	710	(51)
C\$500, 3.369% Notes, due 2019	445	23	460	23
C\$750, 4.35% Notes, due 2020	667	50	720	50
\$500, 0.875% Notes, due 2016	498	-	500	-
\$550, 1.30% Notes, due 2017	547	-	550	-
\$550, 1.65% Notes, due 2017	547	-	549	-
\$1,000, 6.50% Notes, due 2018	995	-	1,153	-
\$500, 4.70% Notes, due 2019	497	-	552	-
\$350, 3.95% Notes, due 2021	347	-	367	-
\$600, 4.30% Notes, due 2023	594	-	628	-
\$450, 3.85% Notes, due 2024	445	-	446	-
\$350, 4.50% Notes, due 2043	340	-	341	-
\$350, 5.65% Notes, due 2043	340	-	386	-
\$400, 5.50% Debentures, due 2035	393	-	449	-
\$500, 5.85% Debentures, due 2040	488	-	571	-
<b>Total</b>	<b>8,927</b>	<b>39</b>	<b>9,519</b>	<b>39</b>
Current portion	1,117	17		
Long-term portion	7,810	22		

	Carrying amount		Fair value	
	Primary debt instruments	Derivative instruments (asset) liability	Primary debt instruments	Derivative instruments (asset) liability
<b>December 31, 2013</b>				
Bank and other	24	-	28	-
C\$600, 5.20% Notes, due 2014	569	(79)	583	(79)
C\$600, 5.70% Notes, due 2015	564	45	597	45
C\$750, 6.00% Notes, due 2016	704	(80)	764	(80)
C\$500, 3.369% Notes, due 2019	469	6	470	6
C\$750, 4.35% Notes, due 2020	701	22	731	22
\$500, 0.875% Notes, due 2016	497	-	501	-
\$550, 1.30% Notes, due 2017	546	-	530	-
\$1,000, 6.50% Notes, due 2018	994	-	1,159	-
\$500, 4.70% Notes, due 2019	497	-	540	-
\$350, 3.95% Notes, due 2021	347	-	347	-
\$600, 4.30% Notes, due 2023	593	-	595	-
\$350, 4.50% Notes, due 2043	340	-	295	-
\$350, 5.65% Notes, due 2043	340	-	352	-
\$400, 5.50% Debentures, due 2035	393	-	387	-
\$500, 5.85% Debentures, due 2040	488	-	503	-
<b>Total</b>	<b>8,066</b>	<b>(86)</b>	<b>8,382</b>	<b>(86)</b>
Current portion	596	(79)		
Long-term portion	7,470	(7)		

## Fair value estimation

The following fair value measurement hierarchy is used for financial instruments that are measured in the consolidated statement of financial position at fair value:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The levels used to determine fair value measurements for those instruments carried at fair value in the consolidated statement of financial position are as follows:

<b>September 30, 2014</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Balance</b>
<b>Assets</b>				
Embedded derivatives <sup>(1)</sup>	-	68	-	68
Forward exchange contracts <sup>(2)</sup>	-	42	-	42
Financial assets at fair value through earnings	-	110	-	110
Fair value hedges <sup>(3)</sup>	-	14	-	14
Cash flow hedges <sup>(4)</sup>	-	86	-	86
Derivatives used for hedging	-	100	-	100
Available for sale investments <sup>(5)</sup>	35	-	-	35
<b>Total assets</b>	<b>35</b>	<b>210</b>	<b>-</b>	<b>245</b>
<b>Liabilities</b>				
Embedded derivatives <sup>(1)</sup>	-	(20)	-	(20)
Forward exchange contracts <sup>(2)</sup>	-	(10)	-	(10)
Financial liabilities at fair value through earnings	-	(30)	-	(30)
Cash flow hedges <sup>(4)</sup>	-	(139)	-	(139)
Derivatives used for hedging	-	(139)	-	(139)
<b>Total liabilities</b>	<b>-</b>	<b>(169)</b>	<b>-</b>	<b>(169)</b>
<b>December 31, 2013</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Balance</b>
<b>Assets</b>				
Embedded derivatives <sup>(1)</sup>	-	66	-	66
Forward exchange contracts <sup>(2)</sup>	-	27	-	27
Financial assets at fair value through earnings	-	93	-	93
Fair value hedges <sup>(3)</sup>	-	24	-	24
Cash flow hedges <sup>(4)</sup>	-	135	-	135
Derivatives used for hedging	-	159	-	159
Available for sale investments <sup>(5)</sup>	26	-	-	26
<b>Total assets</b>	<b>26</b>	<b>252</b>	<b>-</b>	<b>278</b>
<b>Liabilities</b>				
Embedded derivatives <sup>(1)</sup>	-	(58)	-	(58)
Forward exchange contracts <sup>(2)</sup>	-	(19)	-	(19)
Financial liabilities at fair value through earnings	-	(77)	-	(77)
Cash flow hedges <sup>(4)</sup>	-	(73)	-	(73)
Derivatives used for hedging	-	(73)	-	(73)
<b>Total liabilities</b>	<b>-</b>	<b>(150)</b>	<b>-</b>	<b>(150)</b>

(1) Largely related to U.S. dollar pricing of vendor or customer agreements by foreign subsidiaries.

(2) Used to manage foreign exchange risk on cash flows excluding indebtedness.

(3) Comprised of fixed-to-floating cross-currency interest rate swaps on indebtedness.

(4) Comprised of fixed-to-fixed cross-currency swaps on indebtedness.

(5) Investments in entities over which the Company does not have control, joint control or significant influence.

## Valuation Techniques

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments; and
- the fair value of currency and interest rate swaps and forward foreign exchange contracts is calculated as the present value of the estimated future cash flows based on observable yield curves.

## Note 12: Other non-current assets

	September 30, 2014	December 31, 2013
Net defined benefit plan surpluses	66	52
Cash surrender value of life insurance policies	278	273
Equity method investments:		
Joint ventures	17	19
Other	179	178
Other non-current assets	62	61
Total other non-current assets	602	583

## Note 13: Payables, accruals and provisions

	September 30, 2014	December 31, 2013
Trade payables	260	406
Accruals	1,370	1,626
Provisions	203	372
Other current liabilities	276	220
Total payables, accruals and provisions	2,109	2,624

## Note 14: Provisions and other non-current liabilities

	September 30, 2014	December 31, 2013
Net defined benefit plan obligations	1,043	875
Deferred compensation and employee incentives	210	230
Provisions	171	183
Unfavorable contract liability	17	48
Uncertain tax positions	304	282
Other non-current liabilities	93	141
Total provisions and other non-current liabilities	1,838	1,759

## Note 15: Capital

### Share repurchases

The Company may buy back shares (and subsequently cancel them) from time to time as part of its capital strategy. In May 2014, the Company renewed its current normal course issuer bid ("NCIB") for an additional 12 months. Under the NCIB, the Company may repurchase up to 30 million common shares between May 28, 2014 and May 27, 2015 in open market transactions on the TSX, the NYSE and/or other exchanges and alternative trading systems, if eligible, or by such other means as may be permitted by the TSX.

During the three and nine months ended September 30, 2014, the Company repurchased 2.8 million and 20.6 million of its common shares for a cost of \$107 million and \$731 million, respectively, of which \$5 million was payable to the broker at September 30, 2014. The average price per share that the Company repurchased in the three and nine month periods ended September 30, 2014 was \$37.29 and \$35.46, respectively. During the three and nine months ended September 30, 2013, the Company repurchased 2.9 million of its common shares for a cost of \$100 million at an average price per share of \$34.09. Decisions regarding any future repurchases will be based on market conditions, share price and other factors including opportunities to invest capital for growth.

The Company may elect to suspend or discontinue its share repurchases at any time, in accordance with applicable laws. From time to time when the Company does not possess material nonpublic information about itself or its securities, it may enter into a pre-defined plan with its broker to allow for the repurchase of shares at times when the Company ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise. Any such plans entered into with the Company's broker will be adopted in accordance with applicable Canadian securities laws and the requirements of Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended. The Company entered into such plans with its broker on September 30, 2014 and on December 31, 2013. As a result, the Company recorded a liability of \$125 million in "Other financial liabilities" within current liabilities at September 30, 2014 (\$100 million at December 31, 2013) with a corresponding amount recorded in equity in the consolidated statement of financial position in both periods. The liability recorded on December 31, 2013 was settled in the first quarter of 2014.

## Dividends

Dividends on common shares are declared in U.S. dollars. Details of dividends declared per share are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Dividends declared per common share	<b>\$0.33</b>	\$0.33	<b>\$0.99</b>	\$0.98

In the consolidated statement of cash flow, dividends paid on common shares are shown net of amounts reinvested in the Company's DRIP. Details of dividend reinvestment are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Dividend reinvestment	<b>8</b>	9	<b>24</b>	29

## Note 16: Non-controlling interests

In the nine months ended September 30, 2014, the non-controlling interests of Tradeweb contributed \$120 million in exchange for additional shares. Post this transaction, the Company continues to own the majority of the equity interests and retains control of the entity. The carrying amount of the non-controlling interests was increased by \$81 million to reflect the change in their relative ownership interest. The change in the Company's ownership interest of \$39 million did not result in a change in control, and was therefore accounted for as an equity transaction within retained earnings.

The contribution from the non-controlling interests is included in "Other financing activities" in the consolidated statement of cash flow.

## Note 17: Supplemental cash flow information

Details of "Other" in the consolidated statement of cash flow are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Non-cash employee benefit charges	<b>57</b>	77	<b>181</b>	218
Fair value adjustments	<b>(88)</b>	70	<b>(53)</b>	(21)
Net (gains) losses on foreign exchange and derivative financial instruments	<b>81</b>	(40)	<b>23</b>	34
Other	<b>(13)</b>	(20)	<b>(3)</b>	(19)
	<b>37</b>	87	<b>148</b>	212

Details of "Changes in working capital and other items" are as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Trade and other receivables	66	68	33	92
Prepaid expenses and other current assets	(23)	37	(51)	(9)
Other financial assets	(3)	(2)	13	11
Payables, accruals and provisions	10	(62)	(474)	(514)
Deferred revenue	(138)	(143)	(55)	(28)
Other financial liabilities	1	47	6	26
Income taxes	97	(114)	129	14
Other	(50)	(40)	(157)	(138)
	(40)	(209)	(556)	(546)

## Note 18: Acquisitions

Acquisitions primarily comprise the purchase of businesses that are integrated into existing operations to broaden the Company's range of offerings to customers as well as its presence in global markets.

### Acquisition activity

The number of acquisitions completed, and the related cash consideration, during the three and nine months ended September 30, 2014 and 2013 were as follows:

Number of transactions	Three months ended		Nine months ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Businesses and identifiable intangible assets acquired	2	10	5	24
Investments in businesses	1	-	1	1
	3	10	6	25

Cash consideration	Three months ended		Nine months ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Businesses and identifiable intangible assets acquired	20	139	146	1,010
Less: cash acquired	-	(1)	(2)	(30)
Businesses and identifiable intangible assets acquired, net of cash	20	138	144	980
Contingent consideration payments	2	-	14	3
Investments in businesses	6	1	7	4
	28	139	165	987

The following provides a brief description of certain acquisitions completed during the nine months ended September 30, 2014 and 2013:

Date	Company	Acquiring segment	Description
April 2014	Dominio Sistemas	Tax & Accounting	A Brazilian provider of accounting and software solutions primarily to accounting firms
April 2013	T.Global	Tax & Accounting	A Brazilian provider of global trade management software and solutions to professionals across Latin America
February 2013	Practical Law Company	Legal	A provider of practical legal know-how, current awareness and workflow solutions to law firms and corporate law departments

### Purchase price allocation

Each business combination has been accounted for using the acquisition method and the results of acquired businesses are included in the consolidated financial statements from the dates of acquisition. Purchase price allocations related to certain acquisitions may be subject to adjustment pending completion of final valuations.

The details of net assets acquired were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>	2014	2013
Cash and cash equivalents	-	1	2	30
Trade and other receivables	(1)	6	3	38
Prepaid expenses and other current assets	-	1	-	21
Current assets	(1)	8	5	89
Computer hardware and other property, net	-	-	2	4
Computer software, net	(9)	19	16	51
Other identifiable intangible assets	14	59	57	327
Other financial assets	-	1	-	1
Other non-current assets	-	-	1	-
Deferred tax	-	-	-	7
<b>Total assets</b>	<b>4</b>	<b>87</b>	<b>81</b>	<b>479</b>
Current indebtedness	-	-	-	(1)
Payables, accruals and provisions	-	(6)	(5)	(45)
Deferred revenue	(2)	(11)	(4)	(74)
Current liabilities	(2)	(17)	(9)	(120)
Provisions and other non-current liabilities	-	(3)	(2)	(8)
Other financial liabilities	(1)	2	(4)	-
Deferred tax	-	(17)	-	(87)
<b>Total liabilities</b>	<b>(3)</b>	<b>(35)</b>	<b>(15)</b>	<b>(215)</b>
Net assets acquired	1	52	66	264
Goodwill	19	87	80	746
<b>Total</b>	<b>20</b>	<b>139</b>	<b>146</b>	<b>1,010</b>

(1) The three months ended September 30, 2014 and 2013 include valuation adjustments for acquisitions that closed in the first half of the year.

The excess of the purchase price over the net tangible and identifiable intangible assets acquired and assumed liabilities was recorded as goodwill and reflects synergies and the value of the acquired workforce. The majority of goodwill for acquisitions completed in 2014 is expected to be deductible for tax purposes (goodwill from 2013 acquisitions is not expected to be deductible for tax purposes).

Acquisition transactions were completed by acquiring all equity interests or the net assets of the acquired businesses. The revenues and operating profit of acquired businesses since the date of acquisition were not material to the Company's results of operations.

## Note 19: Contingencies

### Lawsuits and legal claims

The Company is engaged in various legal proceedings, claims, audits and investigations that have arisen in the ordinary course of business. These matters include but are not limited to intellectual property infringement claims, employment matters and commercial matters. The outcome of all of the matters against the Company is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the probable ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on the Company's financial condition taken as a whole.

### Uncertain tax positions

The Company is subject to taxation in numerous jurisdictions. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain. The Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk. These provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible that at some future date, liabilities in excess of the Company's provisions could result from audits by, or litigation with, relevant taxing authorities. Management believes that such additional liabilities would not have a material adverse impact on the Company's financial condition taken as a whole.

## **Note 20: Related party transactions**

As of September 30, 2014, The Woodbridge Company Limited ("Woodbridge") beneficially owned approximately 57% of the Company's shares.

### **Transactions with Woodbridge**

From time to time, in the normal course of business, the Company enters into transactions with Woodbridge and certain of its affiliates. These transactions involve providing and receiving product and service offerings, are negotiated at arm's length on standard terms, including price, and are not significant to the Company's results of operations or financial condition either individually or in the aggregate.

In May 2012, as part of its efforts to expand its mutual fund data and strategic research capabilities, the Company acquired a Canadian mutual fund database, fund fact sheet business and mutual fund and equity data feed business for approximately C\$9 million from The Globe and Mail ("The Globe"), which is majority owned by Woodbridge. The Company paid approximately C\$8 million in cash and issued a C\$1 million promissory note to The Globe that will be due in May 2016. In connection with the acquisition, the Company licensed the acquired database to The Globe over a four year term, valued at approximately C\$250,000 per year. The Globe issued four promissory notes to the Company, each for the value of the annual license. Amounts due each year under the notes issued by The Globe are offset against the note issued by the Company. The board of directors' Corporate Governance Committee approved the transaction.

In the normal course of business, certain of the Company's subsidiaries charge a Woodbridge-owned company fees for various administrative services. The total amount charged to Woodbridge for these services was approximately \$105,000 for the year ended December 31, 2013.

The Company purchases property and casualty insurance from third party insurers and retains the first \$500,000 of each and every claim under the programs via the Company's captive insurance subsidiaries. Woodbridge is included in these programs and pays the Company a premium commensurate with its exposures. Premiums relating to the year ended December 31, 2013 were \$44,000, which would approximate the premium charged by a third party insurer for such coverage.

The Company maintained an agreement with Woodbridge until April 17, 2008 (the closing date of the Reuters acquisition) under which Woodbridge agreed to indemnify up to \$100 million of liabilities incurred either by the Company's current and former directors and officers or by the Company in providing indemnification to these individuals on substantially the same terms and conditions as would apply under an arm's length, commercial arrangement. The Company was required to pay Woodbridge an annual fee of \$750,000, which was less than the premium that would have been paid for commercial insurance. In 2008, the Company replaced this agreement with a conventional insurance agreement. The Company was entitled to seek indemnification from Woodbridge for any claims arising from events prior to April 17, 2008, so long as the claims were made before April 17, 2014. As there were no claims against the indemnity by current or former directors and officers, the Company did not seek indemnification from Woodbridge under this arrangement.

### **Transactions with associates and joint ventures**

From time to time, the Company enters into transactions with its investments in associates and joint ventures. These transactions typically involve providing or receiving services and are entered into in the normal course of business and on an arm's length basis.

The Company and Shin Nippon Hoki Shuppan K.K. each own 50% of Westlaw Japan K.K., a provider of legal information and solutions to the Japanese legal market. The Company provides the joint venture with technology and other services, which were valued at approximately \$500,000 for the nine months ended September 30, 2014.

In connection with the 2008 acquisition of Reuters, the Company assumed a lease agreement with 3XSQ Associates, an entity owned by the Company and Rudin Times Square Associates LLC that was formed to build and operate the 3 Times Square property and building in New York, New York that serves as the Company's corporate headquarters. The Company follows the equity method of accounting for its investment in 3XSQ Associates. The lease provides the Company with over 690,000 square feet of office space until 2021 and includes provisions to terminate portions early and various renewal options. The Company's costs under this lease arrangement for rent, taxes and other expenses were approximately \$29 million for the nine months ended September 30, 2014.

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