

THOMSON REUTERS STREETEVENETS

# EDITED TRANSCRIPT

TRI.TO - Thomson Reuters Corp Annual Shareholders Meeting

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## CORPORATE PARTICIPANTS

**David Thomson** *Thomson Reuters Corporation - Chairman*

**Paula Monaghan** *Thomson Reuters Corporation - Regional Compliance Controller, Americas*

**Virginia Biggs** *Thomson Reuters Corporation - Director of Finance*

**Marc Gold** *Thomson Reuters Corporation - SVP, Associate General Counsel*

**Kumar Kymal** *Thomson Reuters Corporation - SVP Total Rewards*

**Jim Smith** *Thomson Reuters Corporation - President, CEO*

## CONFERENCE CALL PARTICIPANTS

**Robert Sharin** - *Shareholder*

**John O'Grady** - *Shareholder*

## PRESENTATION

### Editor

Audio in progress.

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**David Thomson** - *Thomson Reuters Corporation - Chairman*

-- to the Thomson Reuters Annual Meeting of Shareholders. I'm David Thomson, Chairman of Thomson Reuters, and I will be chairing the proceedings today.

I would like to briefly outline the format of the meeting. First, I will deal with the formal business of the meeting as outlined in the circular you received. I will then make comments on our business. Our Chief Executive Officer, Jim Smith, will then comment on our performance during 2014 and some of our plans for 2015. Following that we will open the floor to questions or comments from shareholders.

I would like to note that this meeting is being webcast live on ThomsonReuters.com. While the format I have outlined will assist in the handling of the formal matters, it is not intended to discourage anyone from speaking in reference to any resolution after it has been proposed and seconded.

Matters to be considered today require the approval of a simple majority of votes cast. I've asked Deirdre Stanley to act as secretary of the meeting; and I would ask her to table the notice calling the meeting, and proof that such notice and the related circular and proxy forms have been distributed or made available to shareholders. Thanks.

I have appointed representatives of Computershare to act as scrutineers of the meeting. They have advised me that a quorum is present.

Matters before us today will be moved and seconded by a shareholder or proxyholder of Thomson Reuters. We will conduct the vote on each resolution by ballot. The ballots will be tabulated and the results announced before the end of the meeting.

I will now ask Deirdre Stanley to table the consolidated financial statements of the Corporation for the year ended December 31, 2014, and the auditors' report thereon. Thank you.

A copy including the financial statements has been made available to shareholders. Extra copies of the report are available at this meeting.



Jim Smith will be commenting on these results in a few minutes. Should anyone have any questions relating to the Annual Report, the financial statements, or questions of a more general nature, we would be pleased to respond to them following Mr. Smith's presentation.

The first item of business is the election of Directors. 12 Directors are to be elected at the meeting this year. Information regarding the nominees proposed for election as Directors is set out in the circular that accompanied the notice of the meeting. I now declare the meeting open for nominations.

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**Paula Monaghan** - *Thomson Reuters Corporation - Regional Compliance Controller, Americas*

Mr. Chairman, I nominate David Thomson, Jim Smith, Sheila Bair, Manvinder Banga, David Binet, Mary Cirillo, Michael Daniels, P. Thomas Jenkins, Ken Olisa, Vance Opperman, Peter Thomson, and Wulf von Schimmelmänn as Directors of the Corporation to hold office until the next Annual Meeting of Shareholders or until their successors are duly elected or appointed.

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**David Thomson** - *Thomson Reuters Corporation - Chairman*

Thank you, Ms. Monaghan. I should note that Steve Denning is not standing for reelection this year; I will thank Steve for his service in a few minutes. But if there are no further nominations, I declare the nominations closed.

We will now proceed with voting on this matter. You will have received (technical difficulty) the scrutineers when you registered. If you are a shareholder who has not already voted by proxy, or if you are a proxyholder who did not receive a ballot upon registration, please raise your hand and a scrutineer will assist you.

Please mark For or Withhold as appropriate, in the box next to the name of each Director as it appears on the ballot. You will use the same ballot to vote on all items of business today, so please retain this ballot until all voting is completed.

We will now proceed with the next item of business, which is the appointment of the auditor. I believe Ms. Virginia Biggs has a motion in connection with this item.

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**Virginia Biggs** - *Thomson Reuters Corporation - Director of Finance*

Mr. Chairman, I move that PricewaterhouseCoopers LLP be appointed auditor of the Corporation until the next Annual Meeting of Shareholders and that the Directors be authorized to fix their remuneration.

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**David Thomson** - *Thomson Reuters Corporation - Chairman*

Thank you, Ms. Biggs. May I have a seconder for that motion?

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**Marc Gold** - *Thomson Reuters Corporation - SVP, Associate General Counsel*

Mr. Chairman, I second the motion.

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**David Thomson** - *Thomson Reuters Corporation - Chairman*

Thank you, Mr. Gold. Please indicate For or Withhold in the appropriate box on the ballot. Again, please retain your ballot until all voting is completed.



There is one final item of business before Jim Smith and I make our remarks and you have an opportunity to ask questions. That is the advisory resolution on our approach to executive compensation described in the circular.

As this is an advisory resolution, the results will not be binding on the Board. However, the Board intends to take the voting results into account as appropriate when considering future compensation matters. This type of resolution is often referred to as say-on-pay vote. I believe Kumar Kymal has a motion in connection with this item.

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**Kumar Kymal** - *Thomson Reuters Corporation - SVP Total Rewards*

Mr. Chairman, I move that the advisory resolution on executive compensation set forth in the 2015 management proxy circular be approved.

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**David Thomson** - *Thomson Reuters Corporation - Chairman*

Thank you, Mr. Kymal. May I have a seconder for that motion?

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**Paula Monaghan** - *Thomson Reuters Corporation - Regional Compliance Controller, Americas*

Mr. Chairman, I second the motion.

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**David Thomson** - *Thomson Reuters Corporation - Chairman*

Ms. Monaghan. Voting on the advisory resolution will also be conducted by ballot. Please mark For or Against in the appropriate box on the ballot.

Please print your name; indicate whether you are a shareholder or proxyholder; and sign your name to the ballot. When you are finished, please raise your hand and a scrutineer will collect your ballot.

We would ask that everyone who received a ballot please return it. Okay; while we are waiting for the results of the voting we will proceed to the other business of the meeting.

Ladies and gentlemen, last year was a year of solid accomplishment and execution across Thomson Reuters. We continue to build trust and confidence with our customers, as reflected in high customer satisfaction ratings and higher retention ratings -- rates. The dynamic is reflected in improvement in year-over-year net sales.

We have devoted considerable resources to simplifying our business. This has enabled us to seize opportunity and deliver enterprise solutions to our customers.

We have encouraged an environment that seeds innovation and risk-taking, key elements in our Thomson Reuters culture. We have focused intently upon our employees and the development of talent.

Our emphasis upon sales and marketing and customer service remains acute, with an aspiration to be industry leaders. Leadership in these areas was a hallmark of Thomson businesses in my grandfather's time, and our future is wholly dependent upon our sales and marketing professional success.

The global markets offer exceptional opportunities for growth. I have visited Thomson Reuters teams and customers on nearly every continent over the past year.



The passion and commitment across these regions defies belief. Indeed, their success has been remarkable and heralds a brilliant future for this Company.

Alongside the Board of Directors, Jim and his team have identified three strategic priorities for 2015 and beyond. This intense focus is imperative, as Jim will relay in a few minutes.

I wish to say a word of thanks to my fellow Director Steve Denning, who is retiring after 15 years on our Board, including his time on the Board of The Thomson Corporation. Steve's extensive experience leading a global growth investment firm infused our boardroom with insight and wisdom.

Steve has served on the human resources committee and the corporate governance committee, and he chaired the human resources committee for eight years, including the crucial period following the acquisition of Reuters. Steve has also shaped a warm and constructive relationship with our private family business, Woodbridge. On behalf of all the shareholders and all the Directors, Steve, thank you for years of strong service; but your integrity is what touches us, and that spirit is alive and well.

I will now ask our President and Chief Executive Officer, Jim Smith, a few remarks.

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**Jim Smith** - Thomson Reuters Corporation - President, CEO

Thank you, Mr. Chairman. Good afternoon. I would like to join the Chairman in thanking Steve Denning for his years of service. Steve, your wisdom, your pragmatic counsel have been tremendous assets, both to the organization and to me personally. You will be missed in our boardroom.

Now I'm pleased to speak to all of you today on behalf of a business that is fundamentally in a different place than it was when I first addressed you three years ago. We've strengthened relationships with our customers, simplified our organization, and set new cultural and leadership expectations to engage our talent. Now, in my 29th year with this Company, I've never been more excited about the opportunity we have in front of us, opportunity that is well within our reach.

We've worked hard to better understand the marketplace in which our customers operate so that we can better anticipate change. The global trends influencing our customers and our markets are now playing to our strengths.

Big Data, the impact of technology, and an increasingly complex legal and regulatory framework make new challenges for our customers and new opportunities for us to help them. The accelerating confluence of content and technology and the ability to extract value from that information has never been more important to them or to us.

With the breadth and depth of our offerings, our unsurpassed global footprint, and the trust and credibility built by our world-leading news organization, Thomson Reuters is uniquely positioned to capitalize on this rapidly changing marketplace. We have the opportunity to lead a bigger conversation and to help shape the industries we serve.

2014 was a year of accomplishment and execution across Thomson Reuters and a time in which we took important steps to strengthen our platform for long-term growth while continuing to provide attractive returns to our shareholders. Our Financial business recorded its first year of positive net sales since 2008. Our Professional businesses continue to do a good job of building from a solid foundation while targeting faster growth opportunities, resulting in 4% aggregate revenue growth.

Our simplification program improved our operating efficiency and achieved its run-rate savings target of \$300 million. We returned more than \$2 billion to shareholders in the form of dividends and share buybacks. And earlier today, we announced our intention to extend our share buyback program up to an additional \$1 billion worth of Thomson Reuters shares by the end of 2016.

2014 also marked the beginning of a far more unified approach to managing the Company. To capture the opportunities within our reach and to create long-term value for our shareholders, we no longer think of ourselves as a portfolio of individual operating companies but rather an integrated

enterprise, one that can reap the benefits of scale across its cost base and ensure that each of its products and services delivers the quality and reliability that (technical difficulty) demand.

Turning to 2015, as the Chairman mentioned, we have identified three strategic priorities intended to drive our path to accelerated growth. First, we are continuing our (technical difficulty) support our core businesses.

We like the businesses we are in today, and we believe there is room to grow organically in all of them. As part of our focus on organic growth, we reduced acquisitions significantly the past two years, and we've increased innovation initiatives within the Company. Investing behind current flagship offerings continues to be an important priority.

I believe that exploiting the things we already do well and building on our deep and broad customer relationships provides us (technical difficulty) for our future growth. Our customers are becoming leaner, more flexible, quicker to market, and intensely focused on what they do best.

We are doing the same. In some cases, (technical difficulty) our resources to capitalize on growth opportunities and building scalable platforms to support our future growth.

Second, we are building sales and marketing expertise and customer service into truly distinctive differentiating capabilities for the Company. We believe that better support of our salespeople and customer service representatives will continue to increase customer satisfaction and open the door to new opportunities.

Over the past two years, we've developed an integrated approach to serving some our largest customers in order to (technical difficulty) and to accelerate growth. Increasingly, the needs of our customers transcend particular industries.

For example, lawyers need access to financial information; tax professionals need legal precedents; media need access to data; and traders act on news, legal verdicts, and even social media sentiment. Today, we can offer a single-partner relationship providing connected content and solutions, supported globally and delivered locally.

We have strategically hired hundreds of new salespeople last year, targeted to boost our business opportunities around the world. We're investing in better sales training, retention, and development as well as more sophisticated customer metrics.

Earlier this year, we created the new executive role of Chief Customer Officer to ensure that we have the customer front and center in our thinking. We are refining a new Thomson Reuters way of going to market: a more connected approach that brings the full breadth and depth of our solutions to our customers.

Third, we're accelerating our investment behind the markets that offer us the greatest opportunities to grow. We live at the intersection of regulation and commerce, of technology and information; and that offers rich opportunities for us to apply our skills to help our customers make better decisions faster in this complicated and fast-changing world.

Thanks to the support of our employees, our customers, our shareholders, and your Board, we have consistently seen the underlying trajectory of our business improve over the past three years. We are confident we will continue to build on that momentum in 2015, as evidenced by our encouraging and well-received first-quarter results which we reported last week.

Finally, I would like to take a brief moment to recognize someone here in the front row. Last month, Don Van Meer, who has served as Managing Director of our Legal business in Canada, retired from the Company after 28 years of service. Don and I were management trainees together many years ago in the early days of building The Thomson Corporation, from the merger of Thomson Newspapers and the International Thomson Organization Limited.

It has been a pleasure to share the journey with him. I'd like to thank him for his outstanding leadership and living every day our values of trust, partnership, innovation, and performance. Thank you very much, Don.

And thank you very much. We would now like to take this opportunity to open the floor for questions. If you have a question or remark, please go to one of the microphones so everyone can hear clearly.

Please identify yourself by name and indicate whether you are a shareholder or a proxyholder representing a shareholder. As a matter of courtesy, we please ask that you limit yourself to one brief question or remark, so that everyone who wishes to participate in the meeting will have a chance to do so. The microphones are open.

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## QUESTIONS AND ANSWERS

**Robert Sharin** -- *Shareholder*

My name is [Robert Sharin]; I am a shareholder. I would like to ask what's the rationale behind this share buyback, at \$1 billion? Do you not think that that money could be more constructively invested in growing the Corporation?

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**Jim Smith** - *Thomson Reuters Corporation - President, CEO*

Yes, thank you very much for your question. That certainly is a topic that we debate very vigorously and very often with the Board. One thing we've tried very carefully to do over the past few years is to look at all levers we have to drive value for our shareholders. And quite frankly, we've been very focused recently on building what I call that scalable platform that will support our future growth.

We believe we have adequate resources within the Company right now to fund the next legs of the journey that we are on. So we do not feel in any way constrained. We have very, very solid conviction and belief behind the cash-generation capability of the business, and we believe that we look at all alternatives that we have for the deployment of our capital, whether that's acquisition, whether that's spending it on organic development, or whether that is returning cash back to shareholders.

And frankly, in the current M&A environment, we find great value in buying back our shares at the current level, compared to the multiples that some acquisition targets are commanding in the marketplace today. It's a dynamic decision process, and it's one that we weigh very carefully, and we don't take the decision lightly. Nor do we commit to large-scale programs over a long period of time, but rather like to reflect upon the opportunity in front of us.

We think it is a prudent lever for us to pull at this time and one which we will continue to debate. We had a discussion earlier this morning around the Board table; we will have our strategic discussions this summer, and then revisit our capital allocation priorities following that.

All that said, we think it's a prudent way to return value to shareholders, and we do believe we have adequate resources to support our growth opportunities today. Thank you.

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**John O'Grady** -- *Shareholder*

My name is [John O'Grady]; I am a shareholder. I'm just wondering if you could elaborate a bit on what you think are the principal risks standing in the way of achievement of your three-point strategy, and what controls you've put in place to manage those risks to an acceptable level.

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**Jim Smith** - *Thomson Reuters Corporation - President, CEO*

Sure. I think the greatest risk to any business today is the rapidly changing marketplace, right? I think the thing that, if you ask what keeps me awake at night as a CEO, it's that our organization will be able to adapt and moves as fast as the marketplace is moving.



How have we responded? Well, the first thing I did when I put my senior management (technical difficulty) is to really focus on the purpose of the Corporation and to begin working on the culture inside the Corporation, to make certain that we were working together as a team and that we had a language in which we could communicate the opportunities as we saw them, and how we could work across our boundaries and be flexible as we saw opportunities.

I would say that is a constant work in progress. But we've now taken 5,000 of our colleagues through this culture shaping workshop, talking about how we can engage with one another, and talking about how we can (technical difficulty) we see in the outside market.

We do benchmarking in a couple of ways, and we are beginning to see some real progress in all (technical difficulty) the measures of our organizational health (technical difficulty) worry about us being flexible enough.

I think also in any Company that depends to the extent that we do upon technology, you're always worried increasingly about the advance of technology. We're all worried about cyber security, so we have stepped up in a major way our planning and resources behind cyber security.

It has been (technical difficulty) a Board level oversight function. In fact, we spoke about it at the audit committee just yesterday, how to make certain that the Board has adequate oversight for everything that we're looking at in all things cyber.

So I think that primarily the quick-changing nature of competition today, driven by the underlying digital revolution, means we have to be flexible. We have to be able to adapt, and that's what we are working very hard toward doing and creating a culture of an organization that can respond to change as we see it.

Further comments or questions? If there are no further questions, Mr. Chairman.

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**David Thomson** - *Thomson Reuters Corporation - Chairman*

Thank you, Jim. I can now report on the voting tabulation. I'm pleased to report that the 12 Directors standing for election have been elected as Directors of the Corporation to hold office until the next Annual Meeting of Shareholders or until their successors are duly elected or appointed.

I can also report that PricewaterhouseCoopers LLP has been appointed as auditor of the Corporation till the next Annual Meeting of Shareholders and that the Directors have been authorized to fix their remuneration. I can confirm that the advisory resolution on our approach to executive compensation has been approved.

The details of the voting results will be made publicly available in the next few days. If there are no further questions, I believe Mr. [Wright] has a motion to terminate the meeting.

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**Unidentified Company Representative**

Mr. Chairman, I move that the meeting terminated.

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**David Thomson** - *Thomson Reuters Corporation - Chairman*

Thank you, Mr. Wright. May I have a seconder on that motion?

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**Marc Gold** - *Thomson Reuters Corporation - SVP, Associate General Counsel*

Mr. Chairman, I second the motion.





**David Thomson** - *Thomson Reuters Corporation - Chairman*

Thank you, Mr. Gold. All in favor of the motion? Contrary, if any?

I now declare this meeting terminated. Many thanks, all of you, for attending. You're welcome to stay for refreshments and linger and chat to management and Directors. Thank you very much for coming.

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