

FINAL TRANSCRIPT

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the Thomson Reuters third-quarter 2011 earnings conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will be given at that time. (Operator Instructions). As a reminder, today's conference is being recorded. I would now like to turn the conference over to our host, Senior Vice President of Investor Relations, Frank Golden. Please go ahead, sir.

Frank Golden - *Thomson Reuters Corporation - SVP, IR*

Thanks very much. Good morning and thank you all for joining us as we report our third-quarter 2011 results. We will begin today with Thomson Reuters' CEO, Tom Glocer, who will be followed by our CFO, Bob Daleo. Following Tom and Bob's presentations, we will open the call for questions and I would ask that you please limit yourself to one question so we can get to as many as possible.



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Throughout today's presentation, keep in mind that when we compare performance period-on-period, we look at revenue growth rates before currency as we believe this provides the best basis to measure the underlying performance of the business.

Today's presentation contains forward-looking statements. Actual results may differ materially due to a number of risks and uncertainties discussed in reports and filings that we provide to regulatory agencies. You can access these documents on our website or by contacting our Investor Relations department.

It is now my pleasure to introduce the Chief Executive Officer of Thomson Reuters, Tom Glocer.

Tom Glocer - Thomson Reuters Corporation - CEO

Thank you, Frank and thank you all for joining us this morning. Here is a snapshot of our results for the third quarter. The numbers themselves are positive, but I am not yet satisfied that they represent the sort of performance that our Company is capable of delivering. They also do not yet reflect the actions we have underway in the former Markets businesses and across the Company to take up our game.

So rather than summarizing these results, I will leave that to Bob Daleo and I will focus instead on the actions we have taken since last I spoke to you in this forum in July. First, I will recap what our action plan was moving into Q3; then review what we have accomplished over the past 90 days; and finally, I will provide you with our early thoughts about 2012 as we work to complete our budgets for next year.

On July 28, I told you that I would take firm leadership for our Markets division and put it back on track for success. To accomplish that goal, I laid out a five-point program that is outlined on this slide. We needed to simplify the business structure; drive an accountable performance culture through the appointment of a strong management team; realign the salesforce with its markets, customers and products; draw in proven managers and resources from other parts of the Company to support these efforts; and reset our product strategy to emphasize new sales of Eikon and Elektron over more internally-focused migration targets.

These changes are all about performance, putting proven managers into clear and accountable roles, speeding decision-making and improving collaboration, all of which makes me confident that we can take the Company to the next level of performance.

So let's talk about what we have accomplished so far. The most significant change I announced during the quarter was appointing Jim Smith as COO and Stephane Bello as our next CFO. Jim is a world-class operating executive and is excited about this new opportunity.

I am also very pleased that Stephane will serve as CFO when Bob retires next year. Stephane has been with the Company for over 10 years, having been the Treasurer and most recently the CFO for the Professional division. Jim and Stephane bring an enormous amount of operating and financial experience, as well as deep knowledge of our businesses and markets. And I am looking forward to continuing to work closely with them in their new roles.

Meanwhile, at the Corporate level, we are replacing our former two-division structure with a flatter, streamlined organization that will drive simplicity, performance, accountability and collaboration across the Company. This will enable us to better leverage our scale and achieve efficiencies, for example, by building innovative technology platforms that can be shared across the Company.

The divisional structure served us well during the Reuters integration. That job is done and now is the time to marshal all of the assets and all of the people of Thomson Reuters to drive our business by focusing the full power of the Company on such cross-unit opportunities like Governance, Risk & Compliance to help us grow.



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In the sales organization, we have begun to see the benefit of putting the right people in the right roles. Chris Perry, a 15-year company veteran, has greatly streamlined our go-to-market approach by putting more resources on the ground in front of customers organized around global accounts, regional firms and emerging markets.

Lastly, we are also leveraging the strength of the entire financial business in our approach to developing, marketing and selling Eikon. We understand that a significant part of the value that we bring to customers lies in our unique ability to serve the entire firm's needs from desktops, to mobile accesses, to heavy-duty data feeds and infrastructure.

And so we have organized ourselves and reset the Eikon development path accordingly. Eikon remains our flagship desktop offering and is now being sold as part of this integrated strategy alongside Elektron. All of these changes are designed to promote agility, speed decision-making and place authority and accountability as close as possible to the front line, putting the customer first and thereby driving growth.

Now with all this change in parts of Markets, let's not lose sight of the balance and strength of our portfolio as a whole. As you can see from this chart, 80% of our businesses grew in the first nine months of this year and about half are growing over 5%. And this isn't just our former Professional unit businesses such as Tax & Accounting, IP & Science and Legal, but also Enterprise, Fixed Income & Tradeweb in our former Markets division. And we are working aggressively to strengthen the 20% of our business, primarily the desktop-related business, which is highlighted in red, in order to deliver mid-single-digit revenue growth that I believe the Company is quite capable of achieving.

So how are we positioned for the balance of this year and into 2012? Well, our Professional division businesses, as well as the Enterprise and Trading Marketplaces units in Markets, should continue to perform well and support overall Company results. And I am confident that the strength of our franchises, as well as the strategic, product and organizational changes that we are making to those parts of our current Markets division that are not performing up to our expectations will help to improve sales performance in 2012 and drive 2013 revenue growth.

I want you to know that we will be satisfied with nothing less than all of our units performing at their best and we have begun to deliver on our plan to achieve this. And with that, let me turn things over to Bob to walk you through our Q3 performance. But first, let me just say I believe this is Bob's 53rd quarterly results presentation. I have only been lucky enough to be at his side for 12 of those, but I just wanted to say what a personal pleasure it has been and what a professional master class in doing things the right way. Bob, over to you.

Bob Daleo - Thomson Reuters Corporation - EVP & CFO

Thank you, Tom. That's quite an introduction. Thank you. And good morning, good day. Well, as in the prior quarters, I am going to speak to revenue growth before currency. Reported revenues are also highlighted on each of these slides. In addition, for consistency and comparability with our previously reported results, all the results I am going to discuss today are on an ongoing basis and exclude all disposals announced to date, including the planned sale of the Healthcare business.

For the consolidated business, revenues in the third quarter were up 5% versus the prior year with 3% coming from acquisitions. Adjusted EBITDA was up 23% and underlying operating profit was up 12% in the quarter. Adjusted EBITDA growth and underlying operating profit growth across both divisions was due to flow-through from higher revenues and integration savings. Currency had virtually no impact on margins in the quarter. The underlying operating profit margin also expanded 80 basis points.

Now let's turn to the divisions starting with Professional. As you can see from this chart, growth has continued to accelerate as Professional markets recover and we realize the benefits of the investments we have made since 2009. The third quarter marked the highest growth rate for the Professional division since the third quarter of 2008.

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As we discussed last quarter, revenue growth trends have been strong and have been driven by three primary factors. First, growth from the launch of new product platforms such as WestlawNext and the ONESOURCE global tax workstation. We have never had a more advanced set of products to deliver to our customers.

We continue to see good acceptance of WestlawNext, which is offsetting downward pressure in the core legal research market, especially in large law firms. We now have over 29,000 customers, including half of the Am Law 100 and more than 25,000 small law firms and 2400 Corporate Legal departments. We have and are continuing to invest in WestlawNext and in order to ensure the return on these investments, we intend to continue selling our product at a premium in the market.

Second, the legal services markets have improved, albeit at a slower pace than we would like to see. Legal demand is up, not quite as much as we saw in the first and second quarter, but demand continues to grow.

Third, acquisitions and global expansion have contributed to an acceleration of growth. Last year's acquisition of Revista dos Tribunais and this year's acquisition of Mastersaf have given us a strong presence in the Legal and Tax & Accounting market in Brazil. We are seeing strong organic growth from these investments. The acquisitions of Complinet and World-Check allow us to further expand our presence in the rapidly growing Governance, Risk & Compliance market where we will soon have a \$200 million business. So overall, we expect these trends will continue through the balance of this year and into next.

Now the Professional division has recorded 10% revenue growth and as noted on the prior slide, 4% was from organic and 6% from acquisition. And this was driven by solid performance for each of the three business units. EBITDA increased 12% compared to the prior year and the corresponding margin was 36.1%, an increase of 20 basis points. Operating profit was up 12% compared to the prior year and the margin was up 20 basis points at 27.8%. And this is despite absorbing 110 basis points of margin dilution from acquisitions.

Now I will discuss the results of the segments within Professional. Legal's third-quarter revenues were up 8%; 2% on an organic basis with the balance coming from acquisitions. Law Firm Solutions revenues grew 3%, of which 1% was organic driven by Business of Law, which is comprised of fine line Elite, which was up 17%, partly offset by a 3% decline in research-related revenues.

Corporate, Government & Academic and Risk & Compliance grew 13%, of which 3% was organic. Global businesses were up 10%, of which 4% was organic with strong growth in Latin America and Canada. Revista Online continues to do very well with sales starting to ramp up.

Now EBITDA for the division increased 7% compared to the prior period and the corresponding margin was 38.3%, down 60 basis points. Operating profit also increased 7% from the higher revenues and efficiencies. The margin, however, declined 40 basis points to 30.1% due to business mix and a 100-point basis point impact from acquisitions.

Now Tax & Accounting had another very strong quarter. Revenues grew 20%, of which 6% was organic, driven by growth in income tax software sales, electronic filing of tax returns, Checkpoint and acquisitions. Tax & Accounting continues to show strong EBITDA growth, up 24%. This is the fifth consecutive quarter of double-digit EBITDA growth and the related margin was up 90 basis points. Higher revenues and effective cost management led to the increase.

Operating profit increased 22% and the associated margin was up 30 basis points to 18.4%, benefiting from revenue growth and efficiency initiatives, partly offset by a 110 basis point dilution from acquisitions. Now this is the first quarter that reflects the results of Mastersaf and Manatron. These transactions are important in our strategy as Mastersaf provides an extension of our global tax platform in Brazil, a country with one of the most complex tax regimes in the world. Manatron is focused on the fast-growing global government tax automation market and this represents a new growth opportunity for us.

While these businesses are growing double-digit and have EBITDA margins, which are comparable to or greater than the Tax & Accounting segment as a whole, they result in some near-term operating profit margin dilution from the amortization of

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acquired software. As we have demonstrated in the past, we expect operating profit margins will improve as these acquisition-related costs fall away after the three-year period.

Now turning to IP & Science, revenues grew 10%, of which 8% was organic. Growth was driven by IP solutions, up 12%, led by our sales of our IP manager software and services offering. Scientific and Scholarly Research grew 8% due to timing benefits related to significant backfile sales and growth in core information offerings.

Life Sciences increased 9% due to continued demand for biology and disease analytics products and acquisitions. EBITDA increased 23% over the prior period and the corresponding margin was 36.7%, up some 350 basis points. And the operating profit was up 28% and the corresponding margin increased 390 basis points. Now the increase in EBITDA and operating margins in the quarter was primarily due to timing of revenues. The year-to-date performance on the operating profit margin is more reflective of what we expect in this business for the full year.

Now let's turn to the results for the Markets division. In the third quarter, the division grew revenues 1%. Excluding recoveries, revenues grew 2%. Recovering revenues, which account for 77% of the division's overall revenues, were flat. Transaction revenues grew 15% due to higher volumes and acquisitions, including our increase in the Company's ownership of Tradeweb. Outright revenues and recoveries declined 9% and 5% respectively. EBITDA was up 11% and the margin increased 150 basis points from the prior year to 28%. Operating profit grew 8% and the margin was up 60 basis points from the prior year at 20.3%. EBITDA and operating profit growth was driven by flow-through of integration savings and efficiency initiatives.

Now I'll turn to the results for the individual segments within the division. Sales & Trading revenues were up 2% driven by Tradeweb's 11% organic growth and an increase in the Company's ownership in this business. Revenue growth was partly offset by a 9% decline in recoveries. Excluding these recoveries, Sales & Trading's overall revenues were up 4%.

The Treasury business was up 1%, while exchange-traded instruments declined 6% from planned shutdowns of low-margin products and the continued decline of recovery revenues. Eikon sales are now at over 32,000 desktops, up 14% from the second quarter. Now 27,000 of these are migrations from existing clients and 5000 are new customers. Active users now total around 8000.

Investment & Advisory revenues declined 3%. Corporates increased 4% while Investment Banking was flat and Wealth Management declined slightly. We continue to see weakness in our Investment Management business where revenues declined 8%. We have launched a new retention program in May and are beginning to see improved customer retention up already, an important first step in stabilizing this business.

Enterprise continued to perform well, growing 8% in the quarter and this is all organic. Our innovative data distribution platform, Elektron, now has 14 hosting centers around the world. The Enterprise Content business grew 16% driven by the continuing trend among customers to invest in pricing and reference data. And finally, Media's revenues were flat in the quarter.

Now turning to some of the consolidated results for the Company, we will start with adjusted earnings. Underlying profit in the third quarter was \$717 million. After accounting for the other expenses reflected on this slide, the net result is \$470 million of adjusted earnings, or \$0.56 per diluted share. This is an increase of \$0.11 per share versus a year ago. The increase was largely attributable to higher underlying profit and lower integration costs. Currency actually accounted for about \$0.02 of the increase. A complete reconciliation from net income to adjusted earnings is available in the press release issued this morning.

Now turning to free cash flow, year-to-date reported free cash flow is \$933 million. Underlying free cash flow, which removes \$198 million of integration-related cash spending, is \$1.1 billion. Reported free cash flow increased \$81 million versus the prior period, primarily due to lower integration costs. For the full year, we expect to generate strong levels of free cash flow.

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Through today, the Company has repurchased 10.8 million shares of its stock for an aggregate purchase price of \$325 million. These purchases were pursuant to the normal course issuer bid program, which was renewed in May and provides authorization for the Company to purchase up to 15 million common shares.

Now this slide is an interesting one. It talks about the highly generative cash nature of our business with stable recurring revenue streams and robust capital structure, which enables us to return a significant and increasing amount of cash to shareholders while continuing to reinvest for growth in the Company.

This past year, we increased the dividend 7% and we remain committed to maintaining and growing dividends as an important component of overall shareholder return. As you can see from this chart, we have returned approximately \$7 billion to shareholders since 2005 through a combination of dividends and share repurchases. As we move through the year, we will continue to consider the best use of proceeds, including reinvesting in our business and share repurchases. With integration programs coming to an end, we expect to return to our target dividend payout ratio, which is 40% to 50% of free cash flow and to grow dividends with free cash flow.

Now, as we have noted, we have reaffirmed our 2011 outlook for expected performance this year and this is before any impact of currency. Year-to-date revenues are up 4%. For the full year, we continue to expect revenues to be in the mid-single-digits. Year-to-date adjusted EBITDA was up 26.6% and we are on track to achieve a 300 basis point plus increase from last year's margins and our underlying operating profit margin was 20.1% and again, we believe that we are on track to achieve a 100 basis point increase from 2010's operating margin. We continue to expect that strong EBITDA growth in 2011 will contribute to a 20% to 25% growth in reported free cash flow.

So as we look to finish out the year, we continue to focus on executing on our action plan. As Tom outlined, we have made a number of changes that we believe will help drive revenue growth and achieve operating efficiencies across the organization. These changes will speed decision-making, while placing authority and accountability in the business units resulting in a better customer experience.

Now 2012 may be a challenging environment and we are planning accordingly. Nevertheless, I believe the strength and resilience of our franchises will continue to serve us well. Now let me turn it back over to Frank to open it up for Q&A.

Frank Golden - Thomson Reuters Corporation - SVP, IR

Thanks very much, Bob. Now that concludes our formal remarks and at this point, I would like to open the call for questions. So we will take the first question please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Suzi Stein, Morgan Stanley.

Suzi Stein - Morgan Stanley - Analyst

Hi. Given what we are hearing as far as headcount reductions and cost-cutting from customers in the Markets division, are you seeing any changes from your competitors just in terms of pricing? And I guess you also mentioned that you are at about 5000 new customers for Eikon. Can you just talk about where that is relative to what your expectations were?



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Tom Glocer - Thomson Reuters Corporation - CEO

Sure. It's Tom. I will take that one. Start with the Eikon one. I mean I think we are being maybe unusually transparent, I would like to think as transparent as this Company always is, that we have a set of issues. We wouldn't have taken such bold action in our Markets division absent that. So Eikon is behind where certainly I and I know Bob would have wished it to be by now. That said, we have identified what the issues are. We have got a very good plan, both organizational and development around it and we will get this right and then we will be firing on all cylinders.

In terms of the pricing effect from competitors, the biggest issue really is just the headcount action at the large institutions, in particular sell side, obviously. It is less any explicit change in pricing strategy and rather that the overall pools are reducing as the overall heads in these institutions are going down. There hasn't been a dramatic change. It has been a competitive market as is, but our big customers are looking for help from us and others to make ends meet.

Suzi Stein - Morgan Stanley - Analyst

Are you guys using pricing at all more aggressively now to try to migrate customers from competitors?

Tom Glocer - Thomson Reuters Corporation - CEO

No, I think we -- in a way, we always use pricing aggressively in the following way, which is, since we don't just sell one product at one price, but rather have a graduated productline where people can, in effect, self-select the bundles of content and functionality at price, there is a built-in option to, in effect, buy just what you need. And we also run a very transparent global discount program for our largest purchasers to encourage them to consolidate their activity, which they do. But beyond that, no, no particular special arrangements.

Suzi Stein - Morgan Stanley - Analyst

Okay, great. Thank you.

Operator

Vince Valentini, TD Securities.

Vince Valentini - TD Securities - Analyst

Yes, thanks very much. I am wondering if you can give us an update on the divestiture of Healthcare. Is that process still going well and if it does conclude in the next few months, any signal on the use of those funds? Given the aggressive share buybacks recently, should we cue from that that you would be looking to do even more if Healthcare closes?

Bob Daleo - Thomson Reuters Corporation - EVP & CFO

Vince, we are still in the middle of that process and so I don't really want to comment on where we are. We do expect to sell the business. And as far as the proceeds go, I think that we are always looking for the right opportunity to deploy our cash in the most effective way. And if we feel that our stock continues to be undervalued and we continue to feel that it is a good use of cash, we will use it there.

We also have, as you know, a lot of opportunities inside the business. So it is always that balance between internal use of capital versus returning cash to shareholders. And we are not shy certainly doing either of them.



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Vince Valentini - TD Securities - Analyst

Thanks.

Operator

Paul Steep, Scotia Capital.

Paul Steep - Scotia Capital - Analyst

Good morning. Tom, could you maybe provide an update for Eikon, the timing of the launch when you actually plan to push forward with the reworked plan that you talked about and maybe the magnitude of the investment cycle that is left in that product at this point? Thanks.

Tom Glocer - Thomson Reuters Corporation - CEO

Sure. So to me, the single largest requirement is that we deliver the performance and quality of the code base through all of our clients and that involves a server side or a set of server-side releases, which have been ongoing and a desktop release scheduled around the end of this year. That will introduce significant new functionality in content, some real exciting things in Commodities & Energy, in particular, but it will also herald a much more performant real-time data infrastructure.

So that is a big deal for us and that should help across the board in terms of Eikon next year. That is by no means the last release along the development path. I think I've signaled already at midyear that, in terms of Investment Management content and functionality, some of those advanced analytics don't come until much later in the year. But we think this will certainly help the Eikon franchise.

And in terms of actual cost, you have begun to see the large amounts of spend roll off associated with the integration and the work that was done on Common Platform. Those are still working their way through depreciation, so you should be sure to note that in your models.

But going forward really, the Eikon development spend is, in effect, substitutional for the spend on the development of all the other products that migrate to it and there comes a point where the depreciation begins to roll off from the push. We closed down some of those old infrastructures and we see a benefit, but don't crank those in yet for next year.

Paul Steep - Scotia Capital - Analyst

Thanks.

Operator

Michael Meltz, JPMorgan.

Michael Meltz - JPMorgan - Analyst

Thank you. A question for you, Tom, on the kind of soft outlook you gave -- soft isn't the right word -- the early outlook you gave for next year. Can you just clarify? You are talking about improvement in sales and driving better revenue growth in '13.

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What are you actually seeing in net sales trends in Markets? Was Markets up or down in the third quarter? And your expectation for next year, is it actually for revenue growth at Markets or net sales growth or both?

Tom Glocer - Thomson Reuters Corporation - CEO

Okay, I am going to let -- Bob and I will tag team you. So first, let me say exactly what I meant in the quote in case I wasn't clear enough. I wanted to point to two things. First is that I am pleased with this quarter. I think it is good positive performance. We have a very good business and I wanted to make sure that people did not yet think that the actions we took in July and are ongoing, the action plan that Bob and I talk about, that you are already seeing those results in the third quarter and should say congratulations, the plan is working. The fruits of those actions will play through in 2012 I'd expect in terms of better sales in Markets than we would have had in the absence of those changes.

And then part two is, and you know this well, Michael, the recurring subscription model that we like so much does have an inherent lag. So if net sales go up next year, then you will actually see the benefit in period-on-period growth statistics in 2013.

Now to bridge over to Bob, and I will let him talk about the numbers in particular, we did run slightly negative on net sales in the third quarter. That is not a surprise to me. Frankly, I wouldn't have fired half the team if things were going swimmingly in Markets, but that does obviously have implications. And Bob, I don't know if you want to tease out anymore.

Bob Daleo - Thomson Reuters Corporation - EVP & CFO

Yes, sure. Well, the sales through this year have not been as robust as we had hoped and that is why, as Tom said, we made the changes and what that plays through is to expectations for revenue growth for next year. While we fully expect, given the changes we made, we are going to sell a lot more of our products and services in 2012 than we sold in 2011. It doesn't have the same impact in terms of revenue.

So I guess would be -- my expectations would be that we wouldn't expect revenue growth materially stronger than it was in 2011 and that plays through also into things like operating margins because to grow the business and expand the margins dramatically, you need to have more growth than that. So we have had significant expansion in margins in the Markets through some really incredibly robust efficiencies and cost-cuttings and things like that and we will continue to do that in 2012. But without some growth in revenues, it would be a bit of a challenge to see significant margin expansion next year.

Michael Meltz - JPMorgan - Analyst

But at this revenue growth level, you are, I believe, 1% organic year-to-date. Do you think you could drive margins in Markets next year if you did that revenue level?

Bob Daleo - Thomson Reuters Corporation - EVP & CFO

I think it is too early in our planning process to answer that. I know that we will be very much directed at making sure we continue to do that, but it is just too early for us to really say that.

Michael Meltz - JPMorgan - Analyst

Okay.

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Tom Glocer - Thomson Reuters Corporation - CEO

And the answer, Michael, is we can always do that, but the art of it is can we do that and also aim for the sort of sustainable growth we are looking for in outer years. And we are managing for that value in a sustainable franchise, but I think we have been good on the cost lines to date.

Bob Daleo - Thomson Reuters Corporation - EVP & CFO

And again, I just want to reemphasize, we are actually confident that we are going to see growth in this business next year. It is going to be sales growth and given the nature of our model, it doesn't always translate immediately to revenues. So all the things we are doing, we are very positive about the changes that we are making and the impact it's going to have on our business. But the sales model that protects us on the downside in terms of a lag also gives us a bit of a challenge on the upside.

Michael Meltz - JPMorgan - Analyst

Understood. Thank you.

Operator

Drew McReynolds, RBC Capital.

Drew McReynolds - RBC Capital Markets - Analyst

Yes, thanks very much. Good morning. Just a question on the free cash flow guidance for 2011, just getting a lot of questions on how do we kind of square off your reported free cash flow year-to-date with the 20% to 25% year-over-year increase. Maybe, Bob, if you could kind of walk us through how we do that.

Bob Daleo - Thomson Reuters Corporation - EVP & CFO

Sure. I am happy to. Cash is one of the most challenging items to forecast and traditionally the fourth quarter is usually a very big cash quarter. And frankly, we had a strong cash quarter last year at this same time and we are anticipating that we should have the same thing.

Now there are other puts and takes in terms of timing of tax payments and things that could work for us or against us, but we feel -- I feel significantly confident in the run rate of the business that any changes if we were to -- any changes would be as a result of timing and not really fundamental business performance. That is why we continue to guide that way because we do feel the business will continue to see significant cash generation. And as I said, that fourth quarter is a really big one for us and we feel confident that we can achieve it.

Drew McReynolds - RBC Capital Markets - Analyst

Thank you.

Operator

Sara Gubins, Bank of America.

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Sara Gubins - Bank of America-Merrill Lynch - Analyst

Hi, thank you, good morning. I was hoping to continue the conversation about your expectations, early expectations for 2012 on the Professional side. If the macroenvironment remains kind of as is, how would you think about Professional headed into 2012?

Tom Glocer - Thomson Reuters Corporation - CEO

It's Tom. At the moment, we don't see any significant change to the positive trends you have seen, which doesn't mean that, in as large a business and made up of multiple units, you don't have some swings and roundabouts there. But those businesses are performing very well and the market outlook remains generally positive. Although, obviously, if the European debt crisis melts down the world's economy, it will have an effect on those businesses as well. We have not seen that to date in the way that we have seen that pall over let's say the large sell side banking franchise.

Bob Daleo - Thomson Reuters Corporation - EVP & CFO

I would add that the Professional division has a lot of momentum going into 2012. The product innovations we talked about, which are just starting to really take hold in the marketplace, the acquisitions that we have talked about that are really in growth segments of our markets, both globally and sectionally. So like Tom said, barring any global meltdown, we feel the business is in excellent position to continue to sustain a very, very good growth momentum.

Sara Gubins - Bank of America-Merrill Lynch - Analyst

Thank you.

Operator

Tim Casey, BMO.

Tim Casey - BMO Capital Markets - Analyst

Thanks. Bob, I know you have been asked several times, but can you just walk us through the margin impacts for 2012, what the drivers are within the Markets group? Because, as Tom said, the pig is moving through the python sort of thing on the costs associated with Common Platform and now we are into I guess operating efficiency or operating leverage on the revenues. But should we anticipate significant margin declines in the absence of revenue growth or is the underlying cost base there kind of stable? Thanks.

Bob Daleo - Thomson Reuters Corporation - EVP & CFO

We should not anticipate significant margin declines at all. Like I said, we are talking about -- we are just in the middle of our planning process. We have done -- I think the management team has done a great job of wringing effectiveness and efficiency out of the businesses and those are sustainable efficiencies. So I think that the real question is to get more -- to get accelerated margin expansion in any business, not just Markets, in Professional and Legal, we need to have organic growth rates that are like 3% --3%, 4%, right and we will see those in this business in, we believe, 2013 and beyond, but we won't see them next year.

And so as a result of that, it is likely that we won't enjoy the kind of margin expansion we have seen in the past and I will leave it at that. But I will tell you for sure we don't see dramatic margin decline in this business in any fashion, in any fashion.

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Tim Casey - BMO Capital Markets - Analyst

Thank you.

Operator

Phillip Huang, UBS.

Phillip Huang - UBS - Analyst

Good morning, thanks for taking my question. I want to go back to -- I think it was asked earlier. I was wondering if you could provide a bit more detail on your visibility to the impact of your business from the bank headcount reductions now and through the summer. You mentioned that net sales were slightly negative in Q3, but how should we think -- how do you think -- where do you think it troughs in 2012 and how does -- how do things compare relative to the last downturn?

And also from your comments, it sounds like 2012 is certainly a bit of a transition year. You talked about sales growth, but I was wondering if you could potentially see organic revenue growth turn negative in 2012. Thanks.

Tom Glocer - Thomson Reuters Corporation - CEO

Okay, so Bob and I will gang tackle this one. There are two -- to my mind, there are two phenomenon going on in the overall financial markets as they relate to our performance. First is a set of cyclical issues and we can look to the last cycle, which I hope was a deeper one, i.e. 2009 and '10, for guidance there. That one ended up being more shallow for us despite the obvious existential risks to the banking system. And although that will affect us and you see that on lines like ETI, which are more to do with market necessarily than a particular set of product issues for us, we think we can weather those reasonably.

There is also going on at the same time, and UBS, you see this more than perhaps anyone else, a set of structural issues like how does UBS deal with a Swiss potential requirement of a 19% reserve requirement? What businesses that you are currently in today are no longer profitable? All of the major banks, European in particular, are grappling with that question. And so what we are seeing play out simultaneously is a set of cyclical issues and that longer-term structural one.

Let me just say while addressing it though that the very same trends that do have an effect on headcount-related businesses tend to benefit our Enterprise business and you saw not only how it continues to grow now, but right through '09 and '10, it grew at 8%, 9%, 10%. We see those trends continuing and in many ways strengthening.

And finally, with our Trading Marketplaces business, Tradeweb is very well-positioned from a regulatory point of view. FX volumes have been strong in our FX businesses. Those help by, in effect, sheltering around half of our Markets revenues from these very headcount-driven reductions.

So put it all together, we are not immune. We are not going to make a specific organic revenue projection for next year beyond what we are already doing this early in the year, which is to give you a sort of early look. But those are the factors, and I think you're probably able to put them together as well as we.

Phillip Huang - UBS - Analyst

If I could tag onto that with the collapse of your divisions structure, I was wondering if you might be able to comment initially how you might look to report those results going forward.



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Bob Daleo - Thomson Reuters Corporation - EVP & CFO

This is Bob. Right now, we are in the process of determining that and while we are not prepared to comment on it today, I am certain that when we issue our fourth-quarter results, we will have greater clarity. But it is safe to say that we will certainly continue to have transparency that equals or exceeds what we currently provide today, not less.

Tom Glocer - Thomson Reuters Corporation - CEO

And you will get the comparables so that --

Phillip Huang - UBS - Analyst

Got it. Thanks very much.

Operator

Matt Chesler, Deutsche Bank.

Matt Chesler - Deutsche Bank - Analyst

Good morning. Earlier, you addressed trends in Professional more broadly, but can you do the same specifically for the demand environment in Legal, which slowed organically at other points in the quarter? Are you seeing a re-intensification of the tight cost control behavior for expenditures other than productivity measures or is this just a rounding error in the numbers?

Bob Daleo - Thomson Reuters Corporation - EVP & CFO

This is Bob. We continue to see a tightening in the marketplace for large law firms in core research and that is what you see as reflected in the numbers. There is also some timing in the quarter relative to other segments that would have had a little bit higher sales to offset that further. But there is a reality here that the core legal research marketplace, as exemplified by large law, has changed dramatically in the past couple of years. And I would point you back to that slide that I showed for the overall Professional division because I think that the Professional team has done a great job of understanding what is going on in that marketplace. And with their initiatives, strategic initiatives and investments have very definitely moved the business to other positions in other segments and markets to be able to sustain overall organic growth rates and indeed they have accelerated them.

So I think that there is a reality that core legal research is a market that has slow if no growth in perhaps a declining marketplace at least in the current term, but the opportunities that we see in Professional well beyond that, both in the legal marketplace and in places like Tax & Accounting and IP & Science and investments in Brazil, we feel very comfortable that any declines in that segment or sluggishness can be more than offset by growth opportunities in other areas.

Matt Chesler - Deutsche Bank - Analyst

Has there been any progress in being able to get rate on WestlawNext or is the aggressive pricing behavior of your competitors still sort of a factor in the larger firms?

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Bob Daleo - Thomson Reuters Corporation - EVP & CFO

I think that pricing is always a factor when businesses are challenged and large law firms, even though demand has increased, continued to be a bit challenged. There is clearly a shift in the -- if you want to call it the power between suppliers and purchasers and that shift moving to the Corporate space and we have been definitely following that with investments in businesses that serve the Corporate Legal segment.

So yes, there's no doubt that pricing is something that the competition has used and we have had to respond, but not in every case. We continue to see premium pricing for WestlawNext in the marketplace because of the value that it provides. And I think that this is simply a reality of today's environment.

Tom Glocer - Thomson Reuters Corporation - CEO

And Matt, let me tag on here because I think there is an important point to make about the action plan and what we expect in Markets. We are disaggregating Legal here, which is obviously one whole business and were we not separately pointing to the success we are having at the Corporate General Counsel, the success in growing our GRC business, the success in Latin America and other emerging markets. They are all part of Legal and so we are sort of abstracting and saying core research is negative, but we are taking a lot of the offensive weaponry away and saying those are growth initiatives.

And when you look at our Markets business and one of the things that Jim, Stephane and I are doing as we approach our plans for '12 and beyond is to say we have those comparable growth factors in Markets, Enterprise, Commodities & Energy, RDE markets, our FX business. We just don't have as many growth factors and that is why you are seeing some of the headcount-related business in Markets pulling us backwards. So that gives me confidence.

The playbook we have run in Legal is a really good playbook. I wouldn't get depressed about a couple of points back in core research because it is a bit of an abstraction and think about that playbook running as a growth playbook across the whole Company.

Frank Golden - Thomson Reuters Corporation - SVP, IR

Operator, we'd like to take one final question, please.

Operator

Nick Dempsey, Barclays Capital.

Nick Dempsey - Barclays Capital - Analyst

Yes, good morning. Just to follow up on that Legal question, I wonder if you could remind us what proportion of your total Legal revenues are in print and to what extent a decline in print is explaining that minus 3% in the research-related revenues that we just talked about?

Bob Daleo - Thomson Reuters Corporation - EVP & CFO

About a quarter of the revenues in Legal are in print and they do represent -- they have declined a couple of percentage points, so that would certainly contribute to the overall decline in the research area.



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Nick Dempsey - *Barclays Capital - Analyst*

Sorry, you mean the print revenues declined a couple of percentage points or they contributed a couple of points of decline to the revenue growth of the division?

Bob Daleo - *Thomson Reuters Corporation - EVP & CFO*

I looked at the wrong line. They were about flat. They were about flat.

Nick Dempsey - *Barclays Capital - Analyst*

The print revenue growth in the quarter was flat, okay.

Bob Daleo - *Thomson Reuters Corporation - EVP & CFO*

About flat.

Nick Dempsey - *Barclays Capital - Analyst*

Perfect, thank you.

Tom Glocer - *Thomson Reuters Corporation - CEO*

Okay, that will conclude our Q&A session. Before we close, I would like to turn it back over to Bob Daleo for some closing comments.

Bob Daleo - *Thomson Reuters Corporation - EVP & CFO*

Well, as Tom mentioned when we turned over the meeting, I have been at this for a while and I am certainly going to -- even though I am stepping down from this role at the beginning of the year, I'm certainly going to assist Stephane and Tom with closing out this year and planning for 2012. But Stephane will be sitting with Tom for the Q4 call next February, as well he should be.

So this is a bittersweet moment for me mainly. Sweet because I have been doing this for a long time and both the organization and I are ready for change and this is relatively easy to do with Stephane sitting in the wings. I hired him about a decade ago and since have watched his career progress and literally I have had a hand in charting some of his course. I am confident about his succession as just as -- and most of you probably wouldn't know this -- he will be the third sitting CFO in modern history of Thomson and its success as Thomson Reuters. He brings integrity, financial discipline, a knowledge of the business and incredible intellect and energy to the role. He was a partner to me in developing the capital strategy and financial processes, which are now embedded in the business and he is backed up by a strong team and they are quite experienced. In short, we won't miss a beat.

Now the bitter part is because I have been doing this for a long time and I've thoroughly enjoyed my time, I have to say some perhaps more than others, it has been a privilege to serve you, the investor in our Company and to work over the years with a dedicated and talented group of professionals who I count on as colleagues and friends. It has been a great run and I will always apply the experiences and cherish the memories in the years ahead. Thanks.

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Frank Golden - Thomson Reuters Corporation - SVP, IR

Thanks very much, Bob. That will conclude our call. Thank you all for joining us.

Operator

Ladies and gentlemen, this conference will be available for replay today, November 1, after 10.30 a.m. through November 8 at midnight. You may access the AT&T teleconference replay system at any time by dialing 1-800-475-6701, entering the access code 220102. International participants may dial 320-365-3844 and those numbers again are 1-800-475-6701 and 320-365-3844. Again entering the access code 220102. That does conclude your conference for today. Thank you for your participation and for using the AT&T executive teleconference service. You may now disconnect.

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