



THOMSON REUTERS

COST BASE FOR UK SHAREHOLDERS RECEIVING CASH PROCEEDS FROM THE ACQUISITION OF REUTERS GROUP PLC BY THE THOMSON CORPORATION

On April 17, 2008, The Thomson Corporation completed its acquisition of Reuters Group PLC through a scheme of arrangement under section 425 of the UK Companies Act. Under the Reuters scheme, all of the issued and outstanding Reuters Group PLC ordinary shares were cancelled, and Reuters Group PLC shareholders were entitled to receive, for each Reuters Group PLC ordinary share held, 352.5 pence in cash and 0.16 Thomson Reuters PLC ordinary shares.

The following provides certain UK tax-related information for former Reuters Group PLC shareholders who were resident or (if individuals) ordinarily resident for tax purposes only in the UK who held their Reuters Group PLC ordinary shares as an investment (other than under a personal equity plan or an individual savings account) and who were the absolute beneficial owners of their shares. The comments are based on UK law and published HM Revenue and Customs ("HMRC") practice, in each case as of April 17, 2008. The comments are intended as a general guide only and do not deal with certain types of shareholders, such as persons who held or acquired their Reuters Group PLC ordinary shares in the course of trade, persons who have or could be treated as having acquired those shares by reason of their employment, collective investment schemes and insurance companies.

Former shareholders of Reuters Group PLC who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside of the UK should consult their own appropriate professional advisers immediately.

As explained in Section 11.1 of Part VI of the Reuters Group PLC circular to shareholders dated February 29, 2008, to the extent that a former Reuters Group PLC shareholder received cash under the scheme, this should be treated as a part disposal of Reuters Group PLC ordinary shares, subject to the alternative treatment described in the circular for small disposals. The following summary should be read in conjunction with, and is qualified by, the statements in the circular.

For the purpose of calculating any chargeable gain on a part disposal, a shareholder's original base cost in his or her shareholding of Reuters Group PLC ordinary shares must be apportioned on a just and reasonable basis between his or her corresponding holdings of Thomson Reuters PLC ordinary shares and the disposal proceeds represented by the cash received. The amount apportioned to the disposal proceeds and available as the tax base to set against those disposal proceeds is calculated as:

Original base cost x Cash proceeds received

divided by

Cash proceeds received plus the market value of the Thomson Reuters PLC ordinary shares received on the first day of trading.

The market value is determined for this purpose under section 272 of the Taxation of Chargeable Gains Act 1992 and is based on the lower of:

- (a) the lower of the two prices shown in the Stock Exchange Daily Official List plus one quarter of the difference between these two prices; and
- (b) halfway between the highest and lowest prices at which bargains were recorded on the day.

Thomson Reuters PLC ordinary shares were first listed on the London Stock Exchange on April 17, 2008.

We have calculated that the appropriate market value to use in accordance with the above formula is 1559.5 pence. We have agreed this value of Thomson Reuters PLC ordinary shares on that date with HMRC (the UK Tax Authorities).

The illustration below gives a worked example of how the calculation is applied. In this example:

- A shareholder held 50 Reuters Group PLC ordinary shares.
- The Reuters Group PLC ordinary shares were originally purchased for a total price of £100.
- The shareholder received cash proceeds of £176.25 (50 x 352.5p) and 8 new Thomson Reuters PLC ordinary shares (at a rate of 0.16 Thomson Reuters PLC ordinary shares for every Reuters Group PLC ordinary share), in accordance with the terms of the transaction.
- The market value of the Thomson Reuters PLC ordinary shares on the first day of trading on April 17, 2008 was £124.76 (1559.5p per share x 8 shares).

The shareholder's gain or loss (subject to applicable relief) is calculated as:

Cash proceeds – apportioned cost

The base cost attributable to the holder's Thomson Reuters PLC shares is calculated as:

Original purchase price of shares – apportioned cost

Therefore, our worked example looks like this:

Shareholder's capital gain

Cash proceeds received:		£176.25
<i>minus</i>		
Apportioned cost:		
100* x 176.25**	=	£ 58.56
176.25** + 124.76 ***	=	£117.69

		£117.69

* Original total purchase price of Reuters Group PLC ordinary shares

** Cash proceeds received

*** Market value of the shares on first day of trading

Base cost attributable to remaining Thomson Reuters PLC ordinary shares

Original total purchase price - Reuters Group PLC ordinary shares	£100.00
<i>minus</i>	
Apportioned cost (see calculation above)	£ 58.56
=	£ 41.44

	£ 41.44

May 27, 2008