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PRESENTATION

Frank Golden - *Thomson Reuters Corporation - SVP IR*

Well, let me first of all welcome everyone to Eagan, Minnesota. As we like to refer to it, as we say, the Legal Capital of the World. We are very excited to have so many of you join us today.

We know some of you came from across the US, Canada, and we have several people from the UK. So thanks very much. And let me also welcome those of you who are on the webcast today.

Now as you have grown accustomed to, if you have attended these investor relations days in the past, you know that we have a full schedule for you. And this year will be absolutely no exception.

But this year we are taking a little bit of a different approach than what we have done in the past, as we are going to focus exclusively on the Legal business today rather than discussing the Company in its entirety. So today we will do a deep dive into Legal such that when you leave here you will know -- you will have a far deeper understanding of the Legal business, the global legal markets, and the competitive situation than hopefully you did prior to walking through those doors this morning.

Now you are going to hear from a number of new presenters today. As Peter Warwick will explain, Legal was reorganized on January 1 of this year into five business units, each focused on a specific market segment. So therefore we will discuss the businesses a bit differently than we have done in the past, which I think you will find helpful.



We'll provide you with some more insight and transparency into each of the businesses, and the competitive situation across the units, and what the drivers of the businesses are expected to be over the course of the next several years.

So just briefly on the agenda, we will kick off with Jim Smith. Jim as you know is the President and CEO of the Professional Division. Jim will provide some context in terms of how we look at the Legal business in the context of the overall Professional Division and so forth, and how we are leveraging the assets across the businesses and so forth.

Peter Warwick will then follow Jim with a discussion and an overview of Legal as a whole and will also touch on the competitive situation.

Peter will be followed by Vin Caraher. Vin manages the Core Legal business, so essentially the aircraft carrier of the business, the traditional West and Westlaw business.

Then Mike Suchsland runs Corporate, Government & Academic, which I think you will find very interesting because that is a business that we are very excited about. It has got some great growth prospects. It is close to a \$1 billion business. We are making a number of investments in that, and I think you will find that very interesting.

Then before we go to break we will wrap up with Chris Kibarian, who will discuss Business of Law, which includes assets like FindLaw and Elite and so forth, and another area that we think there's significant growth opportunity for us over the next few years.

Then we will take a break about 10.15, 10.30 and for about 20 minutes. And we will reconvene and we will discuss the Global businesses.

Now as it says on there, Helen Owers was scheduled to present but Helen lost her voice. So Helen will not be joining us, did not fly over from the UK. And Peter Warwick has -- was it graciously agreed to present? It was graciously, wasn't it? Okay. So Peter will follow up for Helen.

And then we will move into a discussion of WestlawNext. Andy Martens, who many of you saw present in Toronto last year, will give an update essentially on WestlawNext. What have we found since we launched in February? What are we excited about? What may have turned out a little bit differently than originally anticipated? And so forth.

And then Mark Schiff will follow Andy and will discuss the marketing side of the WestlawNext launch. So I think you'll find that also of interest.

Now following those presentations we will move to Q&A. We are going to allot somewhere between 30 and 45 minutes to Q&A today, so have plenty of time for your questions. I would ask that you hold those questions until that time.

Then we will break for lunch following the Q&A. As usual, we will have the management team assigned to each table, and it is open as to wherever you would like to sit. So feel free to continue the conversation with the management team at lunch.

While at lunch you will also notice that we have product demos. So please stop by and see a couple of the product demos. Because some of them are -- actually each of them are very interesting in their own right in terms of some of the things we have been able to put together from a technology standpoint.

Rick King was just taking me through the Peer Monitor. The old Peer Monitor, which is Peer Suite now, and an acquisition that we wound up making to fold that in with the Peer Suite, which I think you will find very compelling.

Then last but not least we will conclude with a tour of the data center hosted by the Professional Division's Chief Technology Officer, Rick King. You'll remember that Rick King wound up presenting for us in Toronto last year. So I think you'll find that very interesting.

Now before I turn it over to Jim, just a couple of Eagan fun facts. So there will be a quiz on this at the end of the day, so take notes.

We have over 800 attorneys working here in Eagan. We have over 1,400 technologists. We are on over 200 acres.

This one I found very interesting -- we have the capacity to power more than 10,000 homes simultaneously with running our data center.

We have one of the largest book manufacturing plants in the United States. I guess that warrants or justifies having a US postal service station in this building.

So that is a difficult list to top, needless to say, but I am confident that we will wind up doing that today. And to kick it off I would like to introduce Jim Smith.

Jim Smith - Thomson Reuters Corporation - CEO Professional Division

Thank you very much. Frank said I am going to tell you how we look at the Legal business. And then he said we look at it as an aircraft carrier. I thought that is a very good way to look at it. I like that. I am going to start looking at it as an aircraft carrier.

I can tell you we look at it as an absolutely vital and integral part of the whole of Thomson Reuters and a place that is foundational to what we are going to do. I will just take a couple of minutes here today before we go deep into Legal, because I do think there is a bit of context that needs to be set as you take in everything you're going to take in today.

Primarily that is because everything you're going to hear about today and everything you're going to see in the tours and demos really is representative of the way we go about providing intelligent information for business professionals. Right?

I think you have to think about it in the context of a couple of things. One, this is a big part of our business just from size and numbers. It is important to our business though even in greater ways because of the influence that it has and the platforms that we have here that we leverage across the business.

But we also do have a broader business, which leads to the resiliency I wanted to point out this morning. If you think about it, we not only have big Legal business on the Professional side, but we are now approaching \$2 billion of revenue in our Tax & Accounting business and our Health & Science business.

Both of those businesses over the past year, and all the difficulties that everyone faced in every market, were businesses that grew at 7% and 9%, respectively. So it has been a pretty good run for those two businesses.

And having businesses in those spaces and the balance in that portfolio allowed us overall as a Professional group to come through the worst part of the economic cycle for us and show growth in every single quarter. And that is something we are really proud of.

Even when you look inside the Legal business -- and you're going to get a glimpse today of how we are breaking down the Legal business into growth vectors -- if we look into those vectors and segment our revenues across the whole Professional Division, three-quarters of our revenues over the past cycle managed to grow at 7% or higher. So we feel very good about the sectors we have chosen to invest in for future growth.

But just thinking about the portfolio play I think shortchanges the investment thesis in Thomson Reuters. Because it is not just the way we put together the markets that we serve and the businesses in those markets -- and we do feel very good about that. But it is also to think the way we manage those businesses.

Because we don't manage our professional information businesses as a portfolio of standalone units. Rather we share a common approach to the technologies, the tools, the taxonomies that go into building platforms for growth in the information age.

And when we think about platforms, we think about technologies like the Novus platform that you will see in the tour today. When you tour the data center you will be touring the information factory.

It is an information factory that powers all of our Professional businesses. As you are touring that information factory you won't be able to tell who is wearing a Legal hat, who is running a Tax & Accounting database, who is running a database for our Healthcare business.

But all of that scalable technology makes possible things like our very successful Checkpoint business that was able to come out with an online offering based on the Novus platform and form a solid, credible competitive position to CCH in the tax business in the United States. All of that technology makes possible the computational power that is required for our Healthcare business to analyze a database of more than 100 million covered lives to come up with the kind of high value-add analytics that we provide on the cost and quality of healthcare.

So all of that is leverageable technology. But it is not just the technology. It is also the taxonomies and the varying components that go along with the information science that we apply to everything that we do.

There has been a great deal of focus, and rightly so, over the past two years on the integration between the former Thomson Financial businesses and the former Reuters businesses on the Markets side. But very quietly, kind of under the covers, we have also been working very closely with Markets on a couple of interesting things.

We have been working very closely to line up our taxonomies under a mind-numbingly boring title called the Organizational Authority Project. Right? It sounds very dull. It is absolutely foundational, although.

That means we are now at a place where we identify companies the same way in our Markets databases, the same way in our Legal databases, the same way in our regulatory filing databases. So that we can retrieve now all the company information in a complete and holistic way. It is one of those foundational platforms that we think will provide us with significant competitive advantage going forward. You will hear more about that later today.

You will hear about as well the multiple application format. In fact those of you who were at the investor day in October heard Rick talk about what competitive advantage that has provided to us.

You will recall it is essentially a developer's toolkit. It is for bringing online legal research services and one which we have been able to do effectively now around the world, and where we have now been able to improve the quality and the speed-to-market of our offering in countries around the world at dramatically lower price points, taking the development costs from millions into thousands.

And since we met last October we have rolled out new online legal service in Chile, new online legal services in India. Right? And you will notice and not be surprised that, based upon the back of our acquisition of Revista dos Tribunais in Brazil, which was announced a couple of weeks ago, we certainly intend to bring out an online legal research service in Brazil and to do that in months and not years at a very high quality point.

So that is how we build platforms across the organization. But it is not just the things you see here.

There are also software tools and components that have been developed for our Tax & Accounting business. There are other analytical tools and components developed for our Healthcare business that we share then back across the other businesses as well.

We have -- in addition to working on aligning the taxonomy and the information architecture in our databases we have been working together with Markets and Professional to identify what we see as emerging areas of opportunity for us. Not surprisingly in today's complex global regulatory environment, we have taken a long hard look at the area of governance, risk, and compliance.

We are announcing today the acquisition of Complanet in the UK. Peter will talk more about that a little bit later, but we think that is another one of those kind of foundational platform plays that we can create in terms of capability that will serve many of our businesses on the Professional side and many of our businesses on the Markets side as well.

So all of the sharing of technology, the sharing of tools, and the sharing of capabilities we think are something that is making a real difference in our business -- not just the portfolio, but also how we manage the business and how we are able to go to market, increase quality, and reduce

costs. So collectively if you put together the positions that we have in our portfolio, you put together the advances we have made in the underlying technology and a really new focus on cooperation and collaboration and aligning those underlying assets, and you marry that up with the quality of the people that you are going to hear from today, we feel pretty good about where we are coming out of the downturn of this cycle.

In fact we believe our business has never been in a stronger position than it is to date. In the world of what a difference a year makes, we are now riding the back of a couple of positive quarters of sales trends, so we feel very confident about that.

We have a very robust pipeline of new product development. You will hear about WestlawNext today. But we also have strong new product development, new product releases in our Advantage Suite product in the Healthcare space. Web of Knowledge 5.0 is coming out this year, which is our foundational scholarly research platform.

And we have two new offerings in the Tax & Accounting field, which is the formal release of the ONESOURCE global tax workstation for tax professionals in the corporate environment. And while not the same kind of huge marketing campaign will behind that that was behind WestlawNext, it really is a major advance for us in pulling together all the various components that we had supplied into the corporate tax field before and make them interoperable in one workstation.

Similarly the Accounting CS solution that we are bringing out is the most seamless integration we have of all the tools we supply to accounting professionals and one we are very excited about. So we have a good solid pipeline of new product coming out this year.

And as we look further to the future, we have no shortage of what we see as key growth vectors for the future. Whether it is opportunities to play in rapidly developing economies and the emerging middle classes that we are seeing there, and the emerging professional classes that we are seeing to serve those economies, we are very excited about those opportunities.

We are very excited about our foundational plays in intellectual property. We won't go into great great detail here today on that, but it is a foundational plank for us.

I mentioned already the governance, risk, and compliance space. And that is a space in which we are very, very interested and seeing terrific opportunity and interest from customers in us supplying different kinds of solutions for them.

Then you will hear today about the business of law, but we also have great opportunities in areas like the business of science where we are increasingly working between grantors and researchers to help coordinate the flow of investment dollars behind the research that is going on. And also to help granting agencies, institutions, and governments measure the effectiveness of their stimulus spend.

So we feel very confident in where we stand today and we are very, very pleased with the position that we have in our markets. And frankly the fact that, as we have come through some very difficult times, we have done so without going backwards even in any single quarter. We are proud of that.

But we are more proud of where we are coming out. Because honestly, we have never been in a stronger position as Thomson Reuters. The Professional Division I think has certainly proved its mettle over the past year.

But more importantly I think we built the foundation during this period to have a really strong future and to continue to play a role, not only in being such a profit engine for Thomson Reuters, but also being growth leaders as well. So with that bit of context I will turn it over to Peter Warwick and we will go deep in the Legal business. Thank you.

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

So, good morning everybody. I am glad you could make it to our little home on the prairie. That you are all here is great.



What we are going to do today is to -- I am going to give you an overview for the next 20 minutes or so about the Legal business, and you are going to hear about four of the constituent business units within Legal. The one you're not going to hear about in detail today is the IP Solutions business from Dave Brown; we can save that up for another occasion. And of course you're going to hear from three of the people who are photographed in that slide as well.

I thought I would just say a little bit about why we organized the Legal business in this way from the beginning of the year. There are really three reasons why we did that.

The first reason is that we wanted to have focused teams addressing business development and business performance across common market segments and customer groups wherever possible. That was the first thing.

And each of those groups is very much focused on both those things. It is focused on business growth and development and it is focused on business performance.

The second thing was that if we did that we felt that we could tie our offerings for those verticals much more closely together. What our customers want is really the seamless integration for their use of information software and services in those verticals. And organizing this way gave us an opportunity to do that much more effectively.

The third reason was candidly to devolve some of the day-to-day management that I had been doing and my immediate team had been doing, so that we could really focus on business development and growth and really seizing the opportunities that we have before us.

Because as I hope to demonstrate and I hope all my colleagues will demonstrate, I came here to run what was originally the North American Legal business at the beginning of 2005. During that period since, from 2005 through to 2010, I don't think there has been any moment when the opportunities before us have been stronger than they are now.

This is the point throughout all that period that there is just more growth opportunities, more things for us to do, more great ways in which we can build out our business on a global basis than ever before. And we hope to demonstrate that to you.

I also have here a number of other members of my senior team who will be joining us for lunch and very happy to chat to you. I will get them to sort of stand up if that is all right. So Cathy Zappa is in the bulkhead seat here behind the screen. Cathy is the Chief Financial Officer for Legal.

And I am casting around to see who we have here. Tony Abena. Tony has presented to some of you before; you may have seen him. Tony is running out our Global Legal Services business which is focused about our account management and products for the very largest law firms that we serve on a global basis.

Who else from my team is here? There is Rick King. Rick, you should stand up. Rick is our Chief Technology Officer both for Legal and for the Professional division.

Laurie Zenner is here, who is our Head of our Communications for Legal.

And I am trying to think; is Ed here? Is Ed Friedland here? He was here. He had to leave. I hope that is not bad news actually; but he had to leave.

Jason is here, Jason Parkman who runs our large law business within [Cara's] group. So we are all -- and Stephane Bello is here, who is the CFO for the Professional Division. So we are all here to chat and to answer questions and hopefully give you a really good impression of what we are doing.

So if you look at this structure in terms of how it is organized, the largest of these units is the US Core Legal business, which Vin runs. \$1.4 billion of revenues. That is really the heart of the traditional West law firm business. I think that is probably the best way for you to think about that.



We have then got Corporate, Government & Academic which says exactly the segments primarily in the US which Mike's team addresses. That is about, as Jim was mentioning earlier, just under \$1 billion, about \$900 million.

We have then got the Business of Law assets that Chris runs, things like FindLaw, Elite, so on. The Global Businesses. And then the IP Solutions businesses.

Essentially the first two of those units are primarily US focused, and the other three are all -- sort of got a global footprint, because they have businesses both in the US and North America and elsewhere.

If you look at our global footprint, which is on this slide, you will see that we have as Legal 15,000 roughly employees worldwide. We have offices in 27 countries. The other countries which are shaded there in blue are those where we have online customers. We actually have customers in almost every country of the world, but it's sort of print buying through library suppliers, aid agencies, and that kind of thing. So we are genuinely very global.

The next slide then shows the legal market that we address. So when we think about the market space that we are addressing, we think of it as about a \$21 billion marketplace. That is how we define it in our own mind in terms of what is addressable, in terms of legal information, software, and services for the legal industry.

Roughly about 72% of that market on a global basis is in North America. About 14% in Europe, Middle East, Africa. 12% in Asia, and 2% in Latin America.

Then if you look at these other doughnuts I think would be how I would describe them, if you immediately look in terms of the geography which is at the top there, you will see that we have about 85% of our business in the Americas. So in terms of the market we are slightly over the average in the Americas. EMEA 12%, so we are slightly under that in that region. And Asia, 3% of our business, and that of course is a very rapidly growing part of the world.

In terms of media, Legal has 70% of its business now in online, software, and services. 30% in print and CD, though the CD is tiny nowadays.

In terms of the business unit split you will see that roughly speaking the core US businesses for law firms, corporate, government, and academic is about 65% of our revenues. Then the specialist, more global businesses -- such as the unit we call Global Businesses but also Business of Law and IP Solutions -- is the other 35%.

Then in terms of the customer segments that we serve, you will see that about 60% of our business is with law firms. 19% is with government, and that is a very important segment, an increasingly important segment for us.

We have significant business with the government not just in the US, where we do, but also in countries like the UK, Argentina, Spain. Of course our IP Solutions business has significant business with the patent offices in places like the US, the EU, Japan, and China, and so on.

This shows our financial performance over the last few years. I think what I would focus on first of all is that the growth rates that we have seen from 2005 onwards have been very much driven in our case by organic investment. The amount of acquisition investment that we have made during that period has been relatively modest, certainly compared to other parts of Thomson Reuters Professional Division.

I think on the revenue I would particularly focus on 2006, 2007, 2008, because that is when we have organic growth rates of 6%, 7%, 6%. I think that is worth bearing in mind when I talk about our views about where are we going in the future.

Then the other key point from this slide I think is that we are a very solid, profitable, and cash-generative business and that it has been the consistency really of those strong margins during that period which is particularly remarkable.

This is some of our just thinking about our business. We have a leading position in each of really the key markets that we address.



We are in, as you might, expect 100% of the top 100 largest law firms in the US; 87% in the general counsel departments of the Fortune 500. We are the number-one player in the US, UK, Canada, Australia, New Zealand, Argentina, and Spain.

We are the number-one consumer online legal site in the US through FindLaw. The number-one bar review course in the United States with BAR/BRI. The number-one legal consultancy business with Hildebrandt Baker Robbins. And the number-one enterprise software provider to US law firms through Elite.

If you look at the preference in key parts of the market, we have a 2-to-1 Westlaw preference for legal research by litigators. And remember that litigation drives two-thirds of law firm revenues in the US and that litigators are the heaviest users of legal online research.

There is a strong preference for Westlaw in law schools as well. So I think the point about looking at that in 2010 is that we are in an incredibly strong position in terms of the market positions that we have in the segments that we serve.

But on top of that, we have come through the recession with increased investment for the future and with that leadership actually accelerating as we go forward. So we are actually making a very strong position even stronger.

If you go to 2010 and our first-quarter results, this is just a slide that shows the position for the Professional Division as a whole. But it seeks to show the importance of Legal Subscription, our Legal Subscription business which is the base, it's the core of our business within the Legal segment. That grew 3% in the first quarter of this year, then allied to the growth that we saw in Healthcare & Science and Thomson Reuters Tax & Accounting.

We then had the Legal Print and the Legal Non-Subscription negative revenues. As we will show you, that basically is a reflection of what happened in 2009.

It is not a reflection of what is happening in that regard in 2010. Because of the way in which we recognize revenues on a subscription basis, then the declines that we saw in Print sales and Print Non-Subscription sales in 2009 are feeding through into 2010 and then eventually will flush out by the end of the year.

If we think about our market environment that we serve, I am very glad that we are in June 2010 rather than June 2009. I mean at this time last year we were really at the depth of the global recession.

There was significant uncertainty which affected really all of the segments that we serve. Law firms were very concerned because corporate law departments were very concerned. Governments, particularly state and local governments here in the US and some governments in Europe and elsewhere were very worried about their funding as well.

We had seen -- we were just about at the tail end of the largest law firm layoffs since the early 1990s. That happened a year ago.

I mean, there was an across-the-board decline in legal practice area billings. The only area that grew was bankruptcy.

We saw through our Peer Monitor index declining law firm revenues, headcount, and revenue per lawyer at that time. And law firms, which do their accounting on a cash basis, were very, very focused on expense management and extremely concerned about technology investments at that point.

So June 2009 was a period when we had a lot of concerns about where we were going. The one great thing that we did -- and we had full support from Thomson Reuters -- was that we did not cut one penny, one cent of investment when the market looked dark during the first part of 2009. And that is really going to be important to us in 2010 and beyond.

I think the other thing to take away is that even at that period, when our marketplace was pretty tough compared to many other years, we still had a very solid business. We still generated from this business over \$1 billion of cash in 2009 from this business.



So that innate strength that we have enabled us to do that. That support that we have from Thomson Reuters and its strength as a corporation has really put us in a great spot competitively and to be able to serve our customers better going forward.

If you think about what the situation is now, then we are beginning to see -- as we will show you -- the economy recovering. It is a little bit slower in some of the Continental European markets right now. But from our point of view that is not a bad thing for us, because we are much less exposed to those markets than some of our competitors.

Law firm headcount has stabilized. We are not seeing major layoffs continuing in law firms at all. We are also not seeing major recruitment either; but it has basically stabilized.

And we are seeing a recovery in many legal practice areas. We have this Peer Monitor benchmarking service, the Peer Monitor Index, which is directly looking at the performance of 120 roughly law firms. So we can know exactly what is going on from that, so that we can provide this benchmarking service in terms of all kinds of metrics.

It is very interesting looking at the metrics for March, for example, because we look at -- in there we are able to from those 120 firms look at demand by practice area, by nine practice areas, in the month of March. It is interesting. Of those nine practice areas, seven have positive growth compared to March of 2009.

So March 2010 had positive growth over 2009. Those practice areas were bankruptcy, mergers and acquisitions, general corporate work, tax, capital market work, and real estate. Litigation, through what we have seen in March and April, is flat or just beginning to turn and be positive. That is an incredibly different situation from March 2009 when eight of the nine were negative, and the only one that was positive was bankruptcy.

We are also seeing I think much more evidence of law firms embracing technology solutions to drive productivity. The key thing with law firms at the moment is efficiency and productivity; it is not just about cutting costs.

That is one of the reasons I think, as we will show you, why WestlawNext is being so successful, because it is an incredibly efficient way for attorneys, for lawyers to do legal research.

We have seen a significant uplift in new sales for our Elite business, for example. So the actual sales that we have made with Elite in the first quarter of this year, about 30% up on software sales in the first part of 2009.

Now, those sales take some time to flow through to revenues because they have to be -- we have to have a 3E platform and other software installed. But that is a real weathervane market I think, indication that law firms are beginning to think about reinvesting in technology.

Law firms are particularly interested in investing in technology in order to drive efficiency and productivity, and that is where we are. There is also increasing interest in things like legal process outsourcing and so on, which law firms are looking at, at the moment.

In terms of our competition, just a few remarks about this. I think that as we will show you, we have done incredibly well with WestlawNext. It is a great winner in that core US legal research market, often head-to-head with LexisNexis.

There are a number of reasons for that, and we will go through and show you some of them. But it is to do with consistent investment to get to our customers what they want over many years, allied to superb research scientist developed tools for legal research, and the real sense of giving our customers what they really want. I think that has been very powerful.

As far as Wolters Kluwer are concerned, the one big advantage we have over Wolters Kluwer is that they don't have a strong global online legal platform. They do have strong positions in some of the Continental markets, actually some of the markets which are somewhat weaker at the moment. Of course their main focus in the US has been on tax rather than on legal.



As far as Google is concerned, I think you get some idea about the breadth and the depth and the domain knowledge that we have in legal research when you walk through the building. We have all these attorneys here. We have had -- this business has been in business since 1872, and we have tremendous depth of legal information.

That is not something which Google or for that matter Bloomberg can quickly replicate. It is just not possible.

We also have various tools like our Key Numbering system and KeyCite and so on, which are really proprietary tools which enable us to be able to do things to our data that nobody else can do and to bring a much more effective and fulfilling research experience to our users.

I think it is very interesting with Google that really you have to be able to depend on what you know. If you are standing in a courthouse, you don't want the only source of legal reference that you have used to be Google if you think the opposing lawyer has probably used Westlaw.

I think another key point is that users value legal publishers on the basis not just of what they have, but their selection of what they present to you and the core commentary which they provide as well. That is where we score on that as well.

As far as Bloomberg is concerned, we know that Bloomberg are focusing in some of these areas around news, current awareness, to some degree GRC and energy information. We put on this slide that the trajectory of that growth in investment and development is a little bit unclear to us.

It is certainly not having a major impact on our business as far as we can see at all. But Bloomberg is a formidable company, and we obviously want to keep a close eye on how that develops.

So if we think about the future then there are really three categories here. If you take our core legal research offering in developed markets and our core legal education assets in those core markets, our position is to continue to grow and invest in those. We have just finished a major investment cycle -- at least the [first] part of that investment cycle for example in WestlawNext. That will continue to be invested in, so that we continue that.

When we look at that part of our market, our business, which is roughly about two-thirds of our business in that top box, then we are looking there at low to mid single-digit growth going forward. Okay?

Stronger than that -- actually strong growth in online, but mitigated to some degree with a decline in our print revenues. That is highly cash generative. It generates very strong free cash flow, and that is the core of our business.

If you then add to that the areas where we are doubling up for faster growth -- so this is in key areas like providing information software and services tied together in a way that can really help the productivity and effectiveness of our customers in areas like litigation; in high-level commercial law; in risk fraud; regulatory and compliance and intellectual property; building our Business of Law business; developing our business in these rapidly developing economies. Then we are looking there at double-digit growth.

Those areas are growing double-digit. They are growing double-digit now, right? And they are less profitable almost by definition because of what we're -- because of the investment cycle. But we will see the profitability there improving.

So I think what I am signaling here in terms of our growth in the future is that we have got very clear pathways and our position has never been stronger to get back to those sorts of organic growth rates that we saw before the recession, of the 6%, 7%, 6%. That kind of range, that is where we are going.

The other thing that we are doing -- and I will tell you about one of the acquisitions very briefly in a moment -- is that we have been looking very much more seriously than we perhaps have been in the past now at areas where we need to acquire foundational assets to really help boost growth in that second category, where we are doubling down.



That really lies behind the work that we did in acquiring Editora Revista dos Tribunais in Brazil and has really lain behind -- as I will just show you a couple of slides in a moment -- about the acquisition of Complinet.

Then whilst all that is going on, it is very important to all of us here that we work on the top line and the bottom line both. Okay? We are very, very conscious that we have to keep these two things working together.

We have made tremendous steps in terms of driving for efficiency in order to help to fund that growth; and for us still to be able to continue to have this \$1-billion-plus cash-generative characteristic to our business; and to be able to continue to improve our bottom line; and to keep that wonderful stability and consistency of high profitability within the Legal business.

Some of the things that we have been doing is we have been doing a lot of business process reengineering to make sure that we are doing things as well as we can. We are well into a process whereby we will have about 2,000 business processing and technology jobs in the Legal business in India, the Philippines, and Argentina.

Just say a few things about -- I will try and be brief with this -- about the acquisition of Complinet. We have a press release for Complinet which we will give you at the break.

It says here that Complinet provides connected risk and compliance solutions to the global financial services community. I think basically what Complinet does is an online service which provides chief compliance officers, general counsel, and others in financial services institutions and the advisers, law firms, and so on which serve them with information about regulatory change affecting their institutions. I will show you a little bit more in a moment about some of the actual characteristics and products which they have.

Complinet is based in London. It also has offices in New York, in the Middle East, and in Asia-Pacific. It has customers in 81 countries.

It has 1,900 customers. That includes 80% of the Fortune 500 financial institutions. It includes all of the top 20 banks. It is in 18 of the top 25 law firms.

So it really is a significant business in this space. And we are delighted that Complinet is going to be part of Thomson Reuters and be really a foundational asset for us to be able to build out our business going forward.

The whole GRC space is incredibly important for the future. It is particularly important for Thomson Reuters because we have got this unique opportunity to address this market because of the legal and regulatory heritage which we have within the Legal business of the Professional Division and the tremendous customer knowledge and channel-to-market which our Markets Division has with the financial services industry.

If there is any company which can actually bring what our customers want in the whole area of financial services compliance and regulation, it is Thomson Reuters. And that is exactly what we are going to do.

If you look at the market for the compliance market in financial services, it is about a \$7.5 billion market. And it is growing at double-digit expenditure by customers every year. Of course what is happening is that there has been a complete tsunami of regulatory change and enforcement actions.

I thought it was -- I received this today this morning. Some of you have probably seen this. The FSA has just imposed its largest fine ever, in this case on JPMorgan, GBP33 million fine for what it sees as not looking after customers, its clients' money properly over the last five years.

I think it is interesting that the FSA in London would impose its largest-ever fine on a financial institution on the same day that we are announcing the acquisition of Complinet. There was no collusion whatsoever in that.

But I think it is quite interesting, because it is an extremely strong piece of evidence to show why this is so important to banks and to financial institutions. They are incredibly concerned about the whole pace of change of what is happening in regulation. They are extremely concerned



about enforcement actions. And they are extremely concerned to know what the hell is happening with recent case law and what is happening in that space.

Now if you think about regulatory change, enforcement actions, case law, financial services institutions globally -- that is perfect for us because we can bring all that together to really provide those financial institutions with the best possible solution going forward. And that is what people are looking for.

We have done an awful lot of market research, and the key thing that everybody has told us is that, first of all, Complinet is the best thing out there. And secondly, that they want a lot more. Because they want a lot more information and a lot more software and services. And they are exactly the sorts that we either have or are in the best position to build going forward.

The actual Complinet Compliance Suite provides, first of all as it says there, top left, regulatory insight. This is a highly specialized regulatory news and analysis information service. So absolutely getting to the desktop of chief compliance officers, general counsel, and other within financial institutions what -- regulations from about 80 jurisdictions currently; and news, what is changing, immediately.

Allied to that, if you go down to the yellow here in terms of Policy Management, is then providing a means whereby within those financial institutions that information can be got to the people who need those changes right away. So that you can actually link what is happening in the external environment with what is needed in the internal environment and exactly who needs that information within the bank or the hedge fund or the private equity, whatever it happens to be.

In addition to that they have a global screening capability for being able to really investigate customers, potential customers for anti-money laundering, AML, and what is called KYC, which is Know Your Customer. That is an incredibly strong -- that is probably the strongest growing component of the compliance market within banks at the moment.

In addition to that they have a regulatory training, e-training component which means that they can train all those people in the bank using WebEx and e-learning capabilities to be able to make sure that everybody knows what is happening. In particular what the banks want is proof that they have informed and that everybody has signed up to complying, and everybody knows about changes in either regulations, enforcement actions when they actually happen.

So we are very excited about this. If you would like to see Complinet then we will have Complinet up to demonstrate to you at lunchtime. Joe Jaksha, who is one of our senior product guys who has been working with us on this acquisition, will be able to explain more about it and what it is. I'd strongly recommend that to see it, because it is a great service.

So with that, I guess the key thing I just want to emphasize at the end is what I have already said, which is -- we have been investing through the downcycle. The proof of what a great move that was, you will see from my colleagues coming later. Because we really are in a very strong position going forward.

We are achieving market-leading growth rates. We are using technology to facilitate not only market share gain with something like WestlawNext, but also to be able to establish new positions in the fastest-growing areas of the world in markets like China and India and Brazil. I will come back up on behalf of Helen and tell you a little bit more about that after the break.

We have been relentless about driving efficiencies in our business. And that will very much be reflected in the solid margins going forward that we will have.

So with that I am very happy to hand over to talk about the US Core Legal area to my colleague, first of all, Vin Caraher, and then to Mike Suchsland.



Vin Caraher - Thomson Reuters Corporation - President U.S. Core Legal

Thanks, Peter. Well, good morning everybody. As Peter mentioned I am responsible for the largest segment in the Legal business. Some say it is because I am the largest person in the Legal business.

Just a quick definition again to reiterate what Peter talked about. What is U.S. Core Legal? Essentially we serve the practice of law in law firms in the United States.

We are a \$1.4 billion business. We organize ourselves into two main components, one that is focused on small and solo law firms, and one that is focused on large law firms.

We also have a particular emphasis on our Print business which we manage for the rest of the business. I'll talk a little bit too about an area that we think has a real growth opportunity for us in U.S. Core Legal, and that is the whole area of litigation.

So if you look at the doughnut to your left, when we define the practice of law it is actually more than just law firms in the US. We also sell products and services into corporations, general counsels, government institutions, law schools. My colleague Mike Suchsland is responsible for the pieces in the Corporate, Government & Academic; and he will talk to you about some of the exciting things that are happening there.

I have responsibility for the Law Firms segment. If you look at the other doughnut here, it is about \$1.4 billion in revenue today. Roughly a little bit more than half of that is in large law firms.

There are about 1,500 what we define as medium and large law firms in the US. Those are law firms that have more than 30 practicing attorneys in their firms. There are also about 270,000 what we define as really practicing solo and small law firms in the US.

Both of these areas offer us growth opportunities. In the large law segment we have about 97% penetration of those 1,500 law firms. We have a tremendous opportunity not only to sell, cross-sell other products and services to these large law firms as partners, but also to take wallet share from our competitors who -- many of which are in the same law firms today with some of the things that we are doing.

In small law we are very excited. We have got about 50% market share; about 130,000 of those 270,000 solo and small law firms are our customers. So we certainly have more room to grow in terms of just expanding our market.

But in addition to that, we will talk about WestlawNext in a minute. Some of the biggest success we are having is in those solo and small law firms. We are very, very excited about the growth we are seeing there just four months into the launch of that product.

So, Peter and I think Jim mentioned the Peer Monitor service that we have which kind of measures and tracks the trends that are happening in some of the large law firms around the world. There are some real signs of recovery that we are seeing in the first quarter of 2010 versus where we were at the same point in time last year.

Although the number of lawyers is down, it is beginning to stabilize. But we are seeing some encouraging signs. Hourly rates are going -- excuse me. Revenues and billings are increasing over 3% year-to-date. There are less lawyers, but they are working more hours and working for higher fees. So these are all positive signs as we look at our business and what is happening and the opportunity that we have in this particular space.

We host every year a meeting, and this is our fifth annual meeting, a legal briefing for managing partners and senior partners from around the world. We had over 100 of them in Pebble Beach just about a month ago.

We are a fly on the wall in this meeting. We get the opportunity to really hear what the senior people in this industry are talking about. We survey them, ask them questions, and really hear what they have to say.

We asked them the question over the past five years -- when compared to the previous year, do you expect your firm's current billings to increase, decrease, or stay the same? As you can see in 2007, the glory days, it was 96% confidence that the firm's billings would increase. That all started to

change in 2008 and really hit the wall in 2009, when only 10% of those firms felt confident that their firm's billings were going to increase in the following year.

Already a year later than that, 60% of those law firms now feel confident that they will see growth; and another 30% say that it is at least stabilized. So 90% of law firms are feeling cautiously optimistic about what is happening in the law firm space and their future prospects.

We also ask them, when do you expect demand for legal services to rebound? Well, almost a third of them have said it already has and they are already seeing those signs. And another or just under 40% said by the end of this year we will see a real rebound in terms of the demand for legal services. So two-thirds of those customers are feeling very, very bullish about the future of the industry.

So given that backdrop we will talk a little bit about what our strategy is in the U.S. Core Legal market and some of the things that we are really focused on. Coming out of a very unprecedented and challenging 2009 that both Peter and Jim highlighted, there is a couple of prevailing trends that really exist as we sit here now almost halfway through 2010.

One, law firms are definitely focusing on costs. The whole area of efficiency, productivity is more important to law firms than it probably ever has been in the history of the legal profession.

We are uniquely or very well positioned to take advantage of this opportunity as partners with law firms to really help them become more efficient. We will talk about what we have done with WestlawNext, and I think you will agree that some of the things that we are doing here will really help law firms be more efficient. But there is no other company that has the content, the tools, and the services that we can provide to really help in this challenging time, making law firms more efficient at what they do in their daily worklife.

The other thing that is clear is that our customers, our law firms, are seeing pushback from their customers, from general counsels and their customers. More pressure on pricing, more pressure on productivity. Again we are uniquely positioned with the tools and services that we provide to provide integrated solutions that will help law firms during these challenging times.

We are seeing signs of recovery. The couple [trucks] before this indicated that; but also the fact that we are starting to see net year-on-year sales for the first time in several quarters. In the U.S. Core Segment our net new sales are up 5% this year over the prior year.

This is an encouraging sign that will start to materialize in revenues as the second half of this year and into 2011 evolve. This is an encouraging sign for our business.

When you look at where we are headed with the U.S. Core business, it is really a five-pronged approach to our strategy. You are going to hear a lot more about WestlawNext from my colleagues, so I am not going to delve too deeply into it. But I have to say we could not have come out with this product at a better time in terms of what is happening in the market.

This was a project that is five years in the making that we launched last February at LegalTech and addresses exactly what the market needs right now in terms of productivity and efficiency. We are going to continue to invest and develop this product, although we just launched it. We will be having regular iterations and updates to this product.

We are adding new content, adding new features. We are listening very, very closely to what our customers are saying, what they need. And we are accelerating our capital investment in this product because we have definitely got something here.

The other area that was touched on briefly is the whole area of Print. I have a separate slide on this, but it is still an important part of our business.

We don't view Print as an area that we are really going to grow going forward, but it is certainly an area that has already started to stabilize. We have seen attrition rates this year already cut significantly versus where they were last year. We are seeing a little bit of an uptick actually in new sales in Print.

We think that there is a real opportunity here not only to stabilize the Print business but also to start to look at new media, digital books and mobile media devices, as a way to bundle and really begin to transform our Print business for the future. I will talk a little bit more about that in a minute.

The whole area of litigation which Peter mentioned has been slightly down but starting to improve. This is an area that we think is going to definitely grow and improve. And it is an area that we think we are uniquely positioned to really offer a full-service solution to litigators to help them organize their work around the whole litigation process. I have a separate slide on this in a minute and I will talk to that.

When I look at small law firms, we are seeing great penetration with WestlawNext into small law firms. This is a real opportunity for us not only to sell WestlawNext but to expand and really help small law firms in their practices. Areas like providing them forms and document review tools, things that can really help them in their practice and really become more of a partner with our small law firms.

Different but same on the large law side. We have -- Peter mentioned that Tony Abena's group is looking at the largest global customers.

We are actually in there with a pilot with some of these customers, talking to them about how we better strategically partner with them. We are doing the same thing at all of our large law firms in terms of not just talking about products, but really how do we partner with them going forward.

The discussions that we are having now are much different than the discussions we were having a year ago, which was all focused around price. Now there is a real willingness for us to come in the door and talk to them about how we can help partner with our large law firm customers so they can become more productive and efficient.

WestlawNext. Again, I am not going to steal the thunder of my colleagues. But again, five years in the making. Couldn't have come at a better time in our history, and really delivers the efficiency and confidence attorneys and firms need in today's market. Critically important.

Our sales team is incredibly pumped up. They have never been more fired up in our history. They are out there selling WestlawNext very, very vigorously and having tremendous success in the marketplace.

Not only does it open the door to law firms to talk about WestlawNext, but we are also seeing other opportunities as a result of that -- the ability to cross-sell other services through our products -- with our products.

Here are just some numbers so far. We have sold -- and again, keep in mind we launched this just four months ago in February at LegalTech. We have got over 3,700 customers already signed up to date. That represents about 5% of Westlaw customers, which leaves a lot of room for growth in terms of opportunity for our business.

We are saying about an average of about a 10% price increase or price rise as a result of this, about 13% in small law and encouragingly about 7% in our largest law firms who last year again were driving us and really pressuring our price points down. So we are seeing a definite uplift.

In addition to the uplift we are seeing on price, as I mentioned we are opening the door for other solutions that we have. We are opening the discussion. This is a great entree for us into the legal market.

Also encouragingly, 20% are brand-new Thomson Reuters online customers. These are brand-new customers. About 40% of that, that we have tracked so far, are direct takeaways from our competitors. The other 60% are brand-new customers. They are small, solo law firms that maybe used other alternative services, are now paying for this service.

It opens up a whole new door of opportunity for us, this product, to customers that we hadn't been able to penetrate before. So we are very, very happy about the start that we have had to this launch.

I mentioned the Print business. It is still a very important part of our business. Part of the reorganization that happened in January, we really put together a dedicated team to focus on Print.



I am happy to say we just hired a very senior person from the industry to lead this Print effort, not just to manage the Print business and do all the creative and innovative things we can around maintaining that business, bundling with our online services, other creative pricing things that we can do to maintain the Print, developing new content and new services. But also looking at advanced media and what do we do with iPad? What do we do with digital books?

We are beginning -- we have already got applications of WestlawNext that are on the BlackBerry, the iPhone, and now on iPad that are available. We are really looking to how we bundle this with our Print service to really take it to the next level, the next generation of Print.

The litigation I have two slides on, just as an example. This is something that a free service like Google can't provide. This is -- we are developing what we are calling the litigation workbench.

If you look at the workflow of litigators from legal research, to analyzing cases and organizing all the case materials, through to identifying experts for trial, and the whole document review process -- which is one of the biggest pain points in the litigation process -- we have certainly got the content on the legal research side there.

We acquired a company called Case Notebook a couple years back which is the hub of our litigation service, which really helps litigators organize all the materials around the whole litigation process. We just acquired in the last month a company called Round Table Group which provides expert witnesses, which is critical to the whole litigation process. And now we are integrating that into our service.

We are looking up the whole document review process and how we can help litigators work through the minefield of documents and actually make that a more efficient process. We are looking at acquisition opportunities in this space.

This is a good example. Again you can see here the hub of this is Case Notebook. A good example of how we bring together all of our content, all of our tools from various sources of Thomson Reuters Legal, and put it in a real coordinated platform for our customers. This is something that we can uniquely do with the content and services that we provide.

So in summary, our position as Peter said has never been stronger. We are feeling very, very bullish about our position in the marketplace today.

We have continued to invest, as Peter mentioned, in our business -- in our core business, which is our large and profitable business. And that we are in a position to really -- with things like WestlawNext -- to really take market share from our competitors and be in a very, very strong position the rest of this year and as we move forward into the future, while continuing to maintain the high margins that help drive that free cash flow that was mentioned earlier.

So with that I am going to turn it over to my colleague Mike Suchsland, who is going to address the Corporate, Government & Academic sector.

Mike Suchsland - Thomson Reuters Corporation - President Corporate, Government & Academic

Thank you, Vin. So Vin reviewed for you some of the products and services and opportunities within the US market for law firms. I am going to do the same thing for our US market for corporate, government, and academic.

We do have a few things in common. Vin and I are very much tied at the hip around some of our product opportunities. He talked about Westlaw, he talked about WestlawNext, and he talked about Print. So I will spend a little bit less time on those and talk a little bit more about some of the opportunities that we have that we think are exciting growth opportunities in the CGA business going forward.

When we look at that business, about a \$900 million business, the Government business is actually an interesting story for us. It is composed of state, local, and federal government businesses.

That business actually grew 5% in the state and local market despite a very difficult budget environment, as you know that across the country state and local budgets have been cut significantly as a result of lower tax revenue.

So I think that, as we have looked at our resilience in that climate in 2009, it has been a real hallmark of not only our ability to weather the storm but also the opportunity for growth going forward. In fact we have seen growth in certain key markets.

In law enforcement we have seen 7% organic growth. That is one area where state and local governments have not cut; they have had to actually invest in that area. And we have seen significant wins at the federal level, so we are actually looking at a very robust business in Government.

In Academic, which includes all of our businesses for law school students and law schools, we have had good organic growth as well. We have also maintained our preference rate above 50% for the last eight years; and actually if you look at the last four years, our preference has been in excess of 60%.

So every single law student as they graduate, and begin to practice law, and actually become revenue-generating customers for us in the practice of law has had some exposure to a Westlaw product or service in law school. It is a great introduction to a lifelong relationship with that customer.

Finally in Corporate. Corporate, we have great penetration. We have 85% of the Fortune 100 and 72% of the Fortune 500 as Westlaw customers. I am really going to spend most of my time on Corporate market because we believe it is the most dynamic market of these three. Probably has the most significant growth potential as well.

Let's just take a look at the structure of corporate legal departments. There is about 22,000 in the United States. Those 22,000 legal departments have a total spend of about \$50 billion.

Out of that \$50 billion about two-thirds of that is actually on outside counsel. So there is another \$16.5 billion that is internal spend. Of that \$16.5 billion, about \$13 billion is on staff.

That still leaves a \$3.5 billion market for us for information services and for associated ways that we can help improve the efficiency and the productivity of the corporate legal department. That is what is exciting, because we have a large growth opportunity within that playing field.

I going to talk a little bit about the role of the general counsel and how the role of the general counsel has involved and will continue to evolve over time. If you think about the role of the general counsel, there is a traditional view that it is really just a dispute and litigation role and function.

That really was the primary role in the '90s. It was a role where the general counsel stepped into a situation to resolve it, to engage outside counsel, to resolve a dispute or a situation.

But then in the early 2000s a couple of things happened -- the collapse of Enron, Sarbanes-Oxley came along. And the role of the general counsel began to evolve and expand into compliance issues, helping their companies actually understand regulations and comply with those regulations. We have seen the onward manifestation of that as we look at the opportunities that Peter mentioned before around businesses like Complanet.

Then in the late 2000s even further into the business, as the role of the general counsel changed to managing not only compliance risk, but in some cases transitioning into business risk.

A good example of that is Boston Scientific had a \$1.8 billion recall of defibrillators. It was a business expense because they actually had to bring those defibrillators back and scrap them because they didn't comply with the FDA regulations around defibrillators. So obviously general counsel becomes very involved in some of those decisions to prevent those kinds of business risks to the business.

Then we believe going forward that the general counsel will be even more intricately involved with senior management as a member of the executive committee around business management issues and practices, being a decision-maker as part of the management team to help mitigate the risks that are associated with taking the business forward, and also identifying where revenue opportunities in some cases may be less risky than other revenue opportunities.



So overall we are seeing increasing integration into the business of the role of the general counsel, and we think that presents a great opportunity for us. Thomson Reuters is moving beyond information into solutions to help satisfy that expanding range of needs that actually help the GC be a business partner.

I am going to show a couple of more trends and then we will come back to how we are actually doing that. From a trend standpoint, corporations are really facing three major demands that are impacting how they think about business, and how they think about what they need to do, and how that impacts the role of the general counsel.

First of all is the drive for productivity and efficiency. If we just look at the year-over-year change from 2009 to 2010, 73% of clients said they are implementing better and more efficient resourcing of legal work. So 23% said controlling legal cost is a top goal in 2009; that rose to 43% in 2010.

The good news for us is that that comes right as we are releasing WestlawNext, which is essentially an efficiency and a productivity tool for legal researchers. So we are dropping into the market, particularly the corporate market, at the exact right time to meet that trend.

Second is globalization. We have just painted here what the headquarters of Fortune Global 500 companies look like across the world in Europe, in North America, and in Asia. As you can see it is fairly balanced across the three.

I think the interesting thing that is not on this page is how that trend is changing. If you look at the headquarters of Global 500 companies in the United States, that percentage has actually dropped from 36% to 28% in the last 10 years. If you look at that same percentage in China, that percentage has gone from 2% of Global Fortune 500 10 years ago to 7% today.

So here is real evidence that the world is truly becoming more global. And as the world becomes more global, GCs are becoming more global and their needs are becoming more global.

Then finally, heightened regulatory environment. As you can see here there is a dog's breakfast of acronyms across banking, healthcare, and insurance, the three most highly regulated industries. All of these regulatory changes are increasing the workload and the burden on general counsels and on the need for more sophisticated advice and information that they give to their internal clients.

So when we think about our products and services, those three trends -- productivity and efficiency, globalization of business, and heightened regulatory environment -- present a number of opportunities. Leveraging our pre-existing content and databases, taking our North American product portfolio and expanding it on a global basis, and then developing selected products that rifle-shot the opportunities presented by these legal and regulatory compliance changes.

I going to spend just a second on WestlawNext and give you a snapshot into the corporate market. On the left-hand side we have just shown the customer conversion. We're well exceeding our targets for the year in terms of customer conversion.

But I think the more interesting piece of this is on the right-hand side. So we have a number of WestlawNext conversions. 77% of those conversions have actually been conversions of existing Westlaw.com customers to WestlawNext. 23% of those have been new to online. So about almost a quarter of our customers in the corporate space for WestlawNext are brand-new online customers because they are seeing the power and productivity of this tool.

If we look at those new-to-online customers and compare in 2010 our performance versus our performance in 2009, for new-to-online our average contract value is 40% higher than it was in 2009. So this is where the value proposition is clearly being realized in monetary benefit. Corporations are seeing that they are willing to pay more because they are getting the productivity and the efficiency benefits internally that make sense for them.

Governance, Risk & Compliance. Jim talked a little bit about this. Peter talked a little bit about this. It is a large and growing market and it is particularly germane to the corporate market.

If we just take a look at a few of the market dynamics, financial services, healthcare, and insurance are the three industries where we believe there is the most opportunity. These are the three industries where the most amount of regulation occurs and where we have the ability to be of assistance to those corporate customers.

It is a growth rate of in the high single digits to low double digits. And the market structure today is highly fragmented. So as we talk about acquisitions, there is an opportunity for a number of additional acquisitions to continue to help consolidate and grow our opportunity in this space.

The GRC solutions are very critical to our customers. Peter mentioned one in London. There are a number of examples of huge fines being paid for noncompliance. So it is a real cost.

A global financial services firm gets fined \$536 million for relationships with Iran. A major retail bank pays \$150 million to bolster disclosure and governance practices. It goes on and on and on. And when those fines are that large, that pocketbook opens up around the opportunity to control the risk, and mitigate the potential damages, and invest in tools and solutions that help avert those kinds of consequences.

I think we have the almost the same quote. Peter mentioned a tsunami; this particular quote mentions an avalanche of regulatory change. I think that is emblematic of how corporations are now feeling about this new environment.

So we are adding GRC content and workflow tools to expand our presence beyond general counsel. We are doing it both on an acquisition basis, but also we are building tools organically.

As we build those tools we are looking beyond just the general counsel. We are looking at other key decision-makers within corporations. People like the chief compliance officer, people like investor relations, people like the board members, the CFO, the audit committee, the corporate secretary. People who need the kinds of information that help them manage and mitigate the risk.

As we look at that, it really lays out into a workflow composed of three components. The first component is to identify and evaluate the risk and regulations.

Second is to develop and implement the policies that tie back to that. So we talked a little bit about Complinet. Complinet actually helps a corporation tie its policies and regulations back into the external regulations that drive the compliance that is required by a corporation.

And then finally, managing the compliance processes and reporting both internally and externally. So as we think about things like Know Your Customer, make sure that you take on customers as a corporation that aren't merely using, for instance, your bank as a way to launder money. Then we can develop tools to help the corporations do that.

One tool that we have done that we built ourselves is called Westlaw Compliance Advisor. It has really taken the power of Westlaw and our deep content repository around regulations, and it has refined that into a customized user interface that can be applied directly to compliance situations. So rather than being a pure legal research tool, we have used the power of our legal research tool to now funnel information to a compliance professional so that they better understand what their compliance risks and opportunities are.

The second example of a compliance tool is a tool called CLEAR. CLEAR is a tool that came over to us as part of a divestiture from ChoicePoint when they were acquired by Reed Elsevier. It is an investigation and Know Your Customer tool that helps entities screen potential customers.

We have primarily used it in the law enforcement market today. We are launching it into the corporate market actually on July 1. It is a way for insurance companies to identify potential fraud; healthcare companies to know whether or not false claims are being submitted; corporations to understand whether the commitments that they're making to their customers are with legitimate customers.

I am just going to show you a quick video on CLEAR. In the video you will see a person mention a tool called Web Analytics. Web Analytics is actually a tool that goes out to the Web and searches social networks, chat rooms, blogs; flags interesting, potentially negative information; and incorporates



that and consolidates it with our internal database of information; and brings that together for a consolidated view of a particular customer. We will just run the video here.

(video playing -- For professionals who need information about people and companies, Risk, Fraud, and Investigation Solutions offer powerful public and proprietary records with tools for fast results that you can use immediately.

CLEAR is a next-generation research tool designed to help professionals investigate fraud more thoroughly. With CLEAR users can search across multiple data sources at the same time. They can even start with incomplete information, such as a name or partial Social Security number. CLEAR offers more precise results with features like entity resolution, relevance scoring, filtering, and deduplication.

My Workspace on the CLEAR platform features linked charts, maps, and data integration for more thorough analysis. For even deeper searches, CLEAR Web Analytics sifts through social networking sites, news, and more to find relevant data that is not available in public records.

For an expert's view, listen to what renowned corporate security consultant Cynthia Hetherington has to say about CLEAR and Web Analytics.

"What I am doing is great, and I am enjoying teaching law enforcement and government and all these investigators thousands and thousands of websites. Then a tool like Web Analytics comes out by CLEAR, and it just wraps it up in a tidy little package. I can now go to them and teach them why they would go after this information, why it is important, how it is a lead -- where Web Analytics does the lifting and allows them to kind of capture that information quickly.

"So instead of them hunting down every little last little website they go to one resource. It is all in one little package. It gets printed out. They get to follow down the leads and actually fight crime instead of digging through the Web all day."

Risk, Fraud, and Investigation Solutions from Thomson Reuters. Don't just find people; find answers.)

So in conclusion, we think that corporate is a significant area of opportunity. In fact we think it is a great area of focus for us going forward.

WestlawNext is certainly an innovation that will drive growth in this market. The value proposition fits perfectly with today's environment. And GRC growth -- governance, risk, and compliance -- is driven by regulatory changes and the high cost of that noncompliance. Since it is not discretionary it opens up a vast market potential for us to continue to grow in that space.

Finally if you look at the portfolio of products to capitalize on the opportunity, we are rifle-shooting into those specific areas where we think that the needs are greatest, to expand our revenue potential and help our customers.

Thank you and with that will turn it over to Chris Kibarian, the President of the Business of Law organization.

Chris Kibarian - Thomson Reuters Corporation - President Business of Law

Thank you, Mike. Good morning. It is a pleasure to talk about the Business of Law because, although we are the smallest unit within Thomson Reuters Legal, we are by far the most energetic and also one of the fastest-growing.

One of the things we find most compelling about the Business of Law opportunity is that it is poised against what we think is one of the most compelling growth opportunities in core legal market. That is the fundamental transformation of the business and operating model of law firms worldwide.

Several months ago we pulled together all of the software and services assets that serve the business needs of law firms into one unit. We have common technology, common channels, many points of collaboration. But most importantly what we have is a common purpose -- to help law firms grow and prosper.



It is more difficult for law firms to grow and prosper. Their markets are more competitive. Their clients are more demanding. The challenges of globalization are straining their infrastructure and making it much harder for them to merge, to grow, to manage the complexity of a large global organization.

What they have asked us to do is develop a full range of comprehensive solutions. So our three-point approach is to provide the consulting services that span technology and strategy to help shape law firm strategies. We provide the software and the infrastructure to enable those strategies. And more importantly, increasingly what they are finding is we can provide more services that help them focus on what they do best -- which is practice law.

Large law firms are realizing perhaps they shouldn't be designing and running their own data centers, managing their network infrastructure, developing their own proprietary software. What they are realizing is that perhaps we should be shifting our focus and spend on commercial providers that can do this and help us run our firms more effectively, more efficiently, to help us focus on customer service.

The nature of the opportunity is very interesting because law firms spend \$40 billion a year to run their practices. That is only 10% of the \$400 billion roughly of their billings.

But the fact of the matter is the vast majority of that \$40 billion is spent in-house. Law firms do a lot in-house. They only spend about \$3.5 billion with commercial providers like us.

For many reasons law firms thought that they could do a lot of this themselves. They weren't necessarily commercially viable alternatives.

But what we see is an outflow of spend from inside the law firm to commercial providers, and that is why we exist. That is the market opportunity that we see as so compelling.

As we talked to law firms what they said is -- look, you are in our organizations already; but what we need you to be is more integrated, comprehensive; and what we want you to do is be more proactive about developing tools and capabilities that we need today.

For example, last month we launched a product called Engage, which is a litigation and engagement planning and management tool to help law firms manage fixed-fee arrangements. You have probably heard a lot about fixed-fee arrangements.

Many clients are saying look, this is a big litigation; I want to put a cap on that. A law firm has to be able to very effectively plan and manage those long-term engagements to make sure they are sustaining their profit levels. We provide those types of tools and capabilities to make them more effective and more efficient.

To give you a broad overview of our business, we are about \$300 million and comprised of four key businesses. The two anchors are FindLaw and Elite, followed by Hubbard and Hildebrandt Baker Robbins.

We have well over 15,000 customers. We are serving customers in 30 different countries. We have offices in 10 different countries, 1,500 employees. We serve 90% of the Top 100.

But most importantly, we have very strong recurring revenue streams. Elite and FindLaw have very robust maintenance and subscription revenue streams. And that is also where we split between small firms and large firms.

So let me talk a little bit about the four key businesses that comprise Business of Law. First of all we have FindLaw, the clear market leader in providing Web marketing solutions to small law firms.

There are 270,000 small law firms in the US. We only have about 15,000 of them.



What do small law firms need more than anything? They need client flow. Small law firms serve consumers -- family law, employment law, criminal, personal injury. There is roughly \$50 billion of spend in the United States alone on consumer-oriented legal issues.

That is roughly anywhere from 20 million to 30 million people in the US looking for a lawyer at any point in time. And there's thousands of law firms that need to find, make a connection with those clients. We help make that connection.

Because when a person gets a foreclosure notice on their doorstep or gets in trouble with the law, they go online; they look for a lawyer. What do they find? They find FindLaw.

FindLaw is the largest legal portal and destination on the Web. They find our client websites. And what they are looking for is a better connection and an easier way of finding an attorney to help them solve their need.

FindLaw provides websites. We have the largest legal directory. We have ratings now with our acquisition of Super Lawyers. We also have, again, this very powerful consumer portal called FindLaw.com that is becoming a critical competitive advantage and asset.

FindLaw flanks the small law firm side of the BoL strategy. The rest of the businesses -- Elite, Hubbard, and Hildebrandt Baker Robbins -- all serve large law firms.

So let's talk a little bit about Elite. Elite is the leading provider of financial operating systems for law firms. Enterprise resource planning, general ledger, time and billing. If you think about what a law firm does, it is time and money going around and around.

What is most important is these time and billing and financial management systems have to be efficient, have to be effective, so that law firm leaders can manage their practices effectively. But as they globalize these systems have to be multicurrency, multilanguage, Unicode, Web-based. That is what we provide.

A system that Elite provides in a law firm is like the heart and lungs. It is tantamount to their ability to manage effectively and manage their firm and operations.

What Hubbard does is provide marketing solutions to large law firms, primarily websites. When Baker & McKenzie wants a website worldwide, multilanguage, they call Hubbard. When Hogan and Lovells merged and wanted a new online identity for the combined firm, they called Hubbard.

Hubbard is the gold standard for Web development for large law firms, as well as Web marketing solutions and competitive intelligence. The kinds of things that help marketing departments in a law firm be more effective and more competitive.

Hildebrandt Baker Robbins is the premier legally-focused strategy and technology consulting firm in the industry. They have been doing this for 20-plus years. Their relationships go back decades, and they serve the very highest levels of a large law firm.

The combination of consulting, marketing, and infrastructure software put us in by far the best position to be market leaders in the Business of Law space. Each one of these businesses is a market leader, clear market leader, and by far are some of the most resilient businesses that we have in our portfolio.

Now, that resilience is important because it has enabled us to plow through a challenging time in 2009. But the good news is on the large law firm side that spend is coming back.

Many firms in 2009 thought -- well, let me hold off on big infrastructure until I have a better sense of the market conditions. What we are seeing in the first quarter of this year is a very, very robust rebound in new sales, especially at Elite, continuing strong at FindLaw, and at Hubbard as well.

On the small side the market was cautious last year; it is cautious this year. But at the end of the day it has been a steady market.



Small law firms serve consumers. Consumers have legal needs no matter what the market conditions. They have employment problems, family problems, criminal problems. That is what continues to drive performance in the small law space.

The reality is what we provide at FindLaw is a marketing solution. Our solutions don't cost money; they make money. So in some respects the kind of business solutions we provide help law firms deal with market challenges, because we bring clients in the door with some of the most sophisticated online marketing solutions that exist in the marketplace.

Now what is happening overall in this market is that clients are more demanding. The market is more competitive. It is harder to increase price. Technology is becoming much more complex as firms look to globalize, look to merge, look to expand into different practice areas.

So what they are saying is -- look, we need a comprehensive solution where all these systems and capabilities work together seamlessly; and we don't necessarily want to do this in-house anymore. That is a fundamental shift that is creating more commercial opportunity for us.

Keep in mind, law firms are relatively small businesses. The top 20 firms are anywhere between \$1 billion and \$2 billion of revenue. It gets very small after that. So some of the best law firms you know are anywhere from \$300 million, \$400 million, \$500 million. That is not necessarily a large sized business to do a lot of this in-house.

So I think many law firms are realizing what corporations realized years ago. There are more commercially viable, efficient, and effective solutions for running the basics of a law firm. Law firms are realizing and coming to us and saying -- there is a better way of operating and running our business with software and better types of services and capabilities.

One of the other key competitive advantages, not only for the Business of Law but for Thomson Reuters Legal overall, is the fact that we serve key leaders of a law firm -- CFOs, CIOs, managing partners, management committees. The transformation of a law firm is not a grassroots phenomenon; it comes from the top down. Key decision-makers that run the firm make the decisions about what operating system, what management strategies, what types of infrastructure, and what kinds of spend they will make on that infrastructure.

Hildebrand, Elite, Hubbard One all work with law firm leaders at the highest levels. What we are doing essentially is helping lift the center of gravity in terms of who we interact with at a law firm. That also helps us build stronger strategic relationships as we solidify the practice of law and the Business of Law and hopefully drive performance in the industry overall.

When law firms talk to us, what they are saying is -- look, we need help to figure out our firm's strategy before we decide what types of infrastructure and capabilities we need. When it comes to practice delivery, we have to get more collaborative and better engaged with our clients. They want more participation in engagement, and in litigation, and in how we manage our costs.

In terms of client engagement, law firms are coming to us saying -- we need more intelligence, not only to serve our existing clients but to compete more effectively with our competing law firms.

And when it comes to firm operations, it is not just about having software; it is creating, using that software to build decision intelligence. The ability of a CFO in a remote location to look at a practice area level, at a geography level, at a partner level so that they can actively manage performance -- that is efficiency. That is effectiveness.

You don't want to know six months after a litigation that we lost money on that litigation. You want to know in a more timely manner how the firm is performing in remote locations, remote geographies, different practice areas. It is actually a very complex business that requires a fairly sophisticated solution -- and solutions that we provide already.

We will spend a few minutes talking about the two largest businesses in the Business of Law, FindLaw and Elite. First with FindLaw, let's just keep in mind that we have two very powerful assets. One is this portal, FindLaw.com. The most content; the most unique visitors, 4 million unique visitors; some of the most robust search engine optimization capability. That is where consumers go.

If someone has a problem they could go search on Google for a legal problem; they are going to find free information and resources on FindLaw.com. That portal draws traffic, draws clients with legal needs to our network of thousands and thousands of law firms. That is a very vital and important asset to have.

But when it comes down to it, what a law firm is paying for is a marketing solution. What they are saying is -- low, 30 years ago it was easy; I would call up the Yellow Pages, put an ad in the paper, and my phone would ring. Now as consumers are not looking at the Yellow Pages anymore and they are going online, it is more complex.

And it is more complex than just designing and writing a website. These websites have high commercial value, meaning they drive traffic. And it is not just about any traffic. What you are looking for is a consumer with a legal need right now. So that requires search engine optimization, online chat, ratings, video, blogging, custom content.

We build 300 websites a month literally across that doorway. We do that with legal attorneys who actually write custom content that is legally specific, search engine oriented. So that when consumers are looking for again a legal need they are making a better connection.

Our mission here is very simple. Let's make the legal system work better. And let's make the legal system work better by making the connection between consumers and the lawyers that are trying to serve them more effective and more efficient.

The fact that we started as an online business and developed our skills and expertise in this business early is one of the reasons we have seen such robust continued growth even through the challenges of last year. We had very strong double-digit growth, good solid profitability.

Also because we have got great infrastructure and a platform. We have a platform where we build on a mass scale these customizable, very valuable websites. Custom content, custom video, custom photography.

But the point is we can -- we make good and profitable margin on a \$2,000 a year website as well as a \$200,000 a year website. It is one of the reasons this business is so robust. We only have 15,000 customers in a market where there are still 200,000-plus small law firms.

One of the things we're also trying to do is make the law more accessible to consumers. Remember, consumers have that -- are responsible for that \$50 billion pool of legal spend every year.

One of the ways we try to make the law more accessible and draw traffic to the portal is with advertising. So this last month we started our first television commercial. We are testing it in a few markets and testing to see the kind of traffic it drives to the portal and also the kind of response it has with consumers.

So if you wouldn't mind I would like to just play our commercial and give you a sense of how we are positioning ourselves in the marketplace.

(video playing -- "Yes, it is my tree but it is your yard." "Honey, did you buy a flatscreen TV in Bangkok?"

Life comes with legal questions. Fortunately there is FindLaw.com, the number-one online source for everyday legal information, advice, and even listings of local attorneys.

"Dad, Peanut bit the mailman today."

Whenever life gets legal, find help with FindLaw from Thomson Reuters.)

So we are very keen on that advertisement and we are hoping to take it out to many markets. It also comes with a strong marketing program. Because we spend money very wisely, and so if we are going to use our investment capital to drive performance and drive brand awareness in the legal space we are going to do it very effectively and very prudently. So we will manage those investments carefully.

When it comes to Elite it is important to keep in mind this is a cornerstone of our Business of Law strategy. Elite provides the -- almost like the heart and lungs of a law firm. They are by far the most embedded asset within a law firm's infrastructure.

Time and billing systems are very important. Financial management systems are very important, and especially legally-specific ones. What Elite has covers the spectrum of segments within the law firm space.

ProLaw actually provides financial operating systems for smaller law firms. They need that same infrastructure and that robust capability.

Enterprise serves -- is the legacy product that has been around in the market for 20-plus years. 800 customers, and a very reliable maintenance cash flow stream that is the source of our investment for newer and more innovative products like 3E.

3E is the next generation. It is what enables global law firms to be global, to manage effectively across borders, across currencies, across language, across the Web. It is by far one of the most powerful capabilities that we have to enable large law firms to grow, to prosper, and to evolve their strategies with flexibility.

3E is a platform. Once you install that platform you have got it there for decades-plus. It is a platform that you can build on as the firms grow and evolve. It is one of the most compelling products that we spent years developing, and it is off to a very, very strong start in 2010.

So in a nutshell we see very compelling prospects in the Business of Law as law firms transform their business and operating model. The drive for efficiency and productivity is profound, and it is consistent, and it is a long-term opportunity that we are very well positioned to pursue.

As far as we know, there is really no one else who has got the range of assets that we have, market-leading assets. But more importantly, all focused to serve that one particular need -- to partner with law firms to make them grow, make them more successful, make them more profitable, and ultimately stronger partners and strategic partners for Thomson Reuters Legal.

So with that, I will hand it back to Frank. Thank you.

Frank Golden - Thomson Reuters Corporation - SVP IR

Thank you very much, Chris. And that will conclude the first half of our program.

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

Okay, so I am going to give you a brief overview of our Global Businesses activities. As Frank has mentioned I am going to particularly concentrate on what we are doing with what we call the rapidly developing economies, because I think these are some of the fastest-growing markets economically and in terms of the growth of the legal profession going forward.

A lot of the work -- that great work -- that Helen Owers has been doing has been focused on really getting ourselves into a very strong position to be able to grow our business not just in the next five years, but in the next 50 years in places like India, Brazil, and so on.

The first slide here is just an overview really of our Global Businesses, where around the world those \$600 million of revenues come from. You will see that we are in a very strong position in most of the markets that we operate in. We are in a very strong, more pioneer position in some of these less-developed but rapidly developing markets that we call the RDEs.

I think the key thing about thinking about our business globally is that much of what is going on and what will continue to go on is really a journey from print to online. That process of change in the developed legal and economic economies outside the US has been slower than in the US. But we now find that in a number of key markets that about 50% of those markets are already served by online solutions, and that within the rapidly developing economies we are really entering these markets with primarily electronic solutions really from the get-go.

When we talk about RDEs we are really talking about the fastest-growing 25 economies in the world. This slide here just shows how important those markets are going to be for the future, both in terms of driving economic and legal activity in the short term, but also building up key markets where we want to be present well into the future.

You will see there that the share of world GDP represented by markets like India, Brazil, Middle East, China, South Korea, etc. will rise from 28% of world GDP in 2007 to a projected 34% in 2014. The other thing that is quite remarkable about this really is the growth in the legal profession in these countries. We are seeing huge numbers -- 1.5 million additional professionals in those markets between 2009 and 2014.

Just to give you some brief statistics here, I mean there are 800,000 lawyers in India. There are 600,000 lawyers in Brazil. There are 170,000 lawyers in China. And these are very, very rapidly growing markets.

The key thing about these markets are they are not necessarily well served with legal information, with legal education and with other --.

Now, when we were at Pebble Beach, which is this meeting that we have every year --- we have had this meeting five years now of leading law firm leaders -- about a third of the people who come to that meeting are from outside the United States.

And we had people at that meeting from places like Brazil, India, China. We asked a number of those managing partners of some of the largest law firms in those countries just to think about what the opportunity might be in those countries for us and for the profession in the future.

This film here is just a brief recap of what some of the people that we talked to said at that meeting.

(video playing -- "Market's changing in Brazil because it is becoming more sophisticated and now we see the presence of the big law firms, the international law firms in Brazil. We do anticipate a lot of growth." "This is the best moment I think in the economy of Brazil. The legal market has increased very much." (spoken in Chinese)

"The Indian client is now very savvy, very savvy about what is happening globally, and wants to implement similar structures that may have been done in other deals to the extent they may be relevant and applicable in India. So knowing about what is happening globally is very important for the law firms."

"I think that if Thomson Reuters could provide the same kind of services that they provide here in the US and elsewhere, Brazilian lawyers would be extremely happy." "They understand how we work, how is our needs, and how to understand our practice. And I think Thomson can improve our company, our law firm." (spoken in Chinese)

"When the market does open, then even those Indian firms that have arrangements with international firms will actually look to partner with or use Thomson Reuters services or products."

"To meet these very savvy customer needs, we do need to use global tools, global databases. So subscribing to global databases; and you know, something like Westlaw is very critical for our business. And I think the commitment that Thomson Reuters had to India, I think all of that together made a big difference for us.")

So I think you can tell from the comments of those people in the film this idea that there is a tremendously burgeoning demand and appetite for strong, sophisticated, legal information software and services solutions for the largest law firms in those markets as they grow. And they are all growing incredibly fast at the moment.

And we are uniquely positioned to be able to take advantage of that. We have been doing a lot of work to make sure that the solutions that we would have unavailable would suit the needs of those people.



So if you think about the trends that are going on, I mean business is increasingly global and it creates new opportunities for us. We are seeing that there is this growing professionalization within these rapidly developing economies. And in our core markets outside the United States there is an accelerating transition from print to online.

So those lead to those opportunities which are laid out there. I am particularly going to talk a little bit about the RDEs, because I think initially this is a particularly interesting area.

The first part of that is really just thinking of these three priorities that we have, which is expanding our global solutions in those markets; actually looking at innovation and things that we can do within those markets; and then how we can work in those countries so that they can more effectively develop their own legal infrastructures.

So if you take the first example of that, then I think the acquisition of Revista in Brazil I think is a very good example of how we can acquire and build our position in core legal information. We have done that in Brazil, in India, in China, and also in the Gulf as well. The core first building block for us in these countries tends to be legal information and especially online information.

There is then these areas of high-value commercial, the kinds of information which is driving global trade. That is what Westlaw Business does, our commercial platform, and why we have spent so much time over the last couple of years, for example, building an Islamic finance capability as a part of Westlaw Business. Because that is driving a lot of the deal work that is coming from the sovereign wealth funds and other investors from the Middle East.

There is a burgeoning market in legal education. There are 634 law schools in China that -- there were over 400,000 students took the exam for the bar in China the last time the bar exams were held. There is a tremendous opportunity given our expertise here to be able to move into that sort of area.

And as Chris has mentioned, the Business of Law. I mean many of the largest law firms in these rapidly developing economies are very interested in the most advanced and sophisticated tools.

3E is our flagship product from Elite for enterprise management. Two of the earliest adopters of that tool were Al Tamimi, which is the largest law firm in the Middle East, and Amarchand, which is the largest law firm in India. So it is very important for us in a variety of those vectors to be able to build our business.

The second area that I think is a good example is how we can take a business like Revista dos Tribunais, which we announced the acquisition a couple of weeks ago. It is the largest specialist publisher in Brazil but it is print-based. Right? It is a print-based publisher.

What we are going to be able to do is by using the Multiple Application Framework, MAF, is to be able to take Revista dos Tribunais online at a very -- as I will show you -- a fairly modest cost, very quickly, and to be able to capture this wave of new opportunity in Brazil.

The other is to drive local market innovation. That our approach to rapidly developing economies is not simply a question of taking what we have built perhaps in the United States or in the United Kingdom and then sort of putting it into these markets.

That will be true for the top echelons of those countries. But what we need to be able to do is to actually have businesses which recognize the local needs and the local opportunities within India or China or anywhere else.

There are 800,000 lawyers in India, but probably the kinds of Westlaw services that we are used to and the sorts of firms that we are used to dealing with perhaps only account for 25,000 or more of those lawyers. Because there is thousands and hundreds of thousands of other lawyers who have basic information needs.



Now what we have learned in India for example is that people rely on mobile networks for example and mobile phones much more than they do in many other countries. If there are 230 million mobile users in the US, there are 175 million in Brazil. There are 739 million users in China and 543 million users in India.

So what we know is it is a very different communication environment. It is a very different environment whereby people communicate and get information in those markets.

So one of the things that we are thinking about is how do we take -- how can we innovate so that we can take the basic skills that we have around legal information, but then apply that to the kinds of environments that we find in places like China and India? To provide something which is going to be -- could be potentially a significant business of scale if we can get that right, so that we can provide information in those markets.

The other area in China and India and elsewhere is that the actual governments of rapidly developing economies are very interested in how they can modernize, make more transparent, their own legal infrastructures. So in China, for example, we have been working on building a Key Number System for Chinese law, for law in China, and working with the institutions like the People's Congress, working with people at the Supreme People's Court.

So that we can actually enable, through the work that we are doing, to enable much greater effectiveness and transparency particularly in the areas of commercial law in places like China. That is another opportunity in those markets.

Going back to what enables us to do a lot of this, particularly in the core information space, is this thing that we call MAF, which is the scalable technology that means that we can take on a global basis information and get it online in a very effective and a very efficient way very quickly. As Jim has mentioned at the beginning of the day, since we probably are last we have launched Westlaw Chile, we have launched Westlaw India, and we are now beginning to work on a Westlaw on an online service for Brazil.

This slide shows you that if you take Westlaw India, which I was there for the launch at the end of April this year in Delhi, I mean basically we had acquired a business called Indlaw, which gave us a great initial content repository that we needed for India. We then invested about \$2 million in online build and capabilities, and we were able to launch Westlaw India about nine months later.

I mean that is the time frame and that is the order of magnitude of what it took to begin the first stages of a strong local online service in the case of India, bringing together the online sources of information which law firms in India need, together with the key information which they need from the Indian legal system.

That is what we are going to do with an online service in Brazil. I mean having acquired Revista dos Tribunais, then we will be able to invest -- we are looking somewhere around \$3 million. And we would expect that next year we will be launching an online service for the first time in Brazil.

So what MAF -- it is a wonderful legacy that we have got from our technology people here that everybody has done. Which is to develop something which is scalable and means that we can move very quickly in these rapidly developing economies to be able to actually bring a product to market for the future.

Another key thing that is very important to us going forward is that we have put a lot of work into getting the right talent into these markets. That especially in more pioneering, from our point of view, geographies where we want to operate we have to have a really good people, and we have to have really good people who are absolutely knowledgeable in and from the countries in which we are operating.

So that over recent times we would not have got into the position that we have in Latin America, for example, without the tremendous work that Gonzalo Lissarrague has done in Latin America. The progress that we have made in China has been significantly made possible because of Stephen Yao, who is based in Beijing.



We now have Devashish Sarkar, who is a very experienced executive who has joined us to run and develop and manage our Legal business in India. And then within the Middle East we have recently Sameeh El Din, who is a senior executive previously with the Reuters organization, who has actually moved over to us to manage our growth and development of our Legal business in the Middle East.

We think that part of our real competitive advantage here is not just the content that we have. It is not just the technology. It is not just the footprint and the infrastructure that we have got by Thomson and Reuters coming together, and the fact that the Reuters infrastructure that we have and the Reuters brand in these markets have really given us a significant accelerating effect in places like China and India and the Middle East. But it is also the people.

And one of the key things that we have been doing and we must -- we continue to make sure is that we have absolutely got the right people in these markets. Because that is going to be for the next period the real secret of success is having the right people locally to be able to develop these businesses.

So with that we genuinely think that, particularly in the rapidly developing economies, that we do have significant opportunities. Those opportunities relate to what we have globally, but they also relate to what we can do locally. We believe that as I have just mentioned, that we have got this infrastructure, talent, and resources to really make a difference in these, the fastest-growing legal markets in the world.

So we are going to move now from the newest in many ways, rapidly growing legal markets to the most established market that we serve, which is here in the US. We are going to specifically tell you more about WestlawNext, and for that I am going to initially hand over to Andy Martens.

Andy Martens - Thomson Reuters Corporation - SVP Product Development

Thank you, Peter. Good morning, everyone, and thank you very much for joining us here in today sunny Eagan, Minnesota. I am really excited to be talking with you all again about WestlawNext.

A group of us met in October and talked about it in some detail. There have been a number of important developments since that time, most notably the launch of WestlawNext on time on February 8.

So how this session will go is I will give you a brief product update explaining what we have done, what we have accomplished, what we were trying to solve. Then Mark will come up and talk about the launch, the market reception, the customer reception, and our sales performance to date.

So those of you who were with us in Toronto in October will remember that we talked about the fact that we had done years and years of very deep customer research. That customer research demonstrated to us very clearly that there were major opportunities to make legal research more inefficient and less anxiety-inducing for the people who were doing it.

We saw big dramatic opportunities around legal search and making that dramatically better; around enabling efficient research organization when legal professionals are doing their work, rather than after-the-fact; and in bringing some new workflow tools to the fore, specifically around collaboration. With WestlawNext we have actually achieved and met all of those opportunities.

I won't do an in-depth product demo today for you. But I did think it would be smart to put a very brief video overview together to refresh those of you who were in Toronto.

(video playing -- Introducing WestlawNext. Legal research goes human with better search for better legal research. Now you don't have to choose a database. Finally what you want is easy. Simply pick a jurisdiction, and multiple content types are searched at once. In a single box you can enter the way you are used to searching, the way you are used to speaking, or even by specific citation.

Behind this simple search is the power of our new WestSearch technology which leverages our editorial assets much like an expert researcher would -- only faster, giving you the most thorough results, viewable by document type and ranked by relevance. You can then view those results in as much detail as you want.

Next, narrow your results even further and find related material that can help you build an even stronger case. Finally, thanks to visual indicators such as eyeglasses which tag what you have already viewed, you can be certain when your research is complete.

Less time searching, more time finding. It is one of the many ways WestlawNext gives you the confidence and efficiency you need. We have always worked for you. Today we work like you. WestlawNext.)

(video playing -- Introducing WestlawNext. Legal research goes human with better organization for better legal research. Beyond finding legal information, WestlawNext helps you organize that information as well.

First you can customize your homepage with folders, favorite content, and more. Then create and label new folders for easy access to your research. Drag and drop key cases or documents, highlight important areas of text, or add notes and comments along the way.

And now when you copy and paste, the citation format is added as well. Even Bluebook -- to make life easier, flags automatically alert you to most negative citations so you can quickly determine how the law has been changed, criticized, or discussed. And finally referencing work you have done is easier than ever, since WestlawNext now stores your research and keeps it up to date for up to 12 months.

Your research where you want it, when you need it. It is one of the many ways WestlawNext gives you the confidence and efficiency you need. We have always worked for you. Today we work like you. WestlawNext.)

So with WestlawNext, we have attacked each of the three main opportunities we saw to make legal research better.

Our fundamental design goal in building WestlawNext, though, was to -- as the video mentioned -- actually built some of the processes that experienced legal researchers use when they are conducting research into the application itself. We wanted to make it easier for novice and less experienced users to reap the same benefits that experienced legal researchers can enjoy.

And what we saw is that we were successful in doing this. Betsy McKenzie is a law professor at the Suffolk University College of Law. When she used WestlawNext she commented that the system does in the background all of the things law librarians have always wanted good researchers to do.

So WestlawNext is in fact building some of those processes into the application itself. This is something that Thomson Reuters Legal is uniquely positioned to do, because this relies entirely on exclusive assets that we enjoy, the editorial work we have put in over the last 120-plus years, and the resulting technologies that we have built out of them.

How we really do this is contained in WestSearch, the new search engine that we build for WestlawNext. WestSearch itself, the search engine in itself works like an experienced legal researcher. It relies on and leverages the tools that law schools have always trained new lawyers to use.

Tools like the Key Number System, a 100,000-plus taxonomy of the law that pulls all the legal information together by topic. Tools like KeyCite, which is the citation map for the American legal system. It maps citing relationships between federal and state cases, statutes, and thousands of secondary sources. WestSearch also relies on the thousands of secondary sources themselves which analyze, explain, and integrate the law.

So by developing WestSearch we in fact believed that we could make the process of legal research more productive, more efficient for legal professionals, and allow them to have more confidence in their results. Now, that is what we aspired to do. The question is, did we achieve it?

To find out we actually hired the Legal Research Center. The Legal Research Center is an independent company that has provided outsourced legal research services to law firms and corporations for more than 30 years.



We went to the LRC and we told them -- we need you to find us research tasks that actually have clear answers. We had them choose those tasks for us, and each of them had an answer that legal professionals wouldn't disagree about.

We asked them to set up 500 sessions to test it. So 50 researchers per task in each service. The researchers who tested with Westlaw.com, since the LRC has been in business for 30 years, were quite experienced with it. The researchers who tested with WestlawNext had been trained on it for one hour.

What the LRC found is that researchers who used WestlawNext were more than 60% more efficient in getting to the right answer than people who used Westlaw.com. The implication of this is that research tasks that had taken 10 or 11 minutes could now be completed in about four minutes -- substantial gains in efficiency.

There was some variation across the issues in terms of the differences in efficiency in the systems. But they are all very consistent overall. So with WestlawNext we have delivered on the efficiency promise. We have build a system that makes legal professionals more efficient.

But of course the challenge is never over. The next challenge we were facing as we approached launch was to ensure that we had WestlawNext available wherever a legal professional wanted to use it. So very quickly we made available versions of WestlawNext optimized for smart phones, so for the Droid, the iPhone, the BlackBerry.

Now these devices as you all know are pretty small, and a professional isn't going to do a huge amount of in-depth work on them. But we are seeing regular usage of people searching for a document, key-citing a document, investigating what is in their research folder that they had put there when they were working in an online environment. So we are seeing good strong usage in these smart phone devices.

The smart phones, though, aren't the most interesting piece of technology that is out there today. The iPad came out in April, and when it did WestlawNext was available on the iPad. Now the iPad and other tablet devices like this are much more robust than a smart phone. Chris and Brian will actually drop a few around in case you want to look at them.

The screen real estate, the inherent capabilities, make this a device that professionals can and already are using to actually interact with and consume information. I think iPads and other tablet devices are the real deal, and professionals will use these more and more, and WestlawNext was available on the iPad out of the gate as soon as the iPad was launched.

So with WestlawNext we have delivered on the promises that we were targeting when we built the application. We have made those capabilities available wherever users want to use them. But of course we are not done. Both Vin and Peter mentioned that we are continuing to enhance WestlawNext.

One of the features that has resonated most loudly with our users is the research folders. Again the research folders allow users to organize their work as they are doing it, rather than after the fact. They allow users to automatically stay up-to-date when we add KeyCite flags next to the documents in their folders, if the validity has changed. They can be searched and filtered, so that users can easily go back to work they have done in the past and not have to reinvent the wheel.

Later this summer we will be adding the capability for users to share research folders with their colleagues. In effect, they can create workgroups and work collaboratively on research projects.

They will also be able to define specific access rights for users. So the owner of the folder may have the complete rights over it, whereas a reviewer may only be able to read information in the research folder. So with the shareability of research folders, we are building a capability to actually work in teams effectively within law firms, or between law firms and their clients.

So we are really proud of what we have done with WestlawNext and where we are. We have gotten tremendous traction in the market over the last four months. Mark will talk about that in more detail.

We have gotten that traction not just because we have built a remarkable product, but also because we have had an extremely effective launch, a launch that from my perspective we have never accomplished anything of this scale before in the Legal business. That launch was only able to be so effective because we had the full support of the entire Corporation behind us. Not just the Legal business, not just the Professional Division, but the whole Thomson Reuters Corporation itself.

So to talk about both the launch as well as the reaction we have gotten from our field sales staff, our customers, and the performance we have achieved to date I would like to ask Mark to come up and take it from here.

Mark Schiff - Thomson Reuters Corporation - VP Product Marketing

Thanks, Andy, and good morning everyone. Andy said it; this was the biggest launch this business has ever done and we certainly could not have pulled it off without the support of the Corporation and the capabilities that they brought to bear on the launch process.

We all got very much aligned over the fact that we needed to drive widespread awareness of this highly innovative product and, as important, we needed to take every Westlaw sales rep and turn them into a WestlawNext evangelist.

The launch of WestlawNext took place the first week of February at LegalTech in New York City. LegalTech is really the premier legal technology trade show, and it was the perfect opportunity for us to showcase the product for the first time.

Our intent was to own that trade show, and we absolutely did. We had a very successful media reveal to start LegalTech; and we drove tremendous traffic to our WestlawNext booth, where we actually made sales, double-digit sales, at an event that is typically about just showcasing technology, not about making sales. That was really just a testament to the market's immediate acknowledgment that this was a product that was very different and customers needed to have it -- needed to have it that day.

But it was really the things that we did beyond the walls of the Hilton Hotel where LegalTech took place that made this launch feel very, very different from anything we have ever done. When our customers arrived in New York, whether it was at Newark, LaGuardia, JFK, they began to learn about WestlawNext. Once they arrived near the Hilton, if they took a taxi cab, jumped on the subway, grabbed some food or coffee they learned about WestlawNext.

We took full advantage of the Thomson Reuters real estate at 3 Times Square to run this huge digital billboard ad. This ran 20 times every hour for the entire month of February. That is more than 15,000 impressions at one of the busiest intersections in the world. We were creating awareness for our product in a way that we never had before.

The campaign that we ran was called the Human Campaign, dubbed so by Ogilvy, the agency that we use to create it. Customers were at the very center of the product development process for WestlawNext, and we wanted to carry that theme forward in our marketing campaign. You can see here how we feature our customers in that campaign.

We understand the emotions and the needs of our customers, and we build products to address those needs. The copy, the headlines, all support the value proposition of WestlawNext. Whether you are a solo practitioner, an associate in a large law firm, part of a legal department in a corporation, or part of a government agency practicing law, WestlawNext brings you efficiency, confidence, and an experience that is far easier to use than any product on the market today.

This campaign ran in places we had never advertised before. For the first time ever we weren't just reaching our clients in the legal vertical; we were reaching the customers of our clients, driving demand in a much, much bigger way than we ever have.

But of course we absolutely owned the legal vertical too, running in all the places you would expect us to run. And we still run there today, both online and in print.

All of the advertising that we do drives our customers to the WestlawNext microsite. The product videos that Andy showed you earlier reside on this site, as do other product videos and tremendous customer testimonials.

We have had over 100,000 customers and prospects visit this site with over 0.5 million page views within the site. This site has served as a really terrific way for us to warm up the customer before a rep even gets in the door.

But make no mistake about it, the sales force was absolutely critical to having a successful launch. We needed them to be absolute believers in this product. But we had huge momentum heading into the annual sales meeting, immediately following LegalTech in San Diego where we launched the product to them.

We had momentum really for three reasons. The first was our sales force was feeling the effect of our marketing campaign.

Reps were coming up to me at the start of the sales meeting, saying -- I can't believe it. Customers are calling me saying -- I saw your ad in the New York Times, come in and tell me more about it. Or, I was at LegalTech; I am very interested; what is the price?

We were driving demand for our sales force, and that is not typical for them. So they were excited just at that very notion.

But beyond that and most importantly, they were true believers in the product. Two months prior to launch we gave them all passwords to WestlawNext. Many of our sales people are former lawyers, and they immediately understood the value of this product to our customers and -- most importantly, if you are a salesperson -- how it is going to help them make money.

Beyond that, we launched a sales pilot just before launch. We only had six weeks, and during that sales pilot we said to 43 reps -- go out and sell WestlawNext and bring back your findings.

Well, the findings were simply this. We sold 5 times the number of units we expected to sell in that short period of time. Word of that success spread very quickly across the entire sales force, and as we hit San Diego we just had tremendous, tremendous momentum.

But we didn't stop there. There were a couple of references earlier to aircraft carriers, analogies drawn. We actually used an aircraft carrier.

The USS Midway is stationed in San Diego. It is a historic and at the time revolutionary aircraft carrier. We used that the opening night of the sales meeting to have a huge launch party on the deck of that aircraft carrier. The typical opening dinner is held in a windowless ballroom, so we were sending a very clear message to the sales force that this meeting was going to be different.

Beyond that, we had a surprise guest speaker the next morning. General Colin Powell addressed our troops, and inspired them, and connected with them, and told the story specifically about how our organization is truly helping the legal system and how WestlawNext is a true testament to that. It goes without saying that our reps left this meeting absolutely fired up.

I am going to play for you now a short video of three reps talking about their experience shortly after launch.

(video playing -- "I had this great little firm I went to. I had an appointment scheduled. I was actually going in to demo another product. So they gave me a search to run that was one of their own searches; and immediately we got results that were on point instantly. And the great thing was the attorney actually said to me, he said Stan, 'I was reading that case right before I came into this demonstration and it took me over two hours to find it.'

"And at that point he said, 'Sign a deal today; let's get it done.' And that was pretty much it. Don't be afraid to run customers demo. I mean it really shows the power of WestlawNext."

"Show it to them. They have to see WestlawNext. My first meeting was with the main partner, the owner of the firm. So Erik logged on and I said, 'What do you see? What is the first thing you see?' 'Well, gosh, it looks more familiar.' Within a few days we had a nice renewal and a great upgrade."

"I had a firm that was basically not willing to talk to me, and WestlawNext offers the perfect opportunity to go into someplace like that and say, 'Hey, you know, actually there is something you could use.' We did a follow-up training to show them what it would be like if they had WestlawNext. And sure enough they almost doubled their Westlaw spend, and they couldn't be happier.

"And this is from a group of about eight attorneys where we were in there looking and they were just like, you know, cold face, didn't want anything to do with us. And sure enough within like two weeks we closed the deal. This is going to be a really good year if this is the way WestlawNext is going.")

Those reps were interviewed as part of a customer roadshow that we did immediately following launch. We went to 15 cities, invited our customers to a breakfast to show them WestlawNext for the first time. I will run another video for you now showing you our customers' reaction after seeing the product for the first time.

(video playing -- So, tell me what you think of what you saw today?)

"I think it is amazing." "Excellent, very exciting." "I thought it was fantastic." "I was very, very impressed."

"I like all of it. It is just such a radical transformation of legal research." "I think it is going to open up a whole new world of how they are going to do legal research. So what you are going to find is they will be more confident." "I love it. I think it is going to give me a lot more confidence in my research."

"I am enthusiastic because it seems a lot more intuitive to me." "It was very clear, very concise, and I am really excited about just trying it out."

"Fast searching, very intelligent searching, and you can find anything within seconds." "We have been researching the last couple of days, and if I could have searched this way I probably could have reduced it a day or so." "A couple of things that I spent an hour researching in the last week were done in five minutes."

"The great thing about WestlawNext is the less time that I spend researching the more time I can spend outside riding my bike or skiing or running." "The less time I have to spend looking for something the more time I can move on with a case or take on another case in the future."

"There is a lot of smooth operation there that I think is going to be really time and money efficient." "Definitely much more efficient." "In the long run save a lot of money." "You are looking for ways to cut cost, and if you can get to the information quicker all the better for the clients."

"I am a research junkie and this just feeds me." "I haven't been this excited about using a search engine." "I told them that I came for the networking but I left wanting to use the product today.")

I can assure you that we typically don't have customers lining up for our events. They lined up to see WestlawNext, as you saw at the beginning of that video.

Vin took you through the results, so I won't spend time here with the numbers. But I would like to close with one last video. You have heard the excitement of our reps. You have heard from our customers who -- the initial impression is unbelievably positive.

Now you will hear from three customers who have purchased WestlawNext and have been using it for some time. A large law associate, a partner in a small firm, and a tenured paralegal in a Fortune 500 company all talking about how WestlawNext is changing for the better the way they do their jobs.

(video playing -- "After the Westlaw representative left, the partners were teasing and looked at me and said that they would be able to give me more work now, because they I would be able to do it more efficiently. And it turns out they are right. The cliché is about being a first-year attorney turn out to be true. You are on-call or working constantly.

"In a typical work week you may come in and have five different projects from five different partners that are unaware that you have got multiple commitments, and that can induce a lot of panic. With something like WestlawNext the program allows you to not worry about having to prioritize as much as you did before, because you know that you are going to be able to finish the task and not have to choose which partner is going to be angry at you that week.

"I began turning my research projects around back to the partners much quicker than I was before. And I think at first they were a little concerned that maybe I wasn't finding everything I should have or that maybe I was cutting corners. But now they are starting to realize that the program just makes it that much more efficient and it is a win-win situation.

"I would say conservatively WestlawNext saves 10% to 25% of my research time. WestlawNext allows you to spend more time with the cases as opposed to simply searching for the cases. It has changed the way I research, and it also makes my work more efficient and more accurate by allowing me to get the search done in one shot, basically.

"It is a lot more intuitive than any of the programs I have used before. It returns results that I didn't even really necessarily know that I was looking for. Basically -- I don't want to say it reads your mind, but it is pretty darn close to it."

"At the end of the day technology doesn't mean anything unless it leads to the profitability of the firm. We have been using WestlawNext for approximately four months. As one of the owners of the firm I am always concerned with -- did we really do a wide enough search? With WestlawNext we are assured that we are not missing some key information or research that may exist, and it allows us to have some certainty that we have done the thorough research for the client quickly.

"It is removing some doubt and some fear. That is the big benefit. And at the end of the day it provides more confidence I think for the attorneys moving forward. You don't have to understand all of the technology behind it to use it; it just works.

"How do we do our jobs better and how does the technology help with that, without getting in the way? It is got to be a natural piece of the process. I think the use of WestlawNext brings us back to what we are supposed to be doing. Lawyers are supposed to be lawyering."

"When I went into our general counsel and told him that I was interested in getting WestlawNext, he could see the excitement in my eyes, that I thought that this was a great tool, a great improvement to our abilities to conduct research.

"I have been a paralegal for it would be over 30 years now. We switched over to WestlawNext in March. Our research is done in-house to the extent that it is possible. Since we started using WestlawNext I have gained a great deal of confidence and find my answers much more quickly than I ever could find before.

"Using WestlawNext has changed my work day. It does save me maybe half the time that I would spend previously. If it is in an area of law that I am not familiar with, to know that you can go in there, that you are getting the right answer is just exciting.

"Perfection I know is not possible, but I strive for it at all times. And so whenever I turn a research project in, I want to know and need to know that it is the answer that I should be providing to my attorneys.

"I think that if other corporations or law firms had the opportunity to try WestlawNext that in just a matter of hours, literally, they would find that it would benefit them and their practice. That is why I am excited about it. It is really exciting."

With WestlawNext we have leveraged proprietary technology and editorial assets that have resulted in an unparalleled product in the marketplace and it will remain unparalleled because of those very assets.

We have a sales force, frankly an entire organization that has rallied behind this product and absolutely is committed to its success. And we have customers who clearly understand the value and appreciate what we have brought to the market. Thank you and I will handed over to Frank. Thanks.

Frank Golden - Thomson Reuters Corporation - SVP IR

Thanks very much Mark, Andy, and the rest of the team. Let's give a round of applause to all the presenters. I thought they did a great job.

So with that, that concludes our formal program. We have allotted 30 minutes or so for Q&A, so I would like -- this is your opportunity to ask whatever it is you would like of the team.

QUESTIONS AND ANSWERS

Colin Tennant - Nomura Securities - Analyst

It's Colin Tennant here, at Nomura. Just starting with Westlaw I guess, I think the stats we saw at the beginning about the sales that have gone into the large law firms versus the small and medium, my impression was that progress has been faster in the smaller ones rather than the large firms. Maybe you could just talk around why that is, why the large firms are taking longer to take this up.

And also that pricing differential, I think you said 10% overall but 7% in the large firms so far. So how do you expect that to pan out across the different sizes of firms?

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

I will make a start on that, and I think if Vin or anybody else has got any other comments. I think the segments where WestlawNext has shown the most rapid growth, it's been two actually. It has been small law and corporate.

I think that in the small law space there are two things which I think particularly helped. One is the decision-making process, whereby you can make a decision to take on a new product, is a lot quicker than it is in the large law segment. So in negative, I am giving you one reason why it is taking longer in large law firms. Because the whole decision-making and the amount of money which is being committed by a large law firm just takes longer to sort out.

I think also there is another factor which I think we are beginning to see which is really quite interesting, and it relates to some of the discussions about Google and other things. Which is that I think we have been able to show that if you can provide a small law firm or a single practicing attorney with something which is simple and easy to use, which is very efficient, and which has got immediate access to all the treasures and all that we have within Westlaw, why would you want to rely on the inefficiencies of just searching the Web without a paid-for legal service to accomplish the same ends?

So I think one of the things about WestlawNext is that it is a really strong tool in the hands of those people who have perhaps never significantly used a paid-for service -- never significantly used a paid-for service in the past. So I think that has been helpful.

I think the other point on the corporate segment has been that what has been going on within corporate law departments has really been the crucible out of which the changes within the whole legal system have happened over the past year. Because it has been the pressure on prices, it has been the less activity going on in some of those corporate law departments which has then fed through to the reactions within law firms. So the focus on efficiency was first and is probably most acute within corporate legal departments actually.

Again it can be also relatively short, because many corporate law departments are not hundreds of lawyers; they are tens of lawyers or smaller numbers of lawyers. You can actually get to market much more quickly. So I think that is why that has happened.

I think with the large law firms it is just simply a question of taking longer to see the benefits of it. Because there are larger contracts, there are larger numbers of lawyers. Most law firms want to get buy-in from all the practice heads and the people doing legal research. So it just takes a little bit longer.

I think the strength in the small law segment has been really the thing that probably not surprises, but I think has reinforced it the most. Vin?

Vin Caraher - Thomson Reuters Corporation - President U.S. Core Legal

Just to reinforce what Peter said, the actual 7% increase on large law was actually better than we anticipated, especially coming off 2009 where there was a lot of price pressure.

As Peter said very well, the decision-making process when you are talking about a subscription that could be hundreds of thousands of dollars or millions of dollars and affect hundreds of law firms, it is going to take longer. Whereas in a small law firm they can make the decision that they buy it, install it, and it is up and running for five, 10, lawyers. So I think that we are actually very encouraged by the pricing, the uplift we are getting in both segments.

Frank Golden - Thomson Reuters Corporation - SVP IR

And I would just ask you to introduce yourself also.

Vince Valentini - TD Newcrest - Analyst

Thanks, Frank. Vince Valentini from TD Newcrest. To keep on Next, two different angles. One, the 5% takeup seems good in the short period of time. Are there any metrics you can give us on the indications or expressions of interest you are getting from clients?

And maybe to flip that around, do you have a stat on how many have seen it and said -- no, we don't want it? Are there any of those? Or is it just a question of you haven't gotten to them yet?

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

I will let Vin take that.

Frank Golden - Thomson Reuters Corporation - SVP IR

Sort it amongst yourselves.

Vin Caraher - Thomson Reuters Corporation - President U.S. Core Legal

I don't think -- I can't think of an instance that I have heard of from customers where someone said -- we see it, we don't like it. That is not the case at all.

It is often a case, especially in large law, where we really want this and we need to budget for it, we need to be able to afford it; but we want to put it in our plan.

So there is universally good reaction to this, whether that be small, solo law firms or large law firms. These people like what we have done and they think we are on the right track.



In terms of metrics this is actually the launch of this; it is only four months in. So we are exceeding all of our expectations in terms of acceptance of this at this point.

We don't really have the crystal ball in terms of what our ultimate goal is, but we know we have a lot of room to go. At only 5% penetration, there is a lot of customers out there for us still ahead. So we think there is plenty of headroom for us to grow on this product.

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

I was just going to say, one of the things we are doing with WestlawNext is we do plot -- we have a weekly -- we look at all the metrics around WestlawNext on a weekly basis. That includes the number of customers who have it on trial and all that kind of thing. What we have seen has been the number of customers with it on trial is actually rising.

The first indications I think -- I mean, what we saw was -- I think when we were looking at WestlawNext we expected that we would probably get off to a fast start and then it would not -- slow down a little bit. Because in the introduction of any new product you are going to get the easiest customers; you're going to get the low-hanging fruit first and that kind of thing.

The big aha moment came actually in -- I think it was at the end of March or the beginning of April, when what we realized was happening was actually quite the opposite to that. What was happening was that we were getting more sales into the pipeline; and then we were actually increasing the rate of adoption through April and May. I think we probably expected that it would be a different trajectory.

All the other indicators that we have got on WestlawNext have been incredibly positive in terms of the rising number of concurrent users that we have. We set a new record for that yesterday. We are seeing the amount of time spent on WestlawNext rising as well.

So every indicator is positive. We have this dashboard. I have never seen a dashboard -- I don't know what you have. But I've never seen a dashboard before where every indicator is positive. And that is actually what we are seeing.

Vin Caraher - Thomson Reuters Corporation - President U.S. Core Legal

Yes, and just to amplify on that, Peter is right, I have never seen -- one, I have never seen a dashboard develop like this frankly, like this dashboard. But I certainly have never seen a launch like this where each and every week the metrics get better and better and better.

So it is by far the best single product launch I have ever been associated with. And you know, you're kind of -- who knows? We are learning as we go. We had a meeting I think it was this week -- it's certainly been in the last five working days -- where we are trying ourselves understand what our expectation should be.

Because back to the prior question, this has exceeded our expectations on all counts. Right? So the question is, were our expectations realistic? And should we pull forward our expectations and push harder?

One thing we certainly have done, as Andy made reference to, is to look at all the ongoing development that we have got in the pipeline and make certain that we are bringing forward the things that our customers are asking us for most frequently.

So that if it turns out that this is a runaway success and we have to convert more of the base faster, we will be able to keep up with that demand. It is a good problem to have.

Vince Valentini - TD Newcrest - Analyst

That sounds great. My second question is going to segue well on your excitement about this product. Given how well this, if I can call it intelligent search engine works, have you thought through integrating it in with MAF to be able to take to Brazil and other markets?

Vin Caraher - Thomson Reuters Corporation - President U.S. Core Legal

Yes.

Vince Valentini - TD Newcrest - Analyst

And also if I can stop you, integrate in with Tax & Accounting or with Thomson Markets? Like, why just keep this in-house here?

Vin Caraher - Thomson Reuters Corporation - President U.S. Core Legal

Andy, please amplify on what I am going to say. On a high level the answer is yes. In fact the team that created MAF and worked on the MAF platform was led by a technologist named Graham Cousins, who works very closely with Rick King. He is even right now working on how to componentize all the advances in WestlawNext so that we might then move them to the MAF platform.

By that I mean -- so if you think about all the new science and all the new technology that went behind WestlawNext, all of it is not applicable around the world, right? In Argentina they don't need the capability of searching 30,000 databases simultaneously in a federated search environment.

But foldering capability with dynamic linking to mobile devices is an interesting capability. How do we take those capabilities that are portable and make them seamlessly plug into the MAF format? So the answer is yes.

Simultaneously what we are doing, and it launches next month I guess, is the initial in-production workstream, is we are developing the MAF format for Tax & Accounting. We will do that in Buenos Aires, which is the place we developed the first MAF format for the Legal business. Then we will begin to roll that out from there in a similar kind of way.

Remember what MAF is about is constructing that toolkit that you can use for putting online services, online research services out there, where anywhere from 85% to 95% of the components are reusable. And then all you have to build is that -- oh, we have to get the content; and then you have to build that kind of last mile. And that varies depending upon the user's needs.

But the answer to that is yes on both counts.

Tom Singlehurst - Citigroup - Analyst

Tom Singlehurst from Citigroup. The question I had was on whether WestlawNext is such a transformational product that this potentially could push some of those larger law firms into single sourcing of legal information. That was the first question.

And then secondly, within the smaller law firm space you are talking about essentially a 50% share. Do you have any aspirations over where that could go to with a product like WestlawNext? Thank you.

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

I think as far as single sourcing you really ought to ask the large law firms rather than us. I mean we have -- our strategy has always been to maximize and optimize the amount of legal research which goes on within the law firm. Right?

So when we talk to large law firms there are a whole variety of different approaches that we could make. Actually Tony is probably a good person to talk about this. But essentially our main goal is not necessarily single sourcing, but it is just making sure that we have 90%-plus of the actual research which goes on within the law firm.

So the measurements that we have and what we achieve, what we seek to achieve to do is to optimize that. I think what we're seeing -- well, we are seeing this.

I mean we are having a lot of success as we're negotiating with large law firms, whereby they are putting a larger proportion of their spend with us. And the reason they are doing that is because WestlawNext in particular is just so much more efficient than anything else.

So that means just what the guys were saying on the film. It means those people who are doing legal research are spending less time on it, therefore they can actually be more productive and do more things.

And in terms of the pricing and everything else, it means that there is less legal research costs being billed back to a client, which means that the client is happier. And it also means that those people inside the law firm can actually do what most people want lawyers to do, which is to exercise judgment and to actually give the kinds of advice that lawyers want.

I think as far as the small law firm market is concerned we have always had a strong position in the smaller law firm segment. There are a whole variety of reasons for that. We think that given the potential that we have seen in the first four months of WestlawNext that actually we have got some very, very happy sales people at the moment working in that area.

You probably know that sales people are not congenitally happy, generally speaking. But they are very happy, and that is because they can see that this is a great win. It is a win-win-win, it is a triple win. It is a win for the company, it is a win for the customers, and it is a win for their income.

Frank Golden - Thomson Reuters Corporation - SVP IR

Go to Paul, and then after that to Bill.

Paul Sullivan - Barclays Capital - Analyst

Great. Thank you, it's Paul Sullivan from Barclays Capital. Can you talk about the outlook for Print and your confidence there that revenues will stabilize? And over what time frame?

Also, of that 30% that is Print, what proportion do you think is must-have as opposed to nice-to-have and is at risk of either cannibalization to the Next or other things?

And what implications are there for wider margin improvement at the Group from Print's decline, given its higher than average margins?

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

Right. I think we should let Vin start, and I can back up for that.

Vin Caraher - Thomson Reuters Corporation - President U.S. Core Legal

It is all must-have. What was the question again? No, I think we are already starting to see signs. Last year was an unusual year in a lot of different ways, where the attrition rates were very, very high on Print.

But we are already seeing signs that the attrition rate has almost been cut in half this year compared to last year. Every month that we have gone through the year this year, it has improved. So we are not back to historic attrition rate levels, but we are pretty close. So that is an encouraging sign.

As I said earlier when I was presenting, we don't view that Print will ever be a real growth engine for us, but we do think that it is going to stabilize. We do think that as we start to explore things like digital books and iPads, and how we really begin to bundle and migrate the business to new media, that we will be able to hold on to that revenue, and do it, and continue to maintain the same kind of profit margins that we are.

It is a very profitable part of our business. But we are taking actions in other parts of our business that Peter and Jim talked about before to right-size resources etc. so that we'll make sure that we continue to be able to hold up those high levels of margins that we have always traditionally had.

And was there another part to that that I --?

Jim Smith - Thomson Reuters Corporation - CEO Professional Division

I think just to amplify on that, I think it is important to think -- remember the historical context. Print has always been -- whenever we have had downturns Print has been the first thing that has been hit; it has been hit the deepest. And then we all always said, oh my god, this is the end of Print, it is the end of Print as we know it. And then traditionally it stabilizes somewhere else.

We have begun as Vin said to see that stabilization. We see it in our other businesses as well, by the way, because that is a bit of the natural order.

But the Print is always in some state of decline except in the really, really good years. It is important to remember that even when we were having those years when Peter was putting up you know 7% organic growth, that we were seeing Print attrition in the 7%, 8% range in those best of years, and online was what was driving the top line.

So we are coming closer to -- not quite at -- historical levels, but closer to what the historical levels of Print attrition were before we started. But I think there will always be that constant shift because the online tools are just so dag-gone much more effective now.

Vin Caraher - Thomson Reuters Corporation - President U.S. Core Legal

The other thing I will add on that is the Print business is becoming a smaller percentage of our overall business. So our exposure on Print is much less than it was a couple of years ago. Still an important part of the business, but every year that goes by as we maintain or slightly decline the Print the other pieces are growing more rapidly.

So it is a smaller exposure for our business, the Print side of it, at this point.

Frank Golden - Thomson Reuters Corporation - SVP IR

Bill?

Bill Bird - BoA-ML - Analyst

Bill Bird, BofA Merrill. On that small universe of clients that have adopted WestlawNext so far, what are you seeing as far as revenue realization? Understanding that you charge based on usage, you have made them a lot more efficient, maybe you could talk about that first.

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

When we say we charge on usage, there are two ways in which we charge for Westlaw primarily, and it depends which segment. So in the large law segment we have subscriptions which are based around defined areas of Westlaw where you basically use all you want within the subscription. Then if you go beyond that to databases which you have not selected, or if we have got new services that we add on to that, you pay on a pay-as-you-go basis. That is really a large law phenomenon.

Elsewhere and particularly in small law, even corporate for that matter, they tend to be annual. They tend to be subscriptions.

I think what we are -- it is too early to tell the exact impact on the ancillary, the pay-as-you-go, the usage element stemming from WestlawNext. Because the major part of the take-up has been in those areas where it is basically a subscription-based service.

Within large law -- and all large law firms have been very careful about ancillary charges at the moment. So in one sense there is not -- we have not seen yet any dramatic change in terms of WestlawNext in the large law firm segment significantly driving positive ancillary growth.

On the other hand the situation that we found last year, where there was a significant decline in what we call ancillary pay-as-you-go revenues, that rate of decline is significantly down. It is about 50% down from the peak of where it was in 2009. So that is definitely an improving trend. But it is too early to say whether that has got anything to do with WestlawNext.

Bill Bird - *BoA-ML - Analyst*

Can you talk a little bit more about Complinet? You laid out the opportunity. It is a very large addressable market. Could you give us a sense of how big it is? And if successful, how big could it be?

Peter Warwick - *Thomson Reuters Corporation - President & CEO Legal*

That's an interesting question. Because I think it -- I mean I think the first thing to do is to think about, how do we define this GRC, this compliance market space? And it is like everything else, there are different ways of measuring that.

What we want to be able to do I think is to take a reasonably expansive view of what we want to do with GRC. This Complinet, this acquisition addresses what is the largest component of the market, which is financial services compliance, which is roughly 50% of the addressable market.

But there are also other segments that we would want to -- that we plan to address as well. So the other key segments are, as Mike showed, insurance as a sort of next-door market to financial services. Healthcare, which again is next door to that because it overlaps with insurance. And then there is the whole area of environmental and energy regulation as well, which is very much top of mind at the moment because of what is going on in the Gulf of Mexico.

So what we are doing is we are putting our resources at the moment very much into that core financial services compliance market, which for all information software and services as I mentioned is about a \$7.5 billion spend by financial services firms in that area. I think that that is where we are starting, but it is absolutely not where we are going.

When Jim and I were at the Thomson Reuters Board to tell them that we needed some money to buy Complinet, I think we were pretty much advised to aim high here, I think, in terms of what potential might be. They actually want to know a lot more about what we are going to do.

We have another session with the Board, in fact, because they were very encouraging of us to think very expansively about this opportunity. Because they know that we, more than any other company anywhere in the world, are uniquely positioned to be able to address a market space which is one of the largest markets of scale and one of the fastest growing markets that is available to any professional publisher at any place at any time. It is right now.

Jim Smith - *Thomson Reuters Corporation - CEO Professional Division*

It can be big. Complinet itself in terms of revenues is not -- are we disclosing that?



Frank Golden - Thomson Reuters Corporation - SVP IR

You can.

Jim Smith - Thomson Reuters Corporation - CEO Professional Division

Yes, it was GBP20 million pounds, so in terms of revenue it is not huge. In terms of footprint, it is very important to us. Complanet is -- I spoke earlier about platforms, and to me it is part of a platform play for us across the compliance space.

So how do we address that, and how do we think about platform? For the better part of last year I have chaired along with David Craig, who is the Chief Strategy Officer for Thomson Reuters, a task force within the organization. Some of the people in this room are on it; but it has been people from within the Legal group, the Healthcare group, the Tax & Accounting group, and the Markets Division as well.

To think about what governance risk and compliance means to us, and what changes in the regulatory environment are likely to mean to the corporations that we serve, and how do we identify what are the greatest opportunities for us. Right? And then how would we organize ourselves to prosecute? What capabilities and skill sets would we need?

And very high -- I won't go into great detail on what our kind of target list would look like and development plans would look like over the next few years. But suffice it to say that we see opportunities to build a compliance platform that ties together all of the regulatory and legal information that we have, with the other commercial information that we have, with skill sets about how corporations need to work and how they need to utilize changing new regulations to get them to policies and then do the regulatory compliance.

We think there is a real interesting opportunity there to build a significant size business. Some of that will be things that happen just in our Healthcare business alone. Some of that will happen on trading floors alone. Some of that will sell into chief compliance officers. Some of that will sell into general counsels.

But behind it all we have to have a core platform of capabilities and content that we can offer into a corporation.

I have told our team internally -- so I guess it is okay to say externally too -- the space reminds me of the Tax & Accounting space eight years ago, where there was an increasing level of spend. The vast majority of it went to the professional advisory firms who were selling the high value-added advice and services on top. And we found an opportunity to go in and build a \$1 billion business by supplying the workflow tools that helped corporations automate their gathering of data, and then helped connect them to the professional services firms that serve them and provide them with that kind of advice.

So have we put an absolute target on it? No. We have pretty big ambitions internally, though, and some of it will just depend upon how we choose to count what is in the compliance space because it is a pretty broad space. But suffice it to say we will manage certainly that platform and probably some of the go-to-market part of that in a unified way to make sure that we are pushing this as one of the key growth vectors.

If you think about what you saw today and what Peter talked about in the organization, we have been very careful to try to break down our organization particularly in the go-to-market space around our key commercial opportunities as you have seen today. I think compliance will be one of those key opportunities for us going forward, and we have pretty big ambitions there.

Bill Bird - BoA-ML - Analyst

Could you also talk a little bit about just the international legal opportunity? You have roughly a \$600 million business addressing close to a \$6 billion market. Are we at a point in time where you are in effect shifting gears and going after the opportunity more aggressively, given where you are at the development of MAF?



Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

Yes. I mean, again, high-level answer is yes. I think the global market opportunity for legal information software services providers has seen more fundamental change, I think, over the last five or six years than probably any period before that.

The general way in which companies like ourselves would look at the international opportunity used to be traditionally on what you might think of as a multi-jurisdictional basis. So you had a business in America; you had a business in Canada; you had a business in Australia; you had a business in Spain. And basically your role was to facilitate the local development of those firms.

The whole way in which globalization has happened with the more direct foreign investment flows, the fact that there is major sovereign wealth investments in Europe and America, the fact that there is Chinese capital developing Latin America and Africa, all those kinds of things have meant that there is a huge amount -- the proportion of global trade is very, very significantly increased.

The number of firms which are operating globally has increased. Mike showed that slide of -- if you take the Global Fortune 500, it is basically roughly, roughly, roughly a third in the Americas, a third in Europe, a third in Asia-Pacific. That in itself has driven the largest and most successful law firms to globalize in recent times.

It means that there is a whole new and important opportunity for us in things like dispute resolution, cross-border dispute resolution. It means that there is a whole new segment of opportunity for us in the whole area of high-level business law, in transactional law, in M&A, in capital markets, in IPO. In all those areas on a global basis.

So now we tend to look at that global opportunity in a different way. Because we look at the platforms that we build in, we are looking at the services that we are building, and particularly in the areas of transactional law rather than litigation which has been the traditional heart of our business here in the United States. And we see tremendous opportunities for that.

The great thing has been that with Thomson Reuters coming together in the way that they have we suddenly have access to a global infrastructure that Thomson Corporation never had. That coincided at precisely the moment when it was clear that this was the way forward.

Now, where I think we have to supplement that is when we are talking about those markets with the biggest opportunity in the future -- and let's just say just for argument's sake we think those are India, China, and Brazil, which is kind of where we have been putting the major parts of our investment in those places -- you can't just look at them in a global way.

You have also got to look inside those huge burgeoning markets. You have got to look, again on a multi-jurisdictional basis, what can we do in those markets? What we can do in those market is not necessarily exactly the same as we can do in Spain or Britain or wherever it happens to be.

So the real -- I think where the rubber meets the road on that is this bringing together the global capabilities, customer bases, relationships, and all the rest of it with what you can do locally. The successful players in our space just like in many others in those big, hugely growing markets is those people who can leverage global and local together.

That is why we have reimagined how we want to do this. It is why we are putting so much emphasis on that. I would see that we are building for the long term in these markets.

I do see it as being a very significant growth opportunity for us, particularly in the burgeoning and the most rapidly developing markets, where I think our position is particularly strong.

Jim Smith - Thomson Reuters Corporation - CEO Professional Division

I agree with absolutely everything Peter said. We shouldn't be surprised, when we developed this view together and the hard way and over a long period of time.



But just to re-emphasize two points. You hit on one of them in your question. Yes, MAF is really important to this. Technology platforms that allow us to get the kind of leverage we are seeing are critically important. Right?

And we are in a critically different place than we were -- pick, five years ago, four years ago, when we didn't have that kind of scalable technology. Game changer.

And also to what Peter said, to echo, Thomson Reuters is a very different global organization than the old Thomson Corporation was as a parent company to support a Legal business with a global view; as a parent company to support a Tax & Accounting business with a global view. As we develop a global view.

So it is a real opportunity for us. Will it suddenly turn around and be 50% of the revenues? No, we have to have realistic expectations.

But we do believe it can be a significant part of the top-line story. The question is, can we grow fast enough outside the United States and outside the UK to add that 1.5, 2 points of growth that you need that really separates you from the pack? And I think the answer is yes. Yes, we can.

Frank Golden - Thomson Reuters Corporation - SVP IR

A question in the back over there.

Doug Lane - Douglas C. Lane & Associates - Analyst

Doug Lane of Douglas C. Lane. When I was in Toronto it seemed to me when you were talking about WestlawNext you were talking about organization, clarity, and ability to read it. Now today you are talking about speed, and it seems like there is a different emphasis on that.

Then in connection with the large law firms, are you doing taste-test bake-offs with LexisNexis showing speed, accuracy? And if so what are the results of such efforts?

I don't see any of that in the advertising. I just see that you are good, but it doesn't compare you to the competition like Pepsi/Coke, things like that.

Andy Martens - Thomson Reuters Corporation - SVP Product Development

On the first one, the message in Toronto was almost entirely the same as the message here. We spent more time in Toronto talking about the logistics of how the search engine works to leverage our assets, to bring everything together. The ultimate conclusion of that is that users get to the best answer faster.

So the message in Toronto was at least intended to be quite similar to the message here. My only point here was to update that message with the fact that we have actually released the thing, and we have hired external companies to test it for efficiency and share those results with you.

In the large law space, large law firms don't tend to do formal bake-offs like that, at least in my experience. Jason or Tony could add in as well. We are sort of at an apples-and-oranges phase anyway, simply because WestlawNext compared to the existing Lexis product -- it is hard to draw comparisons because they work so differently. Lexis.com is still a 30,000 database application that you piece through and try to piece the answer together.

I think when firms compare the two they will certainly see the advantage of WestlawNext, simply because we have built it relying on assets that aren't available to anyone else that we have built up over 125 years. To Peter's point it is going to be hard for anyone to build equivalent assets that they can then combine with technology to make the process more efficient.

Frank Golden - Thomson Reuters Corporation - SVP IR

Give the mic to Dave in the back there.

Dave Lewis - JP Morgan - Analyst

Thanks. Dave Lewis, JPMorgan. I just have one question. Given the efficiencies that you guys have introduced today or commented on with WestlawNext, can you talk about how you think about the contracts for both large and small legal firms going forward, and if that could potentially change to be more attractive for Thomson Reuters? Thanks.

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

Interesting question. I mean, the types of contracting that we are using for WestlawNext are pretty much on the same basis as we have had in the past. So there haven't been any major changes about how we calculate price, or the length of the contract, or the relationship between, say, one part or the other.

I don't envisage anything changing really on the small law firm part of the equation. Have you got any comments, Tony, on large law?

Tony Abena - Thomson Reuters Corporation - President Global Legal Solutions

Yes, just a couple of things. One is, yes, I think fundamentally in the large space the way we negotiate contracts won't change.

I will say some of the conversations with some of our largest global firm customers, there has been some discussion about -- the interesting unintended consequence of WestlawNext in some of our discussions around contracting is that it sets us up to have a much broader discussion about productivity and efficiency across the firm in terms of the way the firm produces work.

There is actually a much more significant dialogue going on about -- a little bit to the question that was asked earlier. Can you take some of this technology and point it at our own internal information? Can we begin to bridge all the millions of documents we have inside the firm and connect it?

We do some of that today with a product we call KM. But there is a whole nother level of opportunity there to start extending our technology and intertwining it with what the firm is already doing today, not only from a content perspective, from a deep technology perspective.

So I think that is where things could go from a contracting perspective, is some of the things that Chris Kibarian talked about in terms of Business of Law. I think there is some opportunity for us to start embedding ourselves even more deeply into the infrastructure of the firm.

And that is where some of the discussions are occurring right now. They are saying -- can you guys begin to take some of those functions that we do ourselves, and can you apply your technology and make them more efficient?

This efficiency thing is not something that we are going to see disappear. It is going to get stronger inside these -- particularly these large firms. They are going to be advancing that pretty significantly over the next couple years.

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

I think one of -- this one is a backup to that. I think one of the real benefits that we are seeing with WestlawNext is that it really highlights how much skin in the game we have with the legal profession and particularly with the law firm segment.

I mean we have at a time -- over a period of five years and particularly through a very deep recession, what we have been doing is investing significant dollars to improve the products and to improve productivity and efficiency at exactly the right time that these firms are needing to be more efficient and more productive. And I think that we are getting a tremendous amount of credit for that.

I think people as managing partners, as executive directors, CEOs of some of the largest law firms -- and this is around the world, it is not just in the US -- are beginning to recognize just how much we have invested, how much we have got at stake here, then that does enable us to broaden the conversation. We are the only major player that is a really major player in both the practice of law and the business of law. Right?

I think that is really going to stand us in excellent position going forward. We are already having dialogues and discussions, embedding ourselves more deeply into the services and infrastructures of these large -- and most large law firms are very successful, very prosperous, very profitable organizations for the future. I think that WestlawNext has had that confirming impact in the way that we can talk to some of our largest customers.

Frank Golden - Thomson Reuters Corporation - SVP IR

Let's get one back here.

Toni Kaplan - Morgan Stanley - Analyst

Toni Kaplan for Morgan Stanley. I was just wondering what you expect the competitive response will be from Reed and others in response to WestlawNext.

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

Well, I think -- I mean we know there is sort of a new Lexis project which is going on at the moment. That will almost certainly, now that they have had a fair amount of time to have a look at what WestlawNext does and all the rest of it, I am sure that that is going to at least include some of the features and the kinds of things that we have been able to build into that. So I am expecting -- I guess I am expecting that Lexis will become a better product over the next few months.

Two things about that. One is, as Andy has said, Lexis can't be like WestlawNext. Because we have got all this proprietary and technology stuff built into it that nobody else can replicate and nobody else has got access to.

The second thing is that this isn't building WestlawNext and then we dump. Right? So it is true with all online services; they are living organisms and you have to continue in a much more incremental way than we perhaps have done in the past. But you keep developing that.

Frankly, the longer it goes on that there isn't a new Lexis in the market, the even stronger that WestlawNext is going to be. Because we have not only got major continuing investment in WestlawNext, but as Jim alluded to we actually agreed to invest some more in WestlawNext, right now, so that we can actually pull forward and deepen and respond to some of the opportunities.

So this is like -- I am not saying it is like a Grand Prix race and you are the car still in the pits. Right? It is not quite like that. But it certainly means that we are able to accelerate I think our advantage. So you know, that is that.

I think as far as other solutions are concerned I think that we don't see any significant competitive response at all. The only thing that we can see is from Bloomberg, that there is an interest in some of those areas that overlap a little bit. The sort of news, financial services, and legal market -- which is clearly an area that we are also targeting and growing. The good thing is there is a lot of room to grow for everybody in that space.



Jim Smith - Thomson Reuters Corporation - CEO Professional Division

I would just add, Lexis has been a great competitor for a long time in this space. It is run by smart people. We know them, we respect them, and I have no doubt that they will come out with a better product. They will have a strong competitive response. And that is the nature of the competition.

I have no doubt that Bloomberg is doing some really interesting things and will continue to do some really interesting things. Good company. Obviously well-capitalized, and that is the nature of competition.

That said, you know the headline here that we put out is that we have spent \$100 million over five years to develop this version of WestlawNext. But it is not just that. It is really decades of investment that preceded it to form the building blocks that we started with, to innovate on top of.

One of the wonderful things about our organization and one of the reasons I've felt blessed to work in it is we have always invested for the long term. And we have always invested for optimum growth in returns over the cycles, not in any given one moment.

So as I responded to the earlier question, we are already looking now on how we componentize WestlawNext and take it to MAF, take it to other sectors. Our expectation would be that we would continue to innovate and continue to make the product better, regardless of what the competitive situation was.

So I expect we will face a competitive response. But I also know that we will continue to innovate as well.

Vince Valentini - TD Newcrest - Analyst

Vince Valentini again. On that theme of competition, is there anything that would extremely scare you structurally to change in the industry? May I throw out a couple? If Bloomberg was to buy Lexis, or if Google was to buy Lexis, and you bring somebody with huge technology and resources to bear, would you lay awake at night thinking that there could be structural change?

Or would you just reiterate what you just said about the advantages you have and continuing (multiple speakers)?

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

I think I wouldn't worry about that because I wouldn't -- I'd be trying to spend as many hours in the day as possible to improve our competitive advantage while they were dealing with antitrust and all that kind of stuff.

I think we would be in a good place. I mean, we know that if there are those kinds of big linkups -- you know, we have just been through Thomson Reuters. One of the great things about Thomson Reuters coming together, for the Legal business anyway, is it was business as usual while that integration was going on.

It was a tremendous amount of work on the Markets side. And there is a huge amount of work if companies come together. There's regulatory issues. There's all kinds of issues.

All we would want to be able to do in those circumstances would be to just double down on what we are doing. We would not want to be distracted by it.

I think to take -- I just think it would change a lot of things if that happened, and we would think about it carefully. But I don't think it is necessarily to our competitive disadvantage if it were to happen.



Jim Smith - Thomson Reuters Corporation - CEO Professional Division

I don't lose sleep worrying about those kinds of things that we can predict. I agree with Peter.

It would change the nature of competition. It might make certain areas where we compete to be a little more difficult. But it is foreseeable, and you could define the boundaries on that and you could -- that is relatively predictable.

So I don't lose sleep over anything I can see there. I guess if I lose sleep over anything, it is what is going on that I can't see.

And I don't mean to be -- having lived through the newspaper industry where I began, and never -- not being able to imagine that a couple of mathematicians could come up with an algorithm that would change the advertising game, it is those kinds of things that we try to stay on top of with a 15-person R&D department, with folks who are working very closely on mobility.

It's those kinds of things that we can't see now that could change the game for us. So what I lose sleep over is making certain that we are on top of the trends. That we are not too comfortable not being threatened by those kinds of predictable join-ups. And that we really think about things like how the trends in consumer information consumption will change the marketplace into which we are offering our professional products.

And that we are thinking about not just putting research tools onto desktops, but we are thinking about what it means to an iPhone and a BlackBerry and an iPad. And what it means when Peter thinks about going into other markets where other kinds of technologies will be more important.

So those predictable join-ups would change the nature of competition I am sure in some ways. But I don't think they are huge game changers.

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

No, I think the last thing -- one of the things we are not is complacent here. The fact that we are doing so well with WestlawNext and we decided to actually incrementally increase in the investment in it right now, I think is testimony to the fact that we drive this car, and we have got mirrors on each side, and we have got a rearview mirror, and we are looking out the front. We want to make sure that what we have got is going to be strong, stronger, and is going to be absolutely sustainable.

Frank Golden - Thomson Reuters Corporation - SVP IR

We will take one more question and then we will break for lunch and we can continue the Q&A at lunch. Okay, Tom?

Tom Singlehurst - Citigroup - Analyst

Tom here from Citigroup again. It was a question on the international business and expansion. You mentioned that ultimately in specific markets you need a presence on the ground in terms of local content. I don't expect you to give us a list of targets, but are there specific holes that are in the -- that are clearly identifiable in terms of which spaces you haven't already filled on the map?

And the second question is by highlighting RDEs, should we interpret that as no interest in Continental Europe?

Peter Warwick - Thomson Reuters Corporation - President & CEO Legal

No, I think our interest in Continental Europe is different. I think there was a time -- so the answer is no, all right? The top-level answer.

But I mean I think we think about Continental Europe in a very different way to the way that we thought about it say 10 years ago or even five years ago. Where if you wanted to grow in Continental Europe then what you had to do was buy one of these large family -- for the most part -- firms in each of the major EU countries, and then you would move on from that.

Really the only example of us doing that over the last decade in law was when we bought Aranzadi in Spain. The difficulty with that approach is that they are family firms, and that they are either not going to sell you can't make any money out of the price that you might have to pay in order to acquire them.

I think where things -- so we will always be opportunistically, if circumstances arise. We are obviously going to look at any acquisitions like that which come up. We are not going to be at the table because we will be.

But what we are seeing more and more is it may be that it is much more important to -- instead of having for example a large German online information business that is operating in every lender -- it might actually be better to have a really strong and powerful position in the financial services market in Frankfurt. Right?

In other words you start doing rifle shot where you want to be with platforms, with services, with people. And increasingly when you look at Europe you don't necessarily just look at national boundaries. You say, I need to be in Frankfurt, London, Paris, Barcelona, Madrid, wherever there is an a major center of major corporations, major financial services firms, major global law firms.

And that then just changes the way you look at the map. We are actually looking at the map then pretty much like large law firms look at the map as well. Right? Or global professional services firms look at the map. That is the way I think we have got to.

So that is why Europe is very interesting, because it is part of what we want to be able to do with this GRC space. It is part of what we want to do with commercial and business law. It is part of what we want to do with our IP business, patents, that kind of thing. That is where we are investing.

It is specific. It is specific cities. It is specific places. Specific customers. Specific segments. It is not about two people in Dusseldorf wanting to have a divorce.

Jim Smith - Thomson Reuters Corporation - CEO Professional Division

And to Peter's point that is exactly the way our customers are talking about it. Just when we had the Legal retreat a couple of weeks ago there was just a pretty robust discussion about how should law firms be analyzing the countries in which they participate. And by the way, do you really need to do a P&L on your Brussels practice if in fact you have got to be there anyway for every global deal that you are doing? So what kind of capability do you need to lay in?

So that is exactly the way we are looking at it. I do think in terms of distribution of resources going forward, certainly our time and attention is spent a lot on the faster growing areas even though they may not be the biggest parts of the business today, and we will continue to invest behind those opportunities.

Last year in the Professional Division we did 20 acquisitions. 11 of those were for businesses outside the United States, and that was primarily to buy content that we needed to develop online solutions. I think that is a kind of percentage that will continue, if not accelerate, because that is where we are focused right now.

Frank Golden - Thomson Reuters Corporation - SVP IR

Great. Let's leave it there. Let me just spend a moment on logistics. We will now break for lunch. We are going to go back up to where we had the breakfast this morning. We will spend about an hour. So let's figure at 1.30 we will break for lunch.

And then Rick and Tom, if you guys could raise your hands, is Tom here also? So Rick King and Tom will wind up providing tours of the facility starting at 1.30. I know some of you have flights around 4.00, 4.15. So we will be finished with the tour let's say by 2.30, Rick. All right? 2.15, 2.30.

Then we have I think buses to take you back to the airport. I think there is only one person that wants to go back to the hotel but everybody else is going to the airport. So I will have buses to take you back to the airport.

So with that thanks for your time and attention. Thanks to the team again, and let's go up and have some lunch.

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