

First Quarter Report

Period Ended

March 31, 2017

Management's Discussion and Analysis and
Unaudited Consolidated Financial Statements



Management's Discussion and Analysis

This management's discussion and analysis is designed to provide you with a narrative explanation through the eyes of our management of our financial condition and results of operations. We recommend that you read this in conjunction with our consolidated interim financial statements for the three months ended March 31, 2017, our 2016 annual consolidated financial statements and our 2016 annual management's discussion and analysis. This management's discussion and analysis contains forward-looking statements, which are subject to risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements. Forward-looking statements include, but are not limited to, our 2017 outlook and our expectations related to general economic conditions and market trends and their anticipated effects on our business segments. For additional information related to forward-looking statements and material risks associated with them, please see the "Outlook" and "Additional Information – Cautionary Note Concerning Factors That May Affect Future Results" sections of this management's discussion and analysis. This management's discussion and analysis is dated as of April 27, 2017.

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

• Executive Summary – a brief overview of our business and key financial highlights	2
• Results of Operations – a comparison of our current and prior-year period results	6
• Liquidity and Capital Resources – a discussion of our cash flow and debt	13
• Outlook – our current financial outlook for 2017	18
• Related Party Transactions – a discussion of transactions with our principal and controlling shareholder, The Woodbridge Company Limited (Woodbridge), and others	19
• Subsequent Events – a discussion of material events occurring after March 31, 2017 and through the date of this management's discussion and analysis	19
• Changes in Accounting Policies – a discussion of changes in our accounting policies and recent accounting pronouncements	19
• Critical Accounting Estimates and Judgments – a discussion of critical estimates and judgments made by our management in applying accounting policies	19
• Additional Information – other required disclosures	20
• Appendix – supplemental information and discussion	21

To help you understand this management's discussion and analysis:

- We prepare our consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). This management's discussion and analysis also includes certain non-IFRS financial measures which we use as supplemental indicators of our operating performance and financial position as well as for internal planning purposes. These non-IFRS measures do not have any standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies, and should not be viewed as alternatives to measures of financial performance calculated in accordance with IFRS. Non-IFRS financial measures are defined and reconciled to the most directly comparable IFRS measures in Appendices A and B, and the "Results of Operations-Continuing Operations" and "Liquidity and Capital Resources" sections of this management's discussion and analysis.
- Our consolidated financial statements are reflected in U.S. dollars. References in this discussion to "\$" and "US\$" are to U.S. dollars. References to "bp" means "basis points" and "n/a" and "n/m" refer to "not applicable" and "not meaningful", respectively. One basis point is equal to 1/100th of 1%, so "100 bp" is equivalent to 1%. Unless otherwise indicated or the context otherwise requires, references in this discussion to "we," "our," "us" and "Thomson Reuters" are to Thomson Reuters Corporation and our subsidiaries.
- We refer to our performance before the impact of foreign currency (or at "constant currency"), which means that we apply the same foreign currency exchange rates for the current and equivalent prior period. We believe this provides the best basis to measure the performance of our business as it removes distortion from the effects of foreign currency movements during the relevant period.
- When we refer to "net sales" of a business, we are referring to its new sales less cancellations. When we use the terms "organic" or "organically", we are referring to our existing businesses.

Executive Summary

Our company

We are a leading source of news and information for professional markets. Our customers rely on us to deliver the intelligence, technology and expertise they need to find trusted answers. We have operated in more than 100 countries for more than 100 years.

We live at a time when the amount of data is overwhelming, the regulatory environment is complex, markets move at breakneck speed and connectivity is expanding around the world. Our customers count on the accuracy of our information, the reliability of our systems and the relevance of our insights to help them navigate the changing worlds of commerce and regulation. We believe our workflow solutions make our customers more productive, by streamlining how they operate. Reuters is renowned for the integrity of its news. The principles of freedom from bias and access to information govern everything that we do.

We derive the majority of our revenues from selling solutions to our customers, primarily electronically and on a subscription basis. Many of our customers utilize our solutions as part of their workflows. We believe this is a significant competitive advantage as it has led to strong customer retention. Over the years, our business model has proven to be capital efficient and cash flow generative, and it has enabled us to maintain leading and scalable positions in our chosen market segments.

We are organized in three business units supported by a corporate center:



Financial & Risk

A provider of critical news, information and analytics, enabling transactions and connecting communities of trading, investment, financial and corporate professionals. Financial & Risk also provides regulatory and operational risk management solutions.



Legal

A provider of critical online and print information, decision tools, software and services that support legal, investigation, business and government professionals around the world.



Tax & Accounting

A provider of integrated tax compliance and accounting information, software and services for professionals in accounting firms, corporations, law firms and government.

We also operate:

- Reuters, a leading provider of real-time, high-impact, multimedia news and information services to newspapers, television and cable networks, radio stations and websites around the globe.
- A Global Growth Organization (GGO) that works across our business units to combine our global capabilities and to expand our local presence and development in countries and regions where we believe the greatest growth opportunities exist. GGO supports our businesses in: Latin America, China, India, the Middle East, Africa, the Association of Southeast Asian Nations, North Asia, Russia and countries comprising the Commonwealth of Independent States and Turkey. We include the results of GGO within our business units.
- An Enterprise Technology & Operations group that drives the transformation of our company into a more integrated enterprise by unifying infrastructure across our organization, including technology platforms, data centers, real estate, products and services.

Discontinued operations includes the results of the Intellectual Property & Science business, which was sold in October 2016. See the "Results of Operations – Results of Discontinued Operations" section of this management's discussion and analysis for additional information.

Key Financial Highlights

Below are financial highlights from our first quarter 2017 results. You can find a more detailed discussion of our first quarter 2017 performance in the "Results of Operations" section of this management's discussion and analysis.

IFRS Financial Measures (millions of U.S. dollars, except per share amounts)	Three months ended March 31,		
	2017	2016	Total Change
Revenues	2,815	2,793	1%
Operating profit	444	310	43%
Diluted earnings per share (EPS) (includes discontinued operations)	\$0.41	\$0.34	21%

Revenues: Revenues increased as higher subscription revenues and contributions from acquisitions in our Financial & Risk business were partly offset by the unfavorable impact of foreign currency and lower recoveries revenues in Financial & Risk.

Operating profit: Operating profit increased primarily due to higher revenues and lower operating expenses, which reflected the impact of transformation initiatives to simplify and streamline our businesses as well as the favorable timing of certain corporate costs.

Diluted EPS: Diluted EPS, which includes discontinued operations, increased as higher operating profit more than offset the loss of earnings from the Intellectual Property & Science business, following its sale in October 2016.

Non-IFRS Financial Measures ⁽¹⁾ (millions of U.S. dollars, except per share amounts and margins)	Three months ended March 31,			
	2017	2016	Total	Change Constant Currency
Revenues	2,815	2,793	1%	2%
Adjusted EBITDA	876	748	17%	17%
Adjusted EBITDA margin	31.1%	26.8%	430bp	400bp
Adjusted earnings per share (EPS)	\$0.63	\$0.46	37%	37%

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

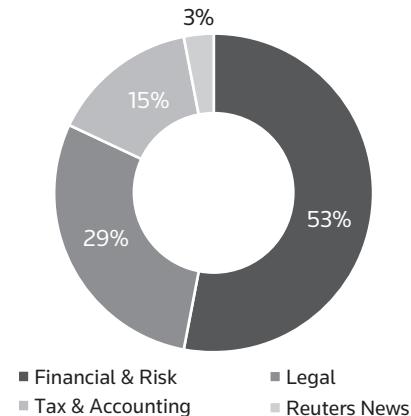
The first quarter results reflect our progress executing on our 2017 priorities to accelerate organic revenue growth and drive productivity gains. We improved our profitability and margins, which we believe will enable us to deliver on our financial objectives. We also reaffirmed our 2017 full-year business outlook.

In constant currency, revenues increased as growth in subscription revenues and contributions from acquisitions in our Financial & Risk business were partly offset by a decline in Financial & Risk's recoveries revenues. Revenue growth in constant currency was comprised of 1% organic and 1% from acquisitions.

Revenue performance by segment in constant currency was as follows:

- **Financial & Risk's** revenues increased 1% as contributions from acquisitions and growth in subscription revenues were partly offset by a decline in recoveries revenues.
- **Legal's** revenues increased 1% as higher subscription revenues were partly offset by declines in transaction and U.S. Print revenues.
- **Tax & Accounting's** revenues increased 6% reflecting growth in its Corporate and Professional businesses.

First Quarter 2017 Revenues



In constant currency, adjusted EBITDA and the related margin each increased due to higher revenues and lower operating expenses, which reflected the impact of transformation initiatives to simplify and streamline our business, as well as favorable timing of certain corporate costs. Adjusted EPS increased primarily due to higher adjusted EBITDA and the benefit of a lower number of outstanding common shares due to repurchases. Foreign currency had no impact on adjusted EPS.

In 2017, we are executing on the following key financial priorities:

Accelerate Organic Revenue Growth

To accelerate organic revenue growth, we are continuing to execute key initiatives already in process, including using cost savings from our efficiency initiatives to invest in our higher growth businesses, including Risk, Elektron Data Platform, Legal Software & Solutions, and Global Tax. These growth segments represented over one third of our total revenue base in 2016. Additionally, we are focused on improving our customers' experience by making it easier to conduct business with our company – from placing an order to paying a bill. We're also focused on increasing the productivity of our sales force through better tools to ease administration and simpler commercial policies.

Continue to Drive Productivity Gains

We have made significant progress simplifying our business over the last three years, and we are focused on streamlining it even further. In 2017, each of our businesses plans to reduce the number of products it sells, which is expected to benefit our customers as well as our sales and customer representatives. Additionally, we plan to consolidate more offices, thereby reducing the number of locations in which we operate. As a result, we expect to increase our full-year adjusted EBITDA margin in 2017 compared to 2016.

Deliver on Our Financial Objectives

We plan to increase our full-year 2017 adjusted EPS by approximately 15% to \$2.35. We also plan to continue executing a capital strategy that balances reinvestment in our core businesses with return of capital to our shareholders through dividends and share repurchases. In February 2017, we announced plans to repurchase up to an additional \$1.0 billion of our shares and a \$0.02 annualized increase in our dividend to \$1.38 per share. This is the 24th consecutive year that we have increased our dividend.

2017 Outlook:

We recently reaffirmed our 2017 full-year business outlook that we originally communicated in February 2017. For 2017, we continue to expect:

- Low single digit revenue growth,
- Adjusted EBITDA margin between 28.8% and 29.8%,
- Adjusted EPS of \$2.35, and
- Free cash flow between \$0.9 billion and \$1.2 billion.

Our 2017 outlook assumes constant currency rates relative to 2016 and does not factor in the impact of any acquisitions or divestitures that may occur during the year. Additionally, our outlook for free cash flow reflects cash payments in 2017 relating to fourth-quarter 2016 severance charges, a \$500 million contribution to our U.S. defined benefit pension plan made in January 2017, and the loss of free cash flow from our former Intellectual Property & Science business.

Additional information is provided in the "Outlook" section of this management's discussion and analysis. The information in this section is forward-looking and should also be read in conjunction with the section of this management's discussion and analysis entitled "Cautionary Note Concerning Factors That May Affect Future Results".

Seasonality

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

Use of non-IFRS financial measures

In addition to our results reported in accordance with IFRS, we use certain non-IFRS financial measures as supplemental indicators of our operating performance and financial position, as well as for internal planning purposes and our 2017 business outlook. We report non-IFRS financial measures as we believe their use provides more insight into and understanding of our performance.

Our non-IFRS financial measures include:

- Adjusted EBITDA and the related margin;
- Adjusted EBITDA less capital expenditures and the related margin;
- Adjusted earnings and adjusted EPS;
- Net debt; and
- Free cash flow.

Changes before the impact of foreign currency or at "constant currency": In order to provide better comparability of our business trends from period to period, we also report changes in our revenues, operating expenses, adjusted EBITDA and related margin, and adjusted EPS excluding the effects of foreign currency movements.

Underlying operating profit and the related margin: We no longer report underlying operating profit and the related margin as non-IFRS measures. Refer to the "Results of Operations – Continuing Operations – Segment Results" section of this management's discussion and analysis for further information.

As disclosed in our 2016 annual report, effective for periods beginning with the third quarter of 2016, we redefined adjusted earnings and adjusted EPS in relation to certain tax computations to better align these definitions with current market practices and to reflect guidance issued in May 2016 by the U.S. Securities and Exchange Commission. These changes reflected the following:

- *Tax effect of amortization of other identifiable intangible assets* – we now remove the post-tax impact of amortization of other identifiable intangible assets. We previously removed the amortization of other identifiable intangible assets on a pre-tax basis.
- *Tax charge amortization* – we no longer amortize the tax charge generated from our 2013 sale of technology and content assets to a related subsidiary over seven years.

To facilitate a comparison to our redefined adjusted earnings and adjusted EPS measures, we restated the prior-year computations for both of these measures in this management's discussion and analysis. Under the redefined measures, our first quarter 2016 adjusted earnings and adjusted EPS are \$16 million and \$0.02 lower than previously reported in the prior-year period, respectively. These changes had no impact on revenues, adjusted EBITDA or free cash flow.

See Appendix A of this management's discussion and analysis for a description of our non-IFRS financial measures, including an explanation of why we believe they are useful measures of our performance, including our ability to generate cash flow. Refer to the sections of this management's discussion and analysis entitled "Results of Operations-Continuing Operations", "Liquidity and Capital Resources" and Appendix B for reconciliations of these non-IFRS financial measures to the most directly comparable IFRS financial measures. We are unable to provide reconciliations for non-IFRS measures presented in our 2017 outlook. Refer to the "Outlook" section of this management's discussion and analysis for further explanation.

Results of Operations – Continuing Operations

Basis of presentation

In this management's discussion and analysis, we discuss our results from continuing operations on both an IFRS and non-IFRS basis. Both bases exclude the results of our former Intellectual Property & Science business, which was reported as a discontinued operation through the date of the sale, and include the results of acquired businesses from the date of purchase. We discuss the results of our former Intellectual Property & Science business within the "Results of Discontinued Operations" section below.

Consolidated results

(millions of U.S. dollars, except margins)	Three months ended March 31,			
	2017	2016	Total	Constant Currency
IFRS Financial Measures				
Revenues	2,815	2,793	1%	
Operating profit	444	310	43%	
Diluted EPS from continuing operations	\$0.41	\$0.26	58%	
Non-IFRS Financial Measures				
Revenues	2,815	2,793	1%	2%
Adjusted EBITDA	876	748	17%	17%
Adjusted EBITDA margin	31.1%	26.8%	430bp	400bp
Adjusted EBITDA less capital expenditures	663	515	29%	
Adjusted EBITDA less capital expenditures margin	23.6%	18.4%	520bp	
Adjusted EPS	\$0.63	\$0.46	37%	37%

Foreign currency effects

With respect to the significant foreign currencies that we transact in, the U.S. dollar strengthened against the British pound sterling and the Euro, but weakened against the Canadian dollar and the Japanese yen in the first quarter of 2017 compared to the same period in 2016. Given our currency mix of revenues and expenses around the world, these fluctuations had a negative impact on our consolidated revenues and no impact on adjusted EBITDA, but had a modest positive impact on our adjusted EBITDA margin.

Revenues

Revenues increased despite an unfavorable impact from foreign currency. Revenues increased on a constant currency basis as growth in subscriptions across all our segments as well as contributions from acquisitions in our Financial & Risk segment, were partly offset by lower recoveries revenues in Financial & Risk. The combined growth of our Legal and Tax & Accounting segments was 3%, while our Financial & Risk segment grew 1%. Revenue growth in constant currency was comprised of 1% organic and 1% from acquisitions.

Revenues from GGO, which comprised approximately 8% of our first quarter 2017 revenues, decreased 1% on a constant currency basis.

Operating profit, adjusted EBITDA and adjusted EBITDA less capital expenditures

(millions of U.S. dollars, except margins)	Three months ended March 31,			
	2017	2016	Total	Constant Currency
Operating profit				
Adjustments to remove:	444	310	43%	
Depreciation	72	81		
Amortization of computer software	180	169		
Amortization of other identifiable intangible assets	119	128		
Fair value adjustments	65	64		
Other operating gains, net	(4)	(4)		
Adjusted EBITDA⁽¹⁾	876	748	17%	17%
Deduct: capital expenditures, less proceeds from disposals	(213)	(233)		
Adjusted EBITDA less capital expenditures⁽¹⁾	663	515	29%	
Adjusted EBITDA margin	31.1%	26.8%	430bp	400bp
Adjusted EBITDA less capital expenditures margin	23.6%	18.4%	520bp	

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

Operating profit increased primarily due to higher revenues, lower operating expenses and lower amortization of other identifiable intangible assets.

Adjusted EBITDA and the related margin increased in total and in constant currency. The increases in constant currency were driven by higher revenues and lower operating expenses.

Adjusted EBITDA less capital expenditures and the related margin increased due to higher adjusted EBITDA and lower capital expenditures, which was timing related.

Operating expenses

(millions of U.S. dollars)	Three months ended March 31,			
	Change			
	2017	2016	Total	Constant Currency
Operating expenses	2,004	2,109	(5%)	(4%)
Remove fair value adjustments ⁽¹⁾	(65)	(64)		
Operating expenses, excluding fair value adjustments	1,939	2,045	(5%)	(4%)

- (1) Fair value adjustments primarily represent mark-to-market impacts on embedded derivatives. In 2016, fair value adjustments also included the mark-to-market impacts on certain share-based awards. Please refer to note 1 of our consolidated interim financial statements for the three months ended March 31, 2017 and the "Changes in Accounting Policies" section of our 2016 annual management's discussion and analysis, which is contained in our 2016 annual report, for additional information on our adoption of IFRS 2 amendments.

Operating expenses, excluding fair value adjustments, decreased in total and on a constant currency basis. On a constant currency basis, the decrease in operating expenses excluding fair value adjustments, reflected our transformation initiatives to simplify and streamline our business, as well as favorable timing of certain corporate costs.

Depreciation and amortization

(millions of U.S. dollars)	Three months ended March 31,		
	2017	2016	Change
Depreciation	72	81	(11%)
Amortization of computer software	180	169	7%
Subtotal	252	250	1%
Amortization of other identifiable intangible assets	119	128	(7%)

- Depreciation and amortization of computer software on a combined basis increased slightly, as expenses associated with capital spending on product development, network and infrastructure initiatives were largely offset by the completion of depreciation and amortization of assets acquired or developed in previous years.
- Amortization of other identifiable intangible assets decreased as the completion of amortization for certain identifiable intangible assets acquired in previous years and the impact of foreign currency more than offset amortization of newly-acquired assets.

Net interest expense

(millions of U.S. dollars)	Three months ended March 31,		
	2017	2016	Change
Net interest expense	93	93	-

Net interest expense was unchanged. The first quarter of 2017 reflected lower interest costs on our net pension obligations, following a \$500 million contribution to our U.S. defined benefit pension plan in January 2017. The prior-year period included an interest benefit associated with the release of certain sales tax liabilities. As substantially all of our long-term debt obligations paid interest at fixed rates (after swaps), the net interest expense on our term debt was essentially unchanged.

Other finance costs

	Three months ended March 31,	
(millions of U.S. dollars)	2017	2016
Other finance costs	27	34

Other finance costs included losses related to changes in foreign exchange contracts and changes in foreign currency exchange rates on certain intercompany funding arrangements.

Tax expense (benefit)

	Three months ended March 31,	
(millions of U.S. dollars)	2017	2016
Tax expense (benefit)	9	(26)

The tax expense (benefit) in each period reflected the mix of taxing jurisdictions in which pre-tax profits and losses were recognized. Because the geographical mix of pre-tax profits and losses in interim periods may be different from that for the full year, tax expense or benefit in interim periods is not necessarily indicative of tax expense for the full year.

Additionally, the comparability of our tax expense (benefit) was impacted by various transactions and accounting adjustments during each period. The following table sets forth certain components within income tax expense (benefit) that impact comparability from period to period, including tax expense (benefit) associated with items that are removed from adjusted earnings:

	Three months ended March 31,	
(millions of U.S. dollars)	2017	2016
Tax expense (benefit)		
Tax items impacting comparability:		
Other tax adjustments ⁽¹⁾	-	(7)
Subtotal	-	(7)
Tax related to:		
Fair value adjustments	(15)	(20)
Amortization of other identifiable intangible assets	(36)	(32)
Other items	4	(5)
Subtotal	(47)	(57)
Total	(47)	(64)

(1) Relates primarily to changes in the recognition of deferred tax assets in various jurisdictions due to earlier acquisitions, assumptions regarding future profitability, and adjustments for indefinite-lived assets and liabilities that are not expected to reverse.

Because the items described above impact the comparability of our tax expense (benefit) for each period, we remove them from our calculation of adjusted earnings, along with the pre-tax items to which they relate.

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

	Three months ended March 31,	
(millions of U.S. dollars)	2017	2016
Tax expense (benefit)	9	(26)
Remove: Items from above impacting comparability	47	64
Other adjustment:		
Interim period effective tax rate normalization ⁽¹⁾	(1)	5
Total tax expense on adjusted earnings	55	43

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

Earnings and diluted EPS from continuing operations

	Three months ended March 31,		
(millions of U.S. dollars)	2017	2016	Change
Earnings from continuing operations	317	210	51%
Diluted EPS from continuing operations	\$0.41	\$0.26	58%

Earnings from continuing operations and the related per share amount increased due to higher operating profit, partly offset by higher tax expense. Additionally, diluted EPS benefited from lower outstanding common shares due to share repurchases.

Adjusted earnings and adjusted EPS

	Three months ended March 31,		
	Change		
(millions of U.S. dollars, except per share amounts and share data)	2017	2016	Constant Currency
Earnings attributable to common shareholders	297	262	13%
Adjustments to remove:			
Fair value adjustments	65	64	
Amortization of other identifiable intangible assets	119	128	
Other operating gains, net	(4)	(4)	
Other finance costs	27	34	
Share of post-tax earnings in equity method investments	(2)	(1)	
Tax on above items ⁽¹⁾	(47)	(57)	
Tax items impacting comparability ⁽¹⁾	-	(7)	
Loss (earnings) from discontinued operations, net of tax	3	(62)	
Interim period effective tax rate normalization⁽¹⁾	1	(5)	
Dividends declared on preference shares	(1)	(1)	
Adjusted earnings	458	351	30%
Adjusted EPS	\$0.63	\$0.46	37%
Diluted weighted-average common shares (millions)	729.2	762.2	

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

Adjusted earnings and the related per share amount increased primarily due to higher adjusted EBITDA. Additionally, adjusted EPS benefited from lower outstanding common shares due to share repurchases (see the "Liquidity and Capital Resources—Share Repurchases" section of this management's discussion and analysis for additional information).

Segment results

We discuss the results of our three reportable segments as presented in our consolidated interim financial statements for the three months ended March 31, 2017: Financial & Risk, Legal and Tax & Accounting. We also report "Corporate & Other", which includes expenses for corporate functions and the results of the Reuters News business. Neither Corporate & Other nor the Reuters News business qualify as a component of another reportable segment nor as a separate reportable segment.

See note 3 of our consolidated interim financial statements for the three months ended March 31, 2017 which includes a reconciliation of results from our reportable segments to consolidated results as reported in our consolidated income statement.

In 2017, management changed the profitability measure it uses to assess the performance of its reportable segments from segment operating profit, which it no longer uses, to adjusted EBITDA. These profitability measures are the same, except that adjusted EBITDA excludes depreciation of fixed assets and amortization of computer software. Management uses a number of measures to assess the performance of its segments internally. Adjusted EBITDA will be reported externally, as it represents the internal profitability measure most closely aligned with the measurement of the consolidated income statement.

Revenues

We present segment revenue growth at both actual foreign exchange rates and in constant currency. We assess revenue performance for each reportable segment, as well as the businesses within each segment, before the impact of currency (or at "constant currency").

Adjusted EBITDA and adjusted EBITDA margin

- Adjusted EBITDA represents earnings from continuing operations before tax expense or benefit, net interest expense, other finance costs or income, depreciation, amortization of software and other identifiable intangible assets, the company's share of post-tax earnings or losses in equity method investments, other operating gains and losses, certain asset impairment charges, fair value adjustments and corporate related items.
- We do not consider these excluded items to be controllable operating activities for purposes of assessing the current performance of our reportable segments.
- Each segment includes an allocation of costs for centralized support services such as technology, editorial, real estate and certain global transaction processing functions that are based on usage or other applicable measures.
- We also use adjusted EBITDA margin, which we define as adjusted EBITDA as a percentage of revenues.
- Our definitions of adjusted EBITDA and adjusted EBITDA margin may not be comparable to that of other companies.

Financial & Risk

	Three months ended March 31,		
(millions of U.S. dollars, except margins)	2017	2016	Change
Revenues	1,502	1,509	-
<i>Revenue change at constant currency</i>			1%
Adjusted EBITDA	463	437	6%
Adjusted EBITDA margin	30.8%	29.0%	180bp

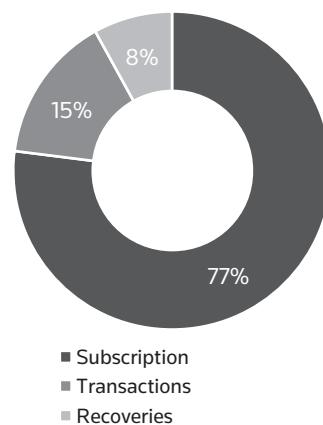
Revenues on a constant currency basis increased due to contributions from acquisitions. Organic revenues were essentially unchanged as higher revenues from Financial & Risk's annual price increase were offset by a decline in recoveries revenues and commercial pricing adjustments related to the migration of remaining foreign exchange and buy-side customers onto new products on Financial & Risk's unified platform. Financial & Risk expects to largely complete the remaining commercial price adjustments on its legacy foreign exchange products by the end of the second quarter. Excluding the decline in recoveries revenues and the commercial pricing adjustments, Financial & Risk's revenues increased approximately 2% organically.

By geographic area, Financial & Risk's revenues increased 3% in the Americas and were essentially unchanged in both Europe, Middle East and Africa (EMEA) and Asia Pacific. Excluding recoveries and the impact of commercial pricing adjustments, revenues increased in all geographic areas.

Net sales were positive overall. By geographic area, net sales were positive in EMEA and Asia Pacific, but negative in the Americas. The Americas negative net sales performance reflected the migration of legacy asset management products to Eikon, which Financial & Risk largely expects to complete by the end of second quarter.

Results by type in constant currency were as follows:

- **Subscription** revenues increased 2%, primarily due to the benefit of the 2017 annual price increase, partly offset by the commercial pricing adjustments on remaining legacy foreign exchange products. Elektron Data Platform and Risk revenues grew 9% collectively while desktop revenues declined 4%;
- **Transactions** revenues increased 4%, primarily due to organic growth in Tradeweb and the BETA brokerage processing business as well as contributions from acquisitions, partly offset by lower foreign exchange trading and other non-desktop transactional revenues; and
- **Recoveries** revenues, which Financial & Risk collects from customers and largely passes through to a third-party provider, such as stock exchange fees, decreased 9%. The decline in these low-margin recoveries revenues partially reflected the continued transition of a small number of third-party information providers to direct billing arrangements with their customers. For the full year, Financial & Risk expects recoveries revenues to decline slightly, but the decline is not expected to have a significant impact on Financial & Risk's overall revenue growth.

First Quarter 2017 Revenues by Type

Adjusted EBITDA and the related margin increased primarily due to the impact of higher subscription and transaction revenues, as well as lower expenses, all on a constant currency basis, driven by transformation initiatives to simplify Financial & Risk's business. Foreign currency benefited adjusted EBITDA margin by 20bp, compared to the prior-year period.

Legal

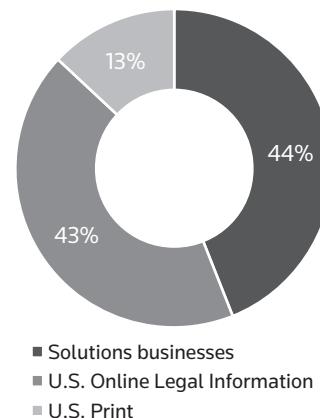
(millions of U.S. dollars, except margins)	Three months ended March 31,		
	2017	2016	Change
Revenues	824	822	-
<i>Revenue change at constant currency</i>			1%
Adjusted EBITDA	307	298	3%
Adjusted EBITDA margin	37.3%	36.3%	100bp

Revenues increased on a constant currency basis as 4% growth in subscription revenues (76% of the Legal segment in the quarter) was partly offset by an 8% decline in transaction revenues (11% of the Legal segment in the quarter) and a 4% decline in U.S. Print revenues (13% of the Legal segment in the quarter). Excluding U.S. Print, Legal's revenues increased 2%.

Results by line of business in constant currency were as follows:

- **Solutions businesses** revenues include non-U.S. legal information and global software and services businesses. Solutions businesses revenues increased 2%, as 5% growth in subscription revenues was partly offset by a 9% decline in transaction revenues. Revenue growth was led by U.K. Practical Law, FindLaw, Investigative & Public Records and Legal Tracker, partly offset by lower revenues in Latin America;
- **U.S. Online Legal Information** revenues increased 2%, due to growth in U.S. Practical Law and high retention rates at Westlaw. This business has now entered its third consecutive year of reporting revenue growth; and
- **U.S. Print** revenues decreased 4%.

First Quarter 2017 Revenues
by Line of Business



Adjusted EBITDA and the related margin increased due to the impact of higher revenues. Expenses were slightly lower than the prior-year period, reflecting transformation and cost management initiatives. Foreign currency negatively impacted adjusted EBITDA margin by 10bp, compared to the prior-year period.

Tax & Accounting

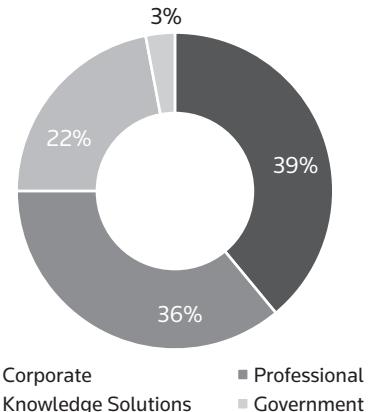
(millions of U.S. dollars, except margins)	Three months ended March 31,		
	2017	2016	Change
Revenues	417	389	7%
<i>Revenue change at constant currency</i>			6%
Adjusted EBITDA	141	114	24%
Adjusted EBITDA margin	33.8%	29.3%	450bp

Revenues increased on a constant currency basis driven by a 7% increase in recurring revenues (83% of the Tax & Accounting segment in the quarter) and a 4% increase in transaction revenues (17% of the Tax & Accounting segment in the quarter).

Results by line of business in constant currency were as follows:

- **Corporate** includes revenues from a suite of global and local tax compliance, workflow and data management software and services. Corporate revenues increased 7%, primarily from growth in ONESOURCE software and services;
- **Professional** includes revenues from tax, accounting, audit, payroll, document management, client portals and practice management applications and services. Professional revenues increased 13%, primarily from growth in CS Professional Suite solutions for accounting firms and higher revenues in Latin America;
- **Knowledge Solutions** includes revenues from information, research, workflow tools and certified professional education. Knowledge Solutions revenues decreased 1%; and
- **Government**, which represents only 3% of Tax & Accounting's revenues, includes integrated property tax management and land registry solutions. Government reported a 16% revenue decline, as management continues to work to improve the business. Revenues for the Government business are less predictable in nature, and growth rates can vary significantly from period to period.

**First Quarter 2017 Revenues
by Line of Business**



Adjusted EBITDA and the related margin increased due to the impact of higher revenues. Expenses were essentially unchanged as cost savings from transformation initiatives and lower severance charges offset higher allocations of technology expenses. Foreign currency negatively impacted adjusted EBITDA margin by 30bp compared to the prior-year period.

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

Corporate & Other

	Three months ended March 31,	
	2017	2016
(millions of U.S. dollars)		
Revenues – Reuters News	74	75
Reuters News	13	4
Core corporate expenses	(48)	(105)
Total	(35)	(101)

Revenues from Reuters News decreased primarily due to the impact of foreign currency. Revenues increased 1% in constant currency primarily due to growth in Broadcast Solutions, partly offset by lower news agency revenues. Reuters News results reflect the impact of lower operating expenses, which included a favorable impact from foreign currency.

The decrease in core corporate expenses was primarily due to the elimination of certain overhead costs in connection with the sale of our former Intellectual Property & Science business, the allocation of additional costs, primarily technology, to the Tax & Accounting segment, and favorable timing of expenses. Refer to the "Outlook" section of this management's discussion and analysis for further information regarding our expectations for core corporate expenses.

Results of Discontinued Operations

In October 2016, we sold our Intellectual Property & Science business which was reported as discontinued operations. The results of discontinued operations were as follows:

	Three months ended March 31,	
	2017	2016
(millions of U.S. dollars)		
(Loss) earnings from discontinued operations, net of tax	(3)	62

The 2017 period includes residual expenses that were borne by our company following the closing of the Intellectual Property & Science sale.

Liquidity and Capital Resources

Our disciplined capital strategy is aligned with our business strategy and remains focused on:

- Driving organic revenue growth, rather than growth from acquisitions;
- Delivering consistent free cash flow growth;
- Balancing cash generated from operations between reinvestment in the business and returning it to shareholders; and
- Maintaining a strong balance sheet, solid credit ratings and ample financial flexibility to support the execution of our business strategy.

Our principal sources of liquidity are cash on hand, cash provided by our operations, our \$2.0 billion commercial paper programs and our \$2.4 billion credit facility. From time to time, we also issue debt securities. Our principal uses of cash are for debt repayments, debt servicing costs, dividend payments, capital expenditures, share repurchases and acquisitions. Additionally, in the first quarter of 2017, we contributed \$500 million to our U.S. defined benefit pension plan. We believe that our existing sources of liquidity will be sufficient to fund our expected cash requirements in the normal course of business for the next 12 months.

Cash flow

Summary of consolidated statement of cash flow

	Three months ended March 31,		
(millions of U.S. dollars)	2017	2016	\$ Change
Net cash (used in) provided by operating activities	(368)	458	(826)
Net cash used in investing activities	(375)	(269)	(106)
Net cash used in financing activities	(826)	(248)	(578)
Decrease in cash and bank overdrafts	(1,569)	(59)	(1,510)
Translation adjustments	2	4	(2)
Cash and bank overdrafts at beginning of period	2,367	922	1,445
Cash and bank overdrafts at end of period	800	867	(67)
Cash and bank overdrafts at end of period comprised of:			
Cash and cash equivalents	812	898	(86)
Bank overdrafts	(12)	(31)	19

Operating activities. Net cash used in operating activities included the \$500 million contribution to pre-fund our U.S. pension plan in January 2017, but also reflected the loss of approximately \$150 million of cash flows from our Intellectual Property & Science business, which was sold in October 2016. Unfavorable working capital movements, which included 2017 payments associated with fourth-quarter 2016 severance charges of \$86 million, were also a factor.

Investing activities. The increase in net cash used in investing activities was primarily attributable to higher acquisition spending partly offset by lower capital expenditures, which was timing related. In the first quarter of 2017, acquisition spending was \$178 million compared to \$46 million in the prior-year period. In the first quarter of 2017, our Financial & Risk business acquired REDI, a provider of a cross-asset trade execution management system for financial professionals, and two smaller businesses, Clarient and Avox, which expand our risk management footprint.

Financing activities. The increase in net cash used in financing activities was primary attributable to the first quarter 2017 repayment of US\$550 million principal amount of notes upon their maturity, partly offset by lower share repurchases. We returned \$0.5 billion (2016 – \$0.7 billion) to our common shareholders through dividends and share repurchases in the first quarter of 2017. Additionally, in the first quarter of 2017, commercial paper borrowings increased \$255 million compared to \$442 million in the prior-year period.

Additional information about our debt, dividends and share repurchases is as follows:

- **Commercial paper programs.** Our \$2.0 billion commercial paper programs provide cost-effective and flexible short-term funding. Issuances of commercial paper reached a peak of \$360 million during the first quarter of 2017, of which \$255 million was outstanding at March 31, 2017.

- **Credit facility.** We have a \$2.4 billion syndicated credit facility agreement which matures in November 2021. The facility may be utilized to provide liquidity for general corporate purposes (including support for our commercial paper programs). There were no borrowings under the credit facility in the first quarter of 2017. We may request an increase, subject to approval by applicable lenders, in the lenders' commitments up to a maximum amount of \$3.0 billion.

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

We guarantee borrowings by our subsidiaries under the credit facility. We must also maintain a ratio of net debt as of the last day of each fiscal quarter to EBITDA as defined in the credit agreement (earnings before interest, income taxes, depreciation and amortization and other modifications described in the credit agreement) for the last four quarters ended of not more than 4.5:1. We were in compliance with this covenant at March 31, 2017.

- **Debt shelf prospectus.** In March 2016, we filed a debt shelf prospectus under which we may issue up to \$3.0 billion principal amount of debt securities from time to time through April 2018. We have issued \$0.5 billion principal amount of debt securities under the prospectus.
- **Long-term debt.** The following table provides information regarding notes that we repaid in the three months ended March 31, 2017:

MONTH/YEAR	TRANSACTION	PRINCIPAL AMOUNT (IN MILLIONS)
Notes repaid		
February 2017	1.30% Notes, due 2017	US\$550

The notes were repaid principally from cash on hand, which included a portion of the proceeds from the sale of the Intellectual Property & Science business.

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

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

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

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

- **Dividends.** Dividends on common shares are declared in U.S. dollars. In the consolidated statement of cash flow, dividends paid on common shares are shown net of amounts reinvested in our company under our dividend reinvestment plan. Details of dividends declared per share and dividends paid on common shares are as follows:

	Three months ended March 31,	
(millions of U.S. dollars, except per share amounts)	2017	2016
Dividends declared per share	\$0.345	\$0.34
Dividends declared	251	258
Dividends reinvested	(9)	(9)
Dividends paid	242	249

- **Share repurchases.** We may buy back shares (and subsequently cancel them) from time to time as part of our capital strategy. In February 2017, we announced that we plan to repurchase up to an additional \$1.0 billion of our common shares after having completed our previous \$1.5 billion program announced in February 2016. As of March 31, 2017, we repurchased 6.8 million common shares for a cost of \$284 million under this buyback program.

Under our normal course issuer bid (NCIB), we may repurchase up to 37.5 million common shares between May 30, 2016 and May 29, 2017 in open market transactions on the Toronto Stock Exchange (TSX), the New York Stock Exchange (NYSE) and/or other exchanges and alternative trading systems, if eligible, or by such other means as may be permitted by the TSX and/or NYSE or under applicable law, including private agreement purchases if we receive an issuer bid exemption order from applicable securities regulatory authorities in Canada for such purchases. In the first quarter of 2017, we privately repurchased 5 million common shares (2016-1.5 million common shares) at a discount to the then-prevailing market price. We intend to renew our NCIB in May 2017 for an additional 12 month period.

Details of share repurchases were as follows:

	Three months ended March 31,	
	2017	2016
Share repurchases (millions of U.S. dollars)	284	432
Shares repurchased (millions)	6.8	11.7
Share repurchases—average price per share	\$41.69	\$36.99

Decisions regarding any future repurchases will depend on factors, such as market conditions, share price and other opportunities to invest capital for growth. We may elect to suspend or discontinue our share repurchases at any time, in accordance with applicable laws. From time to time when we do not possess material nonpublic information about ourselves or our securities, we may enter into a pre-defined plan with our broker to allow for the repurchase of shares at times when we ordinarily would not be active in the market due to our own internal trading blackout periods, insider trading rules or otherwise. Any such plans entered into with our broker will be adopted in accordance with applicable Canadian securities laws and the requirements of Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended. We entered into such a plan with our broker on March 31, 2017. As a result, we recorded a \$55 million liability in "Other financial liabilities" within current liabilities at March 31, 2017 with a corresponding amount recorded in equity in the consolidated statement of financial position.

Free cash flow

	Three months ended March 31,	
(millions of U.S. dollars)	2017	2016
Net cash (used in) provided by operating activities	(368)	458
Capital expenditures, less proceeds from disposals	(213)	(233)
Capital expenditures from discontinued operations	-	(11)
Other investing activities	6	19
Dividends paid on preference shares	(1)	(1)
Dividends paid to non-controlling interests	(9)	(9)
Free cash flow	(585)	223

Free cash flow is historically the lowest in the first quarter of the year. We continue to expect to generate full-year 2017 free cash flow between \$0.9 billion and \$1.2 billion. The decrease in free cash flow in the first quarter of 2017 compared to the prior-year period was primarily due to lower cash from operating activities, which included the \$500 million pension contribution in January 2017.

Financial position

Our total assets were \$26.6 billion at March 31, 2017, a decrease of \$1.2 billion from December 31, 2016. The decrease was primarily due to the \$500 million contribution to pre-fund our U.S. pension plan and the repayment of US\$550 million principal amount of notes upon their maturity, both in the first quarter of 2017, with cash on hand.

At March 31, 2017, the carrying amounts of our total current liabilities exceeded the carrying amounts of our total current assets principally because current liabilities include deferred revenue, which arises from the sale of subscription based products and services that many customers pay for in advance. The cash received from these advance payments is used to currently fund the operating, investing and financing activities of our business. However, for accounting purposes, these advance payments must be deferred and recognized over the term of the subscription. As such, we typically reflect a negative working capital position in our consolidated statement of financial position. In the ordinary course of business, deferred revenue does not represent a cash obligation, but rather an obligation to perform services or deliver products. Therefore, we believe that the negative working capital position at March 31, 2017 was not indicative of a liquidity issue, but rather an outcome of the required accounting for our business model.

Net debt⁽¹⁾

	March 31,	December 31,
(millions of U.S. dollars)	2017	2016
Current indebtedness	828	1,111
Long-term indebtedness	6,288	6,278
Total debt	7,116	7,389
Swaps	316	327
Total debt after swaps	7,432	7,716
Remove fair value adjustments for hedges⁽²⁾	26	23
Total debt after currency hedging arrangements	7,458	7,739
Remove transaction costs and discounts included in the carrying value of debt	63	65
Less: cash and cash equivalents⁽³⁾	(812)	(2,368)
Net debt	6,709	5,436

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

(2) Represents the interest-related fair value component of hedging instruments that are removed to reflect net cash outflow upon maturity.

(3) Includes cash and cash equivalents of \$107 million and \$112 million at March 31, 2017 and December 31, 2016, respectively, held in subsidiaries, which have regulatory restrictions, contractual restrictions or operate in countries where exchange controls and other legal restrictions apply and are therefore not available for general use by our company.

The maturity dates for our debt are well balanced with no significant concentration in any one year. Our next scheduled term debt maturity occurs in September 2017. At March 31, 2017, the average maturity of our term debt was approximately eight years at an average interest rate (after swaps) of less than 5%.

Additional information

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

Off-balance sheet arrangements, commitments and contractual obligations

For a summary of our other off-balance sheet arrangements, commitments and contractual obligations please see our 2016 annual management's discussion and analysis. There were no material changes to these arrangements, commitments and contractual obligations during the three months ended March 31, 2017.

Contingencies

Lawsuits and legal claims

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

Uncertain tax positions

We are subject to taxation in numerous jurisdictions and we are routinely under audit by many different taxing authorities in the ordinary course of business. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain, as taxing authorities may challenge some of our positions and propose adjustments or changes to our tax filings.

As a result, we maintain provisions for uncertain tax positions that we believe appropriately reflect our risk. These provisions are made using our best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. We review the adequacy of these provisions at the end of each reporting period and adjust them based on changing facts and circumstances. Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such audits or related litigation could vary significantly from our provisions. However, based on currently enacted legislation, information currently known to us and after consultation with outside tax advisors, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on our financial condition taken as a whole.

In June 2016, certain of our U.S. subsidiaries received a statutory notice of deficiency from the Internal Revenue Service (IRS) for the 2010 and 2011 tax years. In the notice, the IRS claims that the taxable income of these subsidiaries should be increased by an amount that creates an aggregate potential additional income tax liability of approximately \$250 million for the period, including interest. The IRS claim relates to our intercompany transfer pricing practices. We plan to pursue all available administrative and judicial remedies necessary to resolve the matter. To that end, we filed a petition in U.S. Tax Court in September 2016. Management believes that we will prevail in this dispute.

For additional information, please see the "Risk Factors" section of our 2016 annual report, which contains further information on risks related to tax matters.

Outlook

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

We recently reaffirmed our business outlook for 2017 that was first communicated in February 2017. Consistent with prior years, our guidance is provided before currency. Our outlook assumes:

- Constant currency rates relative to 2016; and
- No further acquisitions or divestitures.

Additionally, our outlook for free cash flow reflects expected cash payments of approximately \$200 million in 2017 relating to the fourth-quarter 2016 severance charges, the \$500 million contribution to our U.S. defined benefit pension plan made in January 2017, and the loss of free cash flow following the sale of Intellectual Property & Science.

The following table sets forth our 2017 financial outlook, the material assumptions related to our financial outlook and the material risks that may cause actual performance to differ materially from our expectations.

Revenues expected to grow low single digits	
Material assumptions	Material risks
<ul style="list-style-type: none"> • Gross domestic product (GDP) growth in most of the countries where we operate • Continued demand for products and services that help customers navigate changing geopolitical, economic and regulatory environments • An increase in demand for information and workflow solutions • The successful execution of sales initiatives, ongoing product release programs and our globalization strategy 	<ul style="list-style-type: none"> • Global economic uncertainty due to factors including continued regulatory reform around the world, changes in the political environment and the U.K.'s plan to leave the European Union may limit business opportunities for our customers, lowering their demand for our products and services • Demand for our products and services could be reduced by changes in customer buying patterns, or our inability to execute on key product or customer support initiatives • Pressure on certain customers, in developed markets in particular, may constrain the number of professionals employed • Competitive pricing actions could impact our revenues • Our sales and product initiatives may be insufficient to retain customers or generate new sales
Adjusted EBITDA margin expected to be between 28.8% and 29.8%	
Material assumptions	Material risks
<ul style="list-style-type: none"> • Revenues expected to grow at low single digits • Business mix continues to shift to higher-growth, but lower margin offerings • Execution of transformation and efficiency initiatives • Continue to invest in growth markets and customer service 	<ul style="list-style-type: none"> • Same as the risks above related to the revenue outlook • Revenues from higher margin businesses may be lower than expected; conversely, revenues from low-margin businesses could be higher than expected • The costs of required investments, including those in growth markets, exceed expectations or actual returns are below expectations • Acquisition and disposal activity may dilute margins • Efficiency initiatives may cost more than expected, be delayed or may not produce the expected level of savings
Adjusted EPS expected to be \$2.35	
Material assumptions	Material risks
<ul style="list-style-type: none"> • Adjusted EBITDA margin expected to be between 28.8% and 29.8% • Depreciation and software amortization expense expected to be between \$950 million and \$1.05 billion • Interest expense expected to be between \$400 and \$425 million • Effective tax rate expected to be between 10% and 13% • Completion of \$1.0 billion share buyback program announced in February 2017 	<ul style="list-style-type: none"> • Same as the risks above related to the revenue outlook and adjusted EBITDA margin outlook • Capital expenditures may be higher than currently expected, resulting in higher in-period depreciation and amortization • Obsolescence of technology may require accelerated amortization or impairment of certain assets • Higher than expected debt levels or an increase in rates could result in higher interest expense • Material changes in current tax laws or treaties to which we are subject could adversely impact our income tax expense • Higher common shares outstanding due to lower than expected share repurchases

Free Cash Flow is expected to be between \$0.9 billion and \$1.2 billion	
Material assumptions	Material risks
<ul style="list-style-type: none"> • Revenues expected to grow at low single digits • Adjusted EBITDA margin expected to be between 28.8% and 29.8% • Capital expenditures expected to be approximately 8.5% of revenues 	<ul style="list-style-type: none"> • Same as the risks above related to the revenue outlook and adjusted EBITDA margin outlook • A weaker macroeconomic environment could negatively impact working capital performance • Capital expenditures may be higher than currently expected resulting in higher cash outflows • The timing and amount of tax payments to governments may differ from our expectations

Additionally, we expect full-year 2017 core corporate costs including depreciation and amortization of computer software to be approximately \$300 million. This reflects cost reductions to realign the corporate center with the size of our business after the sale of Intellectual Property & Science, as well as \$40 million to \$50 million of higher overhead allocations, primarily technology, to our segments. We expect that the higher allocations will have a negative impact on the adjusted EBITDA margin of Tax & Accounting, our smallest segment, while the impacts on our Financial & Risk and Legal segments are expected to be minimal.

Our Outlook contains various non-IFRS financial measures. For Outlook purposes only, we are unable to reconcile these non-IFRS measures to the most comparable IFRS measures because we cannot predict, with reasonable certainty, the 2017 impact of changes in foreign exchange rates which impact (i) the translation of our results reported at average foreign currency rates for the year, (ii) fair value adjustments associated with foreign currency derivatives embedded in certain customer contracts and (iii) other finance income or expense related to foreign exchange contracts and intercompany financing arrangements. Additionally, we cannot reasonably predict the occurrence or amount of other operating gains and losses, which generally arise from business transactions we do not anticipate.

Related Party Transactions

As of April 27, 2017, Woodbridge beneficially owned approximately 63% of our shares.

There were no new significant related party transactions during the first quarter of 2017. Please refer to the "Related Party Transactions" section of our 2016 annual management's discussion and analysis, which is contained in our 2016 annual report, as well as note 29 of our 2016 annual consolidated financial statements for information regarding related party transactions.

Subsequent Events

There were no material events occurring after March 31, 2017 through the date of this management's discussion and analysis.

Changes in Accounting Policies

Please refer to the "Changes in Accounting Policies" section of our 2016 annual management's discussion and analysis, which is contained in our 2016 annual report, as well as notes 1 and 2 of our consolidated interim financial statements for the three months ended March 31, 2017, for information regarding changes in accounting policies.

Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Please refer to the "Critical Accounting Estimates and Judgments" section of our 2016 annual management's discussion and analysis, which is contained in our 2016 annual report, for additional information. Since the date of our 2016 annual management's discussion and analysis, there have not been any significant changes to our critical accounting estimates and judgments.

Additional Information

Disclosure controls and procedures

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

Internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

We are engaged in the following long-term efficiency initiatives which impact our financial reporting:

- We are enhancing our order-to-cash (OTC) applications and related workflow processes in phases over multiple years. Key elements of the OTC solutions are order management, billing, cash management and collections functionality. We expect to reduce the number of applications and to streamline processes across our organization through this initiative.
- We are automating manual processes and updating workflows associated with intercompany revenue and cost allocation.

As we are implementing these initiatives in phases over an extended period, the nature and extent of activity will vary by quarter. In certain quarters, we may have limited or no activity.

As these initiatives could result in material changes to our internal control over financial reporting depending on the nature and volume of work completed, we will continue to modify the design and documentation of the related internal control processes and procedures, as necessary. Except as described above, there was no change in our internal control over financial reporting during the first quarter of 2017 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Share capital

As of April 27, 2017, we had outstanding 721,850,617 common shares, 6,000,000 Series II preference shares, 10,211,575 stock options and a total of 6,228,811 time-based restricted share units and performance restricted share units. We have also issued a Thomson Reuters Founders Share which enables Thomson Reuters Founders Share Company to exercise extraordinary voting power to safeguard the Thomson Reuters Trust Principles.

Public securities filings and regulatory announcements

You may access other information about our company, including our 2016 annual report (which contains information required in an annual information form) and our other disclosure documents, reports, statements or other information that we file with the Canadian securities regulatory authorities through SEDAR at www.sedar.com and in the United States with the SEC at www.sec.gov.

Cautionary note concerning factors that may affect future results

Certain statements in this management's discussion and analysis are forward-looking, including, but not limited to, statements about our 2017 expectations in the "Overview" and "Outlook" sections, and statements regarding recoveries revenues, the completion of commercial pricing adjustments and the migration of asset management customers to Eikon in our Financial & Risk segment, our view regarding the resolution of a tax matter with the IRS and the renewal of our NCIB program. The words "expect", "target" and "will" and similar expressions identify forward-looking statements. These forward-looking statements are based on certain assumptions and reflect our company's current expectations. As a result, forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Certain factors that could cause actual results or events to differ materially from current expectations are discussed in the "Outlook" section above. Additional factors are discussed in the "Risk Factors" section of our 2016 annual report and in materials that we from time to time file with, or furnish to, the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission. There is no assurance that any forward-looking statement will materialize. Our Outlook is provided for the purpose of providing information about current expectations for 2017. This information may not be appropriate for other purposes. You are cautioned not to place undue reliance on forward-looking statements, which reflect our expectations only as of the date of this management's discussion and analysis. Except as may be required by applicable law, we disclaim any obligation to update or revise any forward-looking statements.

Appendix A

Non-IFRS Financial Measures

We use non-IFRS financial measures as supplemental indicators of our operating performance and financial position. Additionally, we use non-IFRS measures as performance metrics as the basis for management incentive programs. These measures do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies. Except for free cash flow, all our non-IFRS measures exclude the results of our Intellectual Property & Science business, which was reported as a discontinued operation through the closing date of the sale.

The following table sets forth our non-IFRS financial measures, including an explanation of why we believe they are useful measures of our performance. Reconciliations for the most directly comparable IFRS measure are reflected in our management's discussion and analysis.

How We Define It	Why We Use It and Why It Is Useful to Investors	Most Directly Comparable IFRS Measure/Reconciliation
Adjusted EBITDA and the related margin		
Adjusted EBITDA represents earnings from continuing operations before tax expense or benefit, net interest expense, other finance costs or income, depreciation, amortization of software and other identifiable intangible assets, our company's share of post-tax earnings or losses in equity method investments, other operating gains and losses, certain asset impairment charges, fair value adjustments and corporate related items. The related margin is expressed as a percentage of revenues.	Provides a consistent basis to evaluate operating profitability and performance trends by excluding items that we do not consider to be controllable activities for this purpose. Represents a measure commonly reported and widely used by investors as a valuation metric. Additionally, this measure is used to assess our ability to incur and service debt.	Earnings from continuing operations
Adjusted EBITDA less capital expenditures and the related margin		
Adjusted EBITDA less capital expenditures, less proceeds from disposals. The related margin is expressed as a percentage of revenues.	Provides a basis for evaluating the operating profitability and capital intensity of a business in a single measure. This measure captures investments regardless of whether they are expensed or capitalized.	Earnings from continuing operations
Adjusted earnings and adjusted EPS		
Earnings attributable to common shareholders and per share: <ul style="list-style-type: none">• excluding the post-tax impacts of fair value adjustments, amortization of other identifiable intangible assets, other operating gains and losses, certain asset impairment charges, other net finance costs or income, our share of post-tax earnings or losses in equity method investments, discontinued operations and other items affecting comparability. We calculate the post-tax amount of each item excluded from adjusted earnings based on the specific tax rules and tax rates associated with the nature and jurisdiction of each item.• We also deduct dividends declared on preference shares. Adjusted EPS is calculated using diluted weighted-average shares.	Provides a more comparable basis to analyze earnings and is also a measure commonly used by shareholders to measure our performance.	Earnings attributable to common shareholders and diluted earnings per share

How We Define It	Why We Use It and Why It Is Useful to Investors	Most Directly Comparable IFRS Measure/Reconciliation
Adjusted earnings and adjusted EPS (continued)		
In interim periods, we also adjust our reported earnings and earnings per share to reflect a normalized effective tax rate. Specifically, the normalized effective rate is computed as the estimated full-year effective tax rate applied to pre-tax adjusted earnings of the interim period. The reported effective tax rate is based on separate annual effective income tax rates for each taxing jurisdiction that are applied to each interim period's pre-tax income.	Because the geographical mix of pre-tax profits and losses in interim periods may be different from that for the full-year, our effective tax rate computed in accordance with IFRS may be more volatile by quarter. Therefore, we believe that using the expected full-year effective tax rate provides more comparability among interim periods. The adjustment to normalize the effective tax rate reallocates estimated full-year income taxes between interim periods, but has no effect on full year tax expense or on cash taxes paid.	
Net debt		
Total indebtedness, including the associated fair value of hedging instruments, but excluding the associated unamortized transaction costs and premiums or discounts and the interest-related fair value component of hedging instruments, less cash and cash equivalents.	<p>Provides a commonly used measure of a company's leverage.</p> <p>Given that we hedge some of our debt to reduce risk, we include hedging instruments as we believe it provides a better measure of the total obligation associated with our outstanding debt. However, because we intend to hold our debt and related hedges to maturity, we do not consider the interest components of the associated fair value of hedges in our measurements. We reduce gross indebtedness by cash and cash equivalents.</p>	Total debt (current indebtedness plus long-term indebtedness)
Free cash flow (includes free cash flow from continuing and discontinued operations)		
Net cash (used in) provided by operating activities, and other investing activities, less capital expenditures, dividends paid on our preference shares, and dividends paid to non-controlling interests.	Helps assess our ability, over the long term, to create value for our shareholders as it represents cash available to repay debt, pay common dividends and fund share repurchases and new acquisitions.	Net cash (used in) provided by operating activities
Changes before the impact of foreign currency or at "constant currency"		
Applicable measures where changes are reported before the impact of foreign currency or at "constant currency"	Provides better comparability of business trends from period to period.	For each non-IFRS measure, refer to the definitions above for most directly comparable IFRS measure.
IFRS Measures: <ul style="list-style-type: none"> • Revenues • Operating expenses Non-IFRS Measures: <ul style="list-style-type: none"> • Adjusted EBITDA • Adjusted EBITDA margin • Adjusted EPS 	Our reporting currency is the U.S. dollar. However, we conduct a significant amount of our activities in currencies other than the U.S. dollar. We measure our performance before the impact of foreign currency (or at "constant currency"), which means that we apply the same foreign currency exchange rates for the current and equivalent prior period. To calculate the foreign currency impact between periods, we convert the current and equivalent prior period's local currency results using the same foreign currency exchange rate.	

Appendix B

This appendix provides reconciliations that are not presented elsewhere in this management's discussion and analysis for certain non-IFRS measures to the most directly comparable IFRS measure for the three months ended March 31, 2017 and 2016.

Reconciliation of earnings from continuing operations to adjusted EBITDA and adjusted EBITDA less capital expenditures

(millions of U.S. dollars, except margins)	Three months ended March 31,		
	2017	2016	Change
Earnings from continuing operations	317	210	51%
Adjustments to remove:			
Tax expense (benefit)	9	(26)	
Other finance costs	27	34	
Net interest expense	93	93	
Amortization of other identifiable intangible assets	119	128	
Amortization of computer software	180	169	
Depreciation	72	81	
EBITDA	817	689	
Adjustments to remove:			
Share of post-tax earnings in equity method investments	(2)	(1)	
Other operating gains, net	(4)	(4)	
Fair value adjustments	65	64	
Adjusted EBITDA	876	748	17%
Deduct: Capital expenditures, less proceeds from disposals	(213)	(233)	
Adjusted EBITDA less capital expenditures	663	515	29%
Adjusted EBITDA margin	31.1%	26.8%	430bp
Adjusted EBITDA less capital expenditures margin	23.6%	18.4%	520bp

Reconciliation of changes in segment and consolidated revenues, adjusted EBITDA and the related margin, and consolidated operating expenses and adjusted EPS, excluding the effects of foreign currency

(millions of U.S. dollars)	Three months ended March 31,			Change	
	2017	2016	Total	Foreign Currency	Constant Currency
Revenues					
Financial & Risk	1,502	1,509	-	(1%)	1%
Legal	824	822	-	(1%)	1%
Tax & Accounting	417	389	7%	1%	6%
Corporate & Other	74	75	(1%)	(2%)	1%
Eliminations	(2)	(2)			
Consolidated revenues	2,815	2,793	1%	(1%)	2%
(millions of U.S. dollars, except margins)	Three months ended March 31,			Change	
	2017	2016	Total	Foreign Currency	Constant Currency
Adjusted EBITDA					
Financial & Risk	463	437	6%	(1%)	7%
Legal	307	298	3%	(1%)	4%
Tax & Accounting	141	114	24%	-	24%
Corporate & Other	(35)	(101)	n/a	n/a	n/a
Consolidated adjusted EBITDA	876	748	17%	-	17%
Adjusted EBITDA Margin					
Financial & Risk	30.8%	29.0%	180bp	20bp	160bp
Legal	37.3%	36.3%	100bp	(10)bp	110bp
Tax & Accounting	33.8%	29.3%	450bp	(30)bp	480bp
Corporate & Other	n/a	n/a	n/a	n/a	n/a
Consolidated adjusted EBITDA margin	31.1%	26.8%	430bp	30bp	400bp
(millions of U.S. dollars, except per share amounts)	Three months ended March 31,			Change	
	2017	2016	Total	Foreign Currency	Constant Currency
Consolidated operating expenses	2,004	2,109	(5%)	(1%)	(4%)
Consolidated adjusted EPS	\$0.63	\$0.46	37%	-	37%

Appendix C

Supplemental Information

Depreciation and amortization of computer software by segment

(millions of U.S. dollars)	Three months ended March 31,	
	2017	2016
Financial & Risk	147	142
Legal	62	60
Tax & Accounting	32	31
Corporate & Other	11	17
Total	252	250

Appendix D

Quarterly information (unaudited)

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

(millions of U.S. dollars, except per share amounts)	Quarter ended March 31,		Quarter ended June 30,		Quarter ended September 30,		Quarter ended December 31,	
	2017	2016	2016	2015	2016	2015	2016	2015
Revenues	2,815	2,793	2,769	2,802	2,744	2,747	2,860	2,887
Operating profit	444	310	401	345	385	386	294	433
Earnings from continuing operations	317	210	304	226	268	263	274	358
(Loss) earnings from discontinued operations, net of tax	(3)	62	46	55	18	30	1,967	59
Net earnings	314	272	350	281	286	293	2,241	417
Earnings attributable to common shareholders	297	262	337	262	273	280	2,226	408
Basic earnings per share								
From continuing operations	\$0.41	\$0.26	\$0.39	\$0.26	\$0.34	\$0.32	\$0.35	\$0.45
From discontinued operations	-	0.08	0.06	0.07	0.03	0.04	2.69	0.08
	\$0.41	\$0.34	\$0.45	\$0.33	\$0.37	\$0.36	\$3.04	\$0.53
Diluted earnings per share								
From continuing operations	\$0.41	\$0.26	\$0.39	\$0.26	\$0.34	\$0.32	\$0.35	\$0.45
From discontinued operations	-	0.08	0.06	0.07	0.02	0.04	2.68	0.08
	\$0.41	\$0.34	\$0.45	\$0.33	\$0.36	\$0.36	\$3.03	\$0.53

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

Revenues — In all periods, the revenue performance included the negative impact of foreign currency. For each quarter in 2016, the revenue declines were entirely due to foreign currency.

On a constant currency basis, revenues grew by low single digits in each quarter, except for the second quarter of 2016 when revenues were essentially unchanged. Our Tax & Accounting segment reported revenue growth in all four quarters. Financial & Risk revenues increased in the last three consecutive quarters, despite declines in recoveries revenues and the negative impact of commercial pricing adjustments associated with the migration of certain customers to new products. Acquisitions contributed to revenue growth in the first quarter of 2017, but did not have a meaningful impact on revenue performance over the previous three quarters.

Operating profit — In the first quarter of 2017, operating profit increased due to higher revenues and lower operating expenses, which reflected the impact of transformation initiatives to simplify and streamline our business. In the fourth quarter of 2016, operating profit decreased due to \$212 million of severance charges. In the second quarter of 2016, operating profit increased due to favorable fair value adjustments.

Net earnings — In the first quarter of 2017, net earnings increased as higher operating profit more than offset the loss of earnings from discontinued operations, following the sale of Intellectual Property & Science in October 2016. In the fourth quarter of 2016, net earnings increased due to the gain on the sale of Intellectual Property & Science. Net earnings increased in the second quarter of 2016 primarily due to higher operating profit.

THOMSON REUTERS CORPORATION
CONSOLIDATED INCOME STATEMENT
(unaudited)

(millions of U.S. dollars, except per share amounts)	Notes	Three months ended March 31,	
		2017	2016
CONTINUING OPERATIONS			
Revenues		2,815	2,793
Operating expenses	5	(2,004)	(2,109)
Depreciation		(72)	(81)
Amortization of computer software		(180)	(169)
Amortization of other identifiable intangible assets		(119)	(128)
Other operating gains, net		4	4
Operating profit		444	310
Finance costs, net:			
Net interest expense	6	(93)	(93)
Other finance costs	6	(27)	(34)
Income before tax and equity method investments		324	183
Share of post-tax earnings in equity method investments		2	1
Tax (expense) benefit	7	(9)	26
Earnings from continuing operations		317	210
(Loss) earnings from discontinued operations, net of tax	8	(3)	62
Net earnings		314	272
Earnings attributable to:			
Common shareholders		297	262
Non-controlling interests		17	10
Earnings per share:	9		
Basic and diluted earnings per share:			
From continuing operations		\$0.41	\$0.26
From discontinued operations		-	0.08
Basic and diluted earnings per share		\$0.41	\$0.34

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

THOMSON REUTERS CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

(millions of U.S. dollars)	Notes	Three months ended March 31,	
		2017	2016
Net earnings		314	272
Other comprehensive income:			
Items that have been or may be subsequently reclassified to net earnings:			
Cash flow hedges adjustments to net earnings	6	(7)	(96)
Cash flow hedges adjustments to equity		9	78
Foreign currency translation adjustments to equity		133	121
		135	103
Item that will not be reclassified to net earnings:			
Remeasurement on defined benefit pension plans		4	(95)
Related tax (expense) benefit on remeasurement on defined benefit pension plans		(5)	38
		(1)	(57)
Other comprehensive income		134	46
Total comprehensive income		448	318
Comprehensive income for the period attributable to:			
Common shareholders:			
Continuing operations		434	256
Discontinued operations		(3)	52
Non-controlling interests		17	10
Total comprehensive income		448	318

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

THOMSON REUTERS CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(unaudited)

(millions of U.S. dollars)	Notes	March 31,	December 31,
		2017	2016
Cash and cash equivalents	10	812	2,368
Trade and other receivables		1,573	1,392
Other financial assets	10	131	188
Prepaid expenses and other current assets		740	686
Current assets		3,256	4,634
Computer hardware and other property, net		937	961
Computer software, net		1,396	1,394
Other identifiable intangible assets, net		5,622	5,655
Goodwill		14,673	14,485
Other financial assets	10	102	135
Other non-current assets	11	565	537
Deferred tax		55	51
Total assets		26,606	27,852
LIABILITIES AND EQUITY			
Liabilities			
Current indebtedness	10	828	1,111
Payables, accruals and provisions	12	2,033	2,448
Deferred revenue		970	901
Other financial liabilities	10	130	102
Current liabilities		3,961	4,562
Long-term indebtedness	10	6,288	6,278
Provisions and other non-current liabilities	13	1,662	2,258
Other financial liabilities	10	330	340
Deferred tax		1,130	1,158
Total liabilities		13,371	14,596
Equity			
Capital	14	9,617	9,589
Retained earnings		7,284	7,477
Accumulated other comprehensive loss		(4,158)	(4,293)
Total shareholders' equity		12,743	12,773
Non-controlling interests		492	483
Total equity		13,235	13,256
Total liabilities and equity		26,606	27,852
Contingencies (note 17)			

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

THOMSON REUTERS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOW
(unaudited)

	(millions of U.S. dollars)	Notes	Three months ended March 31,
			2017
			2016
Cash provided by (used in):			
OPERATING ACTIVITIES			
Earnings from continuing operations			317
Adjustments for:			210
Depreciation			72
Amortization of computer software			180
Amortization of other identifiable intangible assets			119
Net gains on disposals of businesses and investments			—
Deferred tax			(1)
Other	15		(21)
			178
Pension contributions			163
Changes in working capital and other items	15		(500)
Operating cash flows from continuing operations			—
Operating cash flows from discontinued operations			(657)
Net cash (used in) provided by operating activities			(371)
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired		16	336
Proceeds from disposals of businesses and investments			(327)
Capital expenditures, less proceeds from disposals			122
Other investing activities			(41)
Investing cash flows from continuing operations			122
Investing cash flows from discontinued operations			(368)
Net cash used in investing activities			458
FINANCING ACTIVITIES			
Repayments of debt		10	(46)
Net borrowings under short-term loan facilities		10	2
Repurchases of common shares		14	(233)
Dividends paid on preference shares			(213)
Dividends paid on common shares			(432)
Dividends paid to non-controlling interests			(1)
Other financing activities			(1)
Other financing activities			(249)
Net cash used in financing activities			(9)
Net cash used in financing activities			5
Decrease in cash and bank overdrafts			4
Translation adjustments			(2)
Cash and bank overdrafts at beginning of period			442
Cash and bank overdrafts at end of period			(59)
Cash and bank overdrafts at end of period			922
Cash and bank overdrafts at end of period comprised of:			
Cash and cash equivalents			800
Bank overdrafts			867
Cash and cash equivalents			898
Bank overdrafts			(31)
Cash and cash equivalents			800
Bank overdrafts			867
Supplemental cash flow information is provided in note 15.			
Interest paid			(69)
Income taxes paid	15		(72)
			(62)
			(50)

Interest paid is reflected as an operating cash flow and is net of debt-related hedges.

Income taxes paid are reflected as either operating or investing cash flows depending on the nature of the underlying transaction.

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

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

	Stated share capital (millions of U.S. dollars)	Contributed surplus	Total capital	Retained earnings	Unrecognized gain on cash flow hedges	Foreign currency translation adjustments	Total accumulated other comprehensive loss ("AOCL")	Shareholders' equity	Non- controlling interests	Total equity
Balance, December 31, 2016	9,393	196	9,589	7,477	32	(4,325)	(4,293)	12,773	483	13,256
Impact of IFRS 2 amendments (see note 1)	-	152	152	-	-	-	-	152	-	152
Balance after IFRS 2 amendments	9,393	348	9,741	7,477	32	(4,325)	(4,293)	12,925	483	13,408
Net earnings	-	-	-	297	-	-	-	297	17	314
Other comprehensive (loss) income	-	-	-	(1)	2	133	135	134	-	134
Total comprehensive income	-	-	-	296	2	133	135	431	17	448
Change in ownership interest of subsidiary	-	-	-	4	-	-	-	4	1	5
Distributions to non- controlling interests	-	-	-	-	-	-	-	-	(9)	(9)
Dividends declared on preference shares	-	-	-	(1)	-	-	-	(1)	-	(1)
Dividends declared on common shares	-	-	-	(251)	-	-	-	(251)	-	(251)
Shares issued under Dividend Reinvestment Plan ("DRIP")	9	-	9	-	-	-	-	9	-	9
Repurchases of common shares	(90)	-	(90)	(202)	-	-	-	(292)	-	(292)
Pre-defined share repurchase plan	(16)	-	(16)	(39)	-	-	-	(55)	-	(55)
Stock compensation plans	97	(124)	(27)	-	-	-	-	(27)	-	(27)
Balance, March 31, 2017	9,393	224	9,617	7,284	34	(4,192)	(4,158)	12,743	492	13,235

	Stated share capital (millions of U.S. dollars)	Contributed surplus	Total capital	Retained earnings	Unrecognized gain (loss) on cash flow hedges	Foreign currency translation adjustments	AOCL	Shareholders' equity	Non- controlling interests	Total equity
Balance, December 31, 2015	9,686	166	9,852	6,458	36	(3,733)	(3,697)	12,613	487	13,100
Net earnings	-	-	-	262	-	-	-	262	10	272
Other comprehensive (loss) income	-	-	-	(57)	(18)	121	103	46	-	46
Total comprehensive income (loss)	-	-	-	205	(18)	121	103	308	10	318
Change in ownership interest of subsidiary	-	-	-	8	-	-	-	8	2	10
Distributions to non- controlling interests	-	-	-	-	-	-	-	-	(9)	(9)
Dividends declared on preference shares	-	-	-	(1)	-	-	-	(1)	-	(1)
Dividends declared on common shares	-	-	-	(258)	-	-	-	(258)	-	(258)
Shares issued under DRIP	9	-	9	-	-	-	-	9	-	9
Repurchases of common shares	(96)	-	(96)	(182)	-	-	-	(278)	-	(278)
Pre-defined share repurchase plan	(28)	-	(28)	(62)	-	-	-	(90)	-	(90)
Stock compensation plans	44	(9)	35	-	-	-	-	35	-	35
Balance, March 31, 2016	9,615	157	9,772	6,168	18	(3,612)	(3,594)	12,346	490	12,836

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

Thomson Reuters Corporation

Notes to Consolidated Financial Statements (unaudited)

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

Note 1: Business Description and Basis of Preparation

General business description

Thomson Reuters Corporation (the "Company" or "Thomson Reuters") is an Ontario, Canada corporation with common shares listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") and Series II preference shares listed on the TSX. The Company is a major source of news and information for professional markets, operating in more than 100 countries.

Basis of preparation

The unaudited consolidated interim financial statements ("interim financial statements") were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2016, except as described below. The interim financial statements are in compliance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements have been set out in note 2 of the Company's consolidated financial statements for the year ended December 31, 2016. These interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2016, which are included in the Company's 2016 annual report.

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

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

Prior-year period amounts have been reclassified to reflect the current presentation.

Changes in accounting policy

Effective January 1, 2017, the Company prospectively adopted the amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions*. The amendments clarified the accounting for (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

- Upon adoption on January 1, 2017, the Company reclassified \$152 million of withholding tax obligations for share-based payments from liabilities to equity.
- The Company is no longer applying mark-to-market accounting on share-based payment transactions with a net settlement feature for withholding tax obligations. The impact was not material to the consolidated income statement and had no impact on the consolidated statement of cash flow for the three months ended March 31, 2017.

Note 2: Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are effective for accounting periods beginning on or after January 1, 2017. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

Pronouncements effective for annual periods beginning January 1, 2018:

IFRS 15	<i>Revenue from Contracts with Customers</i>	<p>IFRS 15 is the culmination of a joint project between the IASB and the Financial Accounting Standards Board, the accounting standard setter in the U.S., to create a single revenue standard. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard moves away from a revenue recognition model based on an earnings process to an approach that is based on transfer of control of a good or service to a customer. Additionally, the new standard requires disclosures as to the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. IFRS 15 shall be applied retrospectively to each period presented or retrospectively as a cumulative-effect adjustment as of the date of adoption.</p> <p>Based on a preliminary assessment, the Company expects that the standard will not have a material impact on revenues. The Company derives the majority of its revenues from selling electronic content and services on a subscription basis. As a result, the majority of its revenue will continue to be recognized ratably over the term of the subscription under IFRS 15. However, under the new standard, the Company will recognize revenue for certain term licenses of intellectual property at the time control is transferred to the customer, rather than over the license term, and will reflect certain contingent payouts as a reduction of revenue, rather than as expense.</p> <p>The Company is still assessing the impact of IFRS 15 on its operating expenses. Management expects that a larger portion of its commission expenses for sales employees will be deferred, and that a substantial portion of these deferrals will be subject to a longer amortization life under IFRS 15. In 2016, commission expenses were \$300 million.</p> <p>Since interpretation of the guidance continues to evolve, the Company considers its current assessment subject to change. Additionally, management is currently identifying applicable changes to its business processes and controls to support recognition and disclosure under the new standard. The Company will provide more information as it becomes available during the year.</p>
IFRS 9	<i>Financial Instruments</i>	<p>IFRS 9 replaces IAS 39 – <i>Financial Instruments: Recognition and Measurement</i>. The new standard addresses classification and measurement, impairment and hedge accounting.</p> <p><i>Classification and measurement</i></p> <p>The new standard requires the classification of financial assets based on business model and cash flow characteristics measured at either (a) amortized cost; (b) fair value through profit or loss; or (c) fair value through other comprehensive income or loss. For financial liabilities, the standard retains most of the IAS 39 requirements, but where the fair value option is taken, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income or loss rather than the income statement.</p> <p><i>Impairment</i></p> <p>Under the forward looking impairment model, expected credit losses are recognized as soon as a financial asset is originated or purchased, rather than waiting for a trigger event to record a loss.</p> <p><i>Hedge accounting</i></p> <p>The new standard more closely aligns hedge accounting with an entity's risk management activities. Specifically, the new standard (a) no longer requires the use of a specific quantitative threshold to determine if the hedging relationship is highly effective in order to qualify for hedge accounting; (b) removes restrictions that prevented some economically rational hedging strategies from qualifying for hedge accounting; and (c) allows purchased options, forwards and non-derivative financial instruments to be hedging instruments in applicable circumstances.</p> <p>IFRS 9 shall be applied retrospectively to each period presented, subject to the various transition provisions within IFRS 9. The Company does not expect a material impact from the adoption of this standard.</p>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i>	<p>IFRIC 22 clarifies the exchange rate to be used upon recognition of an asset, liability, expense or income in situations when a related advanced payment is disbursed or received. The Company is assessing the impact of IFRIC 22 on its consolidated financial statements.</p>

Pronouncement effective for annual periods beginning January 1, 2019:

IFRS 16	Leases	IFRS 16 introduces a single accounting model for leases. The standard requires a lessee to recognize right-of-use assets and lease liabilities on the statement of financial position for almost all leases having a term of more than 12 months. The Company is assessing the impact of the new standard on its consolidated financial statements.
----------------	---------------	---

Note 3: Segment Information

The Company is organized as three reportable segments reflecting how the businesses are managed: Financial & Risk, Legal and Tax & Accounting. The accounting policies applied by the segments are the same as those applied by the Company. Results from the Reuters News business are excluded from reportable segments as they do not qualify as a component of the Company's three reportable segments, nor as a separate reportable segment. The reportable segments offer products and services to target markets as described below.

Financial & Risk

The Financial & Risk segment is a provider of critical news, information and analytics, enabling transactions and connecting communities of trading, investment, financial and corporate professionals. Financial & Risk also provides regulatory and operational risk management solutions.

Legal

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

Tax & Accounting

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

The Company also reports "Corporate & Other", which includes expenses for corporate functions and the results of the Reuters News business. Neither Corporate & Other nor the Reuters News business qualify as a component of another reportable segment nor as a separate reportable segment.

	Three months ended March 31,	
	2017	2016
Revenues		
Financial & Risk	1,502	1,509
Legal	824	822
Tax & Accounting	417	389
Corporate & Other (includes Reuters News)	74	75
Eliminations	(2)	(2)
Consolidated revenues	2,815	2,793
Adjusted EBITDA		
Financial & Risk	463	437
Legal	307	298
Tax & Accounting	141	114
Corporate & Other (includes Reuters News)	(35)	(101)
Adjusted EBITDA	876	748
Fair value adjustments (see note 5)	(65)	(64)
Depreciation	(72)	(81)
Amortization of computer software	(180)	(169)
Amortization of other identifiable intangible assets	(119)	(128)
Other operating gains, net	4	4
Consolidated operating profit	444	310
Net interest expense	(93)	(93)
Other finance costs	(27)	(34)
Share of post-tax earnings in equity method investments	2	1
Tax (expense) benefit	(9)	26
Earnings from continuing operations	317	210

In accordance with IFRS 8, *Operating Segments*, the Company discloses certain information about its reportable segments based upon measures used by management in assessing the performance of those reportable segments. These measures are defined below and may not be comparable to similar measures of other companies.

In 2017, management changed the profitability measure it uses to assess the performance of its reportable segments from segment operating profit, which it no longer uses, to adjusted EBITDA. These profitability measures are the same, except that adjusted EBITDA excludes depreciation of fixed assets and amortization of computer software. Management uses a number of measures to assess the performance of its segments internally. Adjusted EBITDA will be reported externally, as it represents the internal profitability measure most closely aligned with the measurement of the consolidated income statement.

Adjusted EBITDA

- Adjusted EBITDA represents earnings from continuing operations before tax expense or benefit, net interest expense, other finance costs or income, depreciation, amortization of software and other identifiable intangible assets, the Company's share of post-tax earnings or losses in equity method investments, other operating gains and losses, certain asset impairment charges, fair value adjustments and corporate related items.
- The Company does not consider these excluded items to be controllable operating activities for purposes of assessing the current performance of the reportable segments.
- Each segment includes an allocation of costs for centralized support services such as technology, editorial, real estate and certain global transaction processing functions that are based on usage or other applicable measures.

Note 4: Seasonality

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

Note 5: Operating Expenses

The components of operating expenses include the following:

	Three months ended March 31,	
	2017	2016
Salaries, commissions and allowances	982	1,039
Share-based payments	24	28
Post-employment benefits	62	66
Total staff costs	1,068	1,133
Goods and services ⁽¹⁾	504	510
Data	198	209
Telecommunications	90	101
Real estate	79	92
Fair value adjustments ⁽²⁾	65	64
Total operating expenses	2,004	2,109

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

(2) Fair value adjustments primarily represent mark-to-market impacts on embedded derivatives. In 2016, fair value adjustments also included the mark-to-market impacts on certain share-based awards. Refer to note 1 regarding the adoption of IFRS 2 amendments in 2017.

Note 6: Finance Costs, Net

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

	Three months ended March 31,	
	2017	2016
Interest expense:		
Debt	81	83
Derivative financial instruments - hedging activities	2	1
Other, net	5	(2)
Fair value gains on financial instruments:		
Cash flow hedges, transfer from equity	(7)	(96)
Net foreign exchange losses on debt	7	96
Net interest expense - debt and other	88	82
Net interest expense - pension and other post-employment benefit plans	8	13
Interest income	(3)	(2)
Net interest expense	93	93
	Three months ended March 31,	
	2017	2016
Net losses due to changes in foreign currency exchange rates	20	4
Net losses on derivative instruments	7	30
Other finance costs	27	34

Net losses due to changes in foreign currency exchange rates

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

Net losses on derivative instruments

Net losses on derivative instruments were principally comprised of amounts relating to foreign exchange contracts.

Note 7: Taxation

Tax expense (benefit) was \$9 million and \$(26) million for the three months ended March 31, 2017 and 2016, respectively. The tax expense (benefit) in each period reflected the mix of taxing jurisdictions in which pre-tax profits and losses were recognized. Because the geographical mix of pre-tax profits and losses in interim periods may be different from that for the full year, tax expense or benefit in interim periods is not necessarily indicative of tax expense for the full year.

Note 8: Discontinued Operations

Discontinued operations includes the results of the Company's former Intellectual Property & Science business, which was sold in October 2016. The 2017 period includes residual expenses that were borne by the Company following the closing of the Intellectual Property & Science sale.

Earnings from discontinued operations are summarized as follows:

	Three months ended March 31,	
	2017	2016
Revenues	-	232
Expenses	(4)	(182)
(Loss) earnings from discontinued operations before income tax	(4)	50
Tax benefit ⁽¹⁾	1	12
(Loss) earnings from discontinued operations, net of tax	(3)	62

(1) The three months ended March 31, 2016 included a \$19 million tax benefit that reflected the Company's estimate of the net deferred tax asset it expected to realize in connection with the sale of its Intellectual Property & Science business.

Note 9: Earnings Per Share

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

Diluted earnings per share was calculated using the denominator of the basic calculation described above adjusted to include the potentially dilutive effect of outstanding stock options and time-based restricted share units ("TRSUs").

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

	Three months ended March 31,	
	2017	2016
Earnings attributable to common shareholders	297	262
Less: Dividends declared on preference shares	(1)	(1)
Earnings used in consolidated earnings per share	296	261
Less: Loss (earnings) from discontinued operations, net of tax	3	(62)
Earnings used in earnings per share from continuing operations	299	199

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

	Three months ended March 31,	
	2017	2016
Weighted-average number of common shares outstanding	726,523,831	760,111,131
Weighted-average number of vested DSUs	676,786	616,642
Basic	727,200,617	760,727,773
Effect of stock options and TRSUs	1,993,787	1,488,354
Diluted	729,194,404	762,216,127

Note 10: Financial Instruments**Financial assets and liabilities**

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

March 31, 2017	Assets/ (Liabilities) at Fair					Other Financial Liabilities	Total
	Cash, Trade and Other Receivables	Value Through Earnings	Derivatives Used for Hedging	Available for Sale			
Cash and cash equivalents	812	-	-	-	-	-	812
Trade and other receivables	1,573	-	-	-	-	-	1,573
Other financial assets - current	49	82	-	-	-	-	131
Other financial assets - non-current	52	22	-	28	-	-	102
Current indebtedness	-	-	-	-	(828)	(828)	
Trade payables (see note 12)	-	-	-	-	(275)	(275)	
Accruals (see note 12)	-	-	-	-	(1,226)	(1,226)	
Other financial liabilities - current ⁽¹⁾	-	(29)	-	-	(101)	(130)	
Long-term indebtedness	-	-	-	-	(6,288)	(6,288)	
Other financial liabilities - non current	-	(12)	(316)	-	(2)	(330)	
Total	2,486	63	(316)	28	(8,720)	(6,459)	

(1) Includes a commitment to repurchase up to \$55 million of shares related to the Company's pre-defined plan with its broker to repurchase the Company's shares during its internal trading blackout period. See note 14.

December 31, 2016	Assets/ (Liabilities) at Fair						Total
	Cash, Trade and Other Receivables	Value Through Earnings	Derivatives	Used for Hedging	Available for Sale	Other Financial Liabilities	
Cash and cash equivalents	2,368	-	-	-	-	-	2,368
Trade and other receivables	1,392	-	-	-	-	-	1,392
Other financial assets - current	67	121	-	-	-	-	188
Other financial assets - non-current	53	47	-	35	-	-	135
Current indebtedness	-	-	-	-	(1,111)	(1,111)	
Trade payables (see note 12)	-	-	-	-	(311)	(311)	
Accruals (see note 12)	-	-	-	-	(1,517)	(1,517)	
Other financial liabilities - current	-	(34)	-	-	(68)	(102)	
Long-term indebtedness	-	-	-	-	(6,278)	(6,278)	
Other financial liabilities - non current	-	(12)	(327)	-	(1)	(340)	
Total	3,880	122	(327)	35	(9,286)	(5,576)	

Cash and cash equivalents

Of total cash and cash equivalents, \$107 million and \$112 million at March 31, 2017 and December 31, 2016, respectively, were held in subsidiaries which have regulatory restrictions, contractual restrictions or operate in countries where exchange controls and other legal restrictions apply and were therefore not available for general use by the Company.

Debt-related activity

The following table provides information regarding notes that the Company repaid in the three months ended March 31, 2017:

MONTH/YEAR	TRANSACTION	PRINCIPAL AMOUNT (IN MILLIONS)
Notes repaid		
February 2017	1.30% Notes, due 2017	US\$550

The notes were repaid principally from cash on hand, which included a portion of the proceeds from the sale of the Intellectual Property & Science business.

Under its commercial paper programs, the Company may issue up to \$2.0 billion of notes. At March 31, 2017, current indebtedness included \$255 million of outstanding commercial paper within the consolidated statement of financial position.

The Company has a \$2.4 billion syndicated credit facility agreement which matures in November 2021. The facility may be utilized to provide liquidity for general corporate purposes (including support for its commercial paper programs). There were no borrowings under the credit facility in the first quarter of 2017.

Fair Value

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

Debt and Related Derivative Instruments

Carrying Amounts

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

Fair Value

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

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

	Carrying Amount		Fair Value	
	Primary Debt Instruments	Derivative Instruments Liability	Primary Debt Instruments	Derivative Instruments Liability
March 31, 2017				
Bank and other	20	-	24	-
Commercial paper	255	-	255	-
C\$500, 3.369% Notes, due 2019	374	96	388	96
C\$750, 4.35% Notes, due 2020	560	158	606	158
C\$550, 3.309% Notes, due 2021	411	62	431	62
\$550, 1.65% Notes, due 2017	549	-	550	-
\$1,000, 6.50% Notes, due 2018	998	-	1,058	-
\$500, 4.70% Notes, due 2019	499	-	528	-
\$350, 3.95% Notes, due 2021	348	-	364	-
\$600, 4.30% Notes, due 2023	595	-	632	-
\$450, 3.85% Notes, due 2024	446	-	460	-
\$500, 3.35% Notes, due 2026	495	-	486	-
\$350, 4.50% Notes, due 2043	341	-	326	-
\$350, 5.65% Notes, due 2043	341	-	379	-
\$400, 5.50% Debentures, due 2035	394	-	424	-
\$500, 5.85% Debentures, due 2040	490	-	555	-
Total	7,116	316	7,466	316
Current portion	828	-		
Long-term portion	6,288	316		

	Carrying Amount		Fair Value	
	Primary Debt Instruments	Derivative Instruments Liability	Primary Debt Instruments	Derivative Instruments Liability
December 31, 2016				
Bank and other	9	-	13	-
C\$500, 3.369% Notes, due 2019	372	99	386	99
C\$750, 4.35% Notes, due 2020	557	163	601	163
C\$550, 3.309% Notes, due 2021	408	65	426	65
\$550, 1.30% Notes, due 2017	549	-	550	-
\$550, 1.65% Notes, due 2017	549	-	550	-
\$1,000, 6.50% Notes, due 2018	998	-	1,067	-
\$500, 4.70% Notes, due 2019	499	-	528	-
\$350, 3.95% Notes, due 2021	348	-	361	-
\$600, 4.30% Notes, due 2023	595	-	625	-
\$450, 3.85% Notes, due 2024	446	-	454	-
\$500, 3.35% Notes, due 2026	494	-	481	-
\$350, 4.50% Notes, due 2043	341	-	325	-
\$350, 5.65% Notes, due 2043	341	-	378	-
\$400, 5.50% Debentures, due 2035	394	-	424	-
\$500, 5.85% Debentures, due 2040	489	-	544	-
Total	7,389	327	7,713	327
Current portion	1,111	-		
Long-term portion	6,278	327		

Fair value estimation

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

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

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

March 31, 2017		Total		
		Level 1	Level 2	Level 3
Assets				Balance
Embedded derivatives ⁽¹⁾		-	86	-
Forward exchange contracts ⁽²⁾		-	18	-
Financial assets at fair value through earnings		-	104	-
Available for sale investments ⁽³⁾		6	22	-
Total assets		6	126	-
Liabilities				
Embedded derivatives ⁽¹⁾		-	(31)	-
Forward exchange contracts ⁽²⁾		-	(9)	-
Contingent consideration ⁽⁴⁾		-	-	(1)
Financial liabilities at fair value through earnings		-	(40)	(1)
Derivatives used for hedging ⁽⁵⁾		-	(316)	-
Total liabilities		-	(356)	(1)
				(357)

December 31, 2016		Total		
		Level 1	Level 2	Level 3
Assets				Balance
Embedded derivatives ⁽¹⁾		-	140	-
Forward exchange contracts ⁽²⁾		-	28	-
Financial assets at fair value through earnings		-	168	-
Available for sale investments ⁽³⁾		7	28	-
Total assets		7	196	-
Liabilities				
Embedded derivatives ⁽¹⁾		-	(24)	-
Forward exchange contracts ⁽²⁾		-	(20)	-
Contingent consideration ⁽⁴⁾		-	-	(2)
Financial liabilities at fair value through earnings		-	(44)	(2)
Derivatives used for hedging ⁽⁵⁾		-	(327)	-
Total liabilities		-	(371)	(2)
				(373)

(1) Largely related to U.S. dollar pricing of customer agreements by subsidiaries outside of the U.S.

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

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

(4) Obligations to pay additional consideration for prior acquisitions, based upon performance measures contractually agreed at the time of purchase.

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

The Company recognizes transfers into and out of the fair value measurement hierarchy levels at the end of the reporting period in which the event or change in circumstances that caused the transfer occurred. There were no transfers between hierarchy levels for the three months ended March 31, 2017.

Valuation Techniques

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

Specific valuation techniques used to value financial instruments include:

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

Note 11: Other Non-Current Assets

	March 31,	December 31,
	2017	2016
Net defined benefit plan surpluses	22	18
Cash surrender value of life insurance policies	292	288
Equity method investments	179	163
Other non-current assets	72	68
Total other non-current assets	565	537

Note 12: Payables, Accruals and Provisions

	March 31,	December 31,
	2017	2016
Trade payables	275	311
Accruals	1,226	1,517
Provisions	207	273
Other current liabilities	325	347
Total payables, accruals and provisions	2,033	2,448

Note 13: Provisions and Other Non-Current Liabilities

	March 31,	December 31,
	2017	2016
Net defined benefit plan obligations ⁽¹⁾	926	1,417
Deferred compensation and employee incentives	152	235
Provisions	112	140
Uncertain tax positions	305	298
Other non-current liabilities	167	168
Total provisions and other non-current liabilities	1,662	2,258

(1) In 2017, the Company contributed \$500 million to its Thomson Reuters Group Pension Plan.

Note 14: Capital

Share repurchases

The Company may buy back shares (and subsequently cancel them) from time to time as part of its capital strategy. In May 2016, the Company renewed its normal course issuer bid ("NCIB") for an additional 12 months. Under the NCIB, the Company may repurchase up to 37.5 million common shares between May 30, 2016 and May 29, 2017 in open market transactions on the TSX, the NYSE and/or other exchanges and alternative trading systems, if eligible, or by such other means as may be permitted by the TSX and/or NYSE or under applicable law, including private agreement purchases if the Company receives an issuer bid exemption order from applicable securities regulatory authorities in Canada for such purchases. In the three months ended March 31, 2017, the Company privately repurchased 5 million common shares (2016-1.5 million common shares) at a discount to the then-prevailing market price.

Details of share repurchases were as follows:

	Three months ended March 31,	
	2017	2016
Share repurchases (millions of U.S. dollars)	284	432
Shares repurchased (millions)	6.8	11.7
Share repurchases - average price per share	\$41.69	\$36.99

Decisions regarding any future repurchases will depend on factors such as market conditions, share price, and other opportunities to invest capital for growth. The Company may elect to suspend or discontinue its share repurchases at any time, in accordance with applicable laws. From time to time when the Company does not possess material nonpublic information about itself or its securities, it may enter into a pre-defined plan with its broker to allow for the repurchase of shares at times when the Company ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise. Any such plans entered into with the Company's broker will be adopted in accordance with applicable Canadian securities laws and the requirements of Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended. The Company entered into such a plan with its broker on March 31, 2017. As a result, the Company recorded a \$55 million liability in "Other financial liabilities" within current liabilities at March 31, 2017 with a corresponding amount recorded in equity in the consolidated statement of financial position.

Dividends

Dividends on common shares are declared in U.S. dollars. In the consolidated statement of cash flow, dividends paid on common shares are shown net of amounts reinvested in the Company under its dividend reinvestment plan. Details of dividends declared per share and dividends paid on common shares are as follows:

	Three months ended March 31,	
	2017	2016
Dividends declared per common share	\$0.345	\$0.34
Dividends declared	251	258
Dividends reinvested	(9)	(9)
Dividends paid	242	249

Note 15: Supplemental Cash Flow Information

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

	Three months ended March 31,	
	2017	2016
Non-cash employee benefit charges	64	76
Fair value adjustments	65	64
Net gains on foreign exchange and derivative financial instruments	27	32
Other	7	6
	163	178

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

	Three months ended March 31,	
	2017	2016
Trade and other receivables	(157)	12
Prepaid expenses and other current assets	(41)	(32)
Other financial assets	28	27
Payables, accruals and provisions	(401)	(280)
Deferred revenue	28	(8)
Other financial liabilities	(41)	(28)
Income taxes	(39)	(20)
Other ⁽¹⁾	(34)	(42)
	(657)	(371)

(1) Includes \$(31) million (2016-\$(33) million) related to employee benefit plans.

Details of income taxes paid are as follows:

	Three months ended March 31,	
	2017	2016
Operating activities – continuing operations	(62)	(48)
Operating activities – discontinued operations	-	(2)
Total income taxes paid	(62)	(50)

Note 16: Acquisitions

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

Acquisition activity

The number of acquisitions completed, and the related total consideration, in the three months ended March 31, 2017 and 2016 were as follows:

	Three months ended March 31,			
	2017		2016	
	Number of Transactions	Total Consideration	Number of Transactions	Total Consideration
Businesses acquired	3	213	2	45
Less: Cash acquired		(7)		-
Businesses acquired, net of cash	3	206	2	45
Investments in businesses	-	-	1	1
	3	206	3	46
Consideration comprised of:				
Cash consideration		178		46
Non-cash consideration ⁽ⁱ⁾		28		-
		206		46

(i) Represents future services that the Company will provide to the seller, which was recorded in "Deferred revenue" within the consolidated statement of financial position.

The following provides a brief description of a certain acquisition completed during the three months ended March 31, 2017:

Date	Company	Acquiring Segment	Description
January 2017	REDI	Financial & Risk	A provider of a cross-asset trade execution management system for financial professionals.

Purchase price allocation

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

The details of net assets acquired were as follows:

	Three months ended March 31,	
	2017	2016
Cash and cash equivalents	7	-
Trade receivables	9	2
Prepaid expenses and other current assets	5	1
Current assets	21	3
Computer hardware and other property	6	-
Computer software	25	12
Other identifiable intangible assets	73	8
Deferred tax	15	-
Total assets	140	23
Current indebtedness	(1)	-
Payables and accruals	(23)	(2)
Deferred revenue	(4)	(1)
Current liabilities	(28)	(3)
Total liabilities	(28)	(3)
Net assets acquired	112	20
Goodwill	101	25
Total	213	45

The excess of the purchase price over the net tangible and identifiable intangible assets acquired and assumed liabilities was recorded as goodwill and reflects synergies and the value of the acquired workforce. The majority of goodwill for acquisitions completed in 2017 and 2016 is not expected to be deductible for tax purposes.

Acquisition transactions were completed by acquiring all equity interests or the net assets of the acquired business.

Other

The revenues and operating profit of acquired businesses since the date of acquisition were not material to the Company's results of operations.

Note 17: Contingencies

Lawsuits and legal claims

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

Uncertain tax positions

The Company is subject to taxation in numerous jurisdictions and is routinely under audit by many different taxing authorities in the ordinary course of business. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain, as taxing authorities may challenge some of the Company's positions and propose adjustments or changes to its tax filings.

As a result, the Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk. These provisions are made using the Company's best estimates of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such audits or related litigation could vary significantly from the Company's provisions. However, based on currently enacted legislation, information currently known by the Company and after consultation with outside tax advisors, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on the Company's financial condition taken as a whole.

In June 2016, certain U.S. subsidiaries received a statutory notice of deficiency from the Internal Revenue Service (IRS) for the 2010 and 2011 tax years. In the notice, the IRS claims that the taxable income of these subsidiaries should be increased by an amount that creates an aggregate potential additional income tax liability of approximately \$250 million for the period, including interest. The IRS claim relates to the Company's intercompany transfer pricing practices. The Company plans to pursue all available administrative and judicial remedies necessary to resolve the matter. To that end, the Company filed a petition in U.S. Tax Court in September 2016. Management believes the Company will prevail in this dispute.

Note 18: Related Party Transactions

As of March 31, 2017, Woodbridge beneficially owned approximately 62% of the Company's shares.

There were no new significant related party transactions during the first quarter of 2017. Refer to "Related party transactions" set out in note 29 of the Company's consolidated financial statements for the year ended December 31, 2016, which are included in the Company's 2016 annual report, for information regarding related party transactions.



Thomson Reuters

333 Bay Street, Suite 400
Toronto, Ontario M5H 2R2
Canada

tel: +1 416 687 7500

www.thomsonreuters.com

