

The Thomson Corporation
Reconciliation of Operating Profit to Operating Profit excluding Thomson Plus Costs
December 31, 2006

(Amounts in millions of U.S. Dollars)

	<u>2006</u>
Thomson Operating Profit	1,258
THOMSONplus Costs	<u>60</u>
Thomson Operating Profit excluding THOMSONplus	1,318
Thomson Operating Profit Margin	18.9%
Thomson Operating Profit Margin excluding THOMSONplus	19.8%
Thomson Revenue	6,641

The Thomson Corporation
Reconciliation of Free Cash Flow
December 31, 2006

(Amounts in millions of U.S. Dollars)

	2002	2003	2004	2005	2006
Cash flow provided by operating activities*	1,691	1,654	1,808	1,879	2,125
Additions to property and equipment, less proceeds from disposals (continuing operations)	(315)	(373)	(406)	(427)	(453)
Additions to property and equipment of discontinued operations	(208)	(204)	(216)	(215)	(184)
Other Investing activities	(166)	(83)	(60)	(39)	(43)
Dividends on preference shares	(22)	(11)	(3)	(4)	(5)
Free Cash Flow	<u>980</u>	<u>983</u>	<u>1,123</u>	<u>1,194</u>	<u>1,440</u>

** Includes cash flows from operating activities for discontinued operations.*

The Thomson Corporation
Reconciliation of Pre-Tax Free Cash Flow
December 31, 2006

(Amounts in millions of U.S. Dollars)

	2006			2005		
	Thomson w/Learning	Learning	Thomson Ex- Learning	Thomson w/Learning	Learning	Thomson Ex- Learning
Cash flow provided by operating activities*	2,125	487	1,638	1,879	549	1,330
Additions to property and equipment, less proceeds from disposals (continuing operations)	(453)	-	(453)	(427)	-	(427)
Additions to property and equipment of discontinued operations	(184)	(178)	(6)	(215)	(200)	(15)
Other Investing activities	(43)	(17)	(26)	(39)	(12)	(27)
Dividends on preference shares	(5)	-	(5)	(4)	-	(4)
Free Cash Flow	1,440	292	1,148	1,194	337	857
Add: Cash Taxes Paid	291	13	278	445	11	434
Pre-Tax Free Cash Flow	1,731	305	1,426	1,639	348	1,291

* Includes cash flows from operating activities for discontinued operations.

The Thomson Corporation
Reconciliation of Adjusted EBITDA Margin
December 31, 2006

(Amounts in millions of U.S. Dollars)

	Thomson w/Learning	Learning	Thomson Ex-Learning
Total Revenues	8,918	2,285	6,641
Adjusted EBITDA			
Thomson Adjusted EBITDA	2,498	559	1,939
Less: Depreciation	(638)	(199)	(439)
Less: Amortization	(308)	(66)	(242)
Operating Income	1,552	294	1,258
Other income/expense			1
Net interest expense and other financing costs			(221)
Income taxes			(119)
Earnings from continuing operations			919
Earnings from discontinued operations, net of tax			201
Net earnings			1,120
Adjusted EBITDA Margin	28.0%	24.5%	29.2%
Operating Profit Margin	17.4%	12.9%	18.9%

The Thomson Corporation
Reconciliation of Return on Invested Capital
December 31, 2006

(Amounts in millions of U.S. Dollars)

	12/31/2005 Thomson	12/31/2006 Thomson	12/31/2005 Discops	12/31/2006 Discops	12/31/2005 Thomson excl Discops	12/31/2006 Thomson excl Discops
Calculation of Adjusted Operating Profit After Taxes						
Operating Profit		1,258				1,258
Add:						
Amortization		242				242
Reduce amount by Thomson Learning adjustments ¹		(19)		(19)		-
Segment operating profit of discontinued operations		386		386		-
Pre-tax adjusted operating profit		<u>1,867</u>		<u>367</u>		<u>1,500</u>
Taxes paid on operations		(311)		(13)		(298)
Post-tax adjusted operating profit		<u>1,556</u>		<u>354</u>		<u>1,202</u>
Calculation of Adjusted Invested Capital						
Equity	9,963	10,481	4,651	4,533	5,312	5,948
Debt per balance sheet	4,246	4,278	-	-	4,246	4,278
Indebtedness of discontinued operations	37	43	37	43	-	-
Invested capital	<u>14,246</u>	<u>14,802</u>	<u>4,688</u>	<u>4,576</u>	<u>9,558</u>	<u>10,226</u>
Adjustments:						
Cash and other Investments ²	(423)	(334)	(38)	(28)	(385)	(306)
Debt swaps ³	(193)	(257)	-	-	(193)	(257)
Current and long-term deferred taxes ²	1,310	1,122	-	-	1,310	1,122
Accumulated amortization and non-cash goodwill ⁴	1,885	2,390	681	807	1,204	1,583
Present value of operating leases ⁵	754	783	158	167	596	616
Historical intangible asset write-downs ⁶	162	162	38	38	124	124
Other ²	821	798	31	19	790	779
Adjusted invested capital	<u>18,562</u>	<u>19,466</u>	<u>5,558</u>	<u>5,579</u>	<u>13,004</u>	<u>13,887</u>
Average Invested Capital		19,014		5,569		13,446
Pre-tax Return on Invested Capital		9.8%		6.6%		11.2%

Notes:

¹ As discussed in the press release, the adjustments reflect the actual results if Thomson Learning had been part of continuing operations for the periods presented.

Specifically, this amount reflects depreciation expense which is excluded from GAAP results under the accounting requirements for discontinued operations, and costs incurred in connection with the disposal of the business have been excluded.

² Items excluded as not deemed components of invested capital; "Other" primarily consists of non-current liabilities.

³ Excludes debt swaps as balances are financing rather than operating related.

⁴ Excludes accumulated amortization as only gross identifiable intangible assets and goodwill cost is considered component of invested capital.

Exclude goodwill arising from adoption of CICA 3465. This goodwill was created via deferred tax liability instead of cash purchase price.

⁵ Present value of operating leases deemed component of invested capital.

⁶ Adds back writedowns that were not cash transactions