

Investor Day Presentation - October 3, 2007

THE THOMSON CORPORATION

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO CORRESPONDING GAAP FINANCIAL MEASURE:

Note: Adjusted EBITDA, Adjusted EBITA, free cash flow and net debt are not defined by, or calculated in accordance with Canadian generally accepted accounting principles (GAAP). These measures do not have any standardized meanings prescribed by Canadian GAAP 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 Canadian GAAP.

Reconciliation of Operating Profit to Operating Profit excluding THOMSONplus and Reuters Transaction Costs

(Amounts in millions of U.S. Dollars)

	<u>2006</u>	<u>H1 2006</u>	<u>H1 2007</u>
Operating Profit	1,254	517	581
THOMSONplus and Reuters transaction costs	60	19	63
Operating Profit excluding THOMSONplus and Reuters transaction costs	1,314	536	644
Operating profit margin	19.0%	16.5%	16.7%
Operating profit margin excluding THOMSONplus and Reuters transaction costs	19.9%	17.1%	18.5%
Revenue	6,612	3,134	3,477

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**The Thomson Corporation
Reconciliation of Adjusted EBITDA and Segment Profit and Respective Margins
December 31, 2006**

(Amounts in millions of U.S. Dollars)

(Unaudited)

	<u>Thomson (1)</u>
Total Revenues	<u>6,612</u>
Thomson Adjusted EBITDA	1,934
Less: Depreciation	<u>(439)</u>
Thomson Segment Operating Profit	1,495
Less: Amortization	(241)
Net other income	1
Net interest expense and other financing costs	(221)
Income taxes	<u>(118)</u>
Earnings from continuing operations	916
Earnings from discontinued operations, net of tax	<u>204</u>
Net earnings	<u><u>1,120</u></u>
Adjusted EBITDA Margin	29.2%

(1) Restated from full year 2006 results for the reclass of discontinued operations, which occurred in the first half of 2007.

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The Thomson Corporation Reconciliation to Net Debt December 31, 2006

(Amounts in millions of U.S. Dollars)

(Unaudited)

	Thomson (1)
Short-term indebtedness	333
Current portion of long-term debt	264
Long term debt	<u>3,681</u>
Total debt	4,278
Less:	
Swaps	(257)
Fair value of cash flow hedges	<u>54</u>
Total debt after swaps	4,075
Less cash	<u>(334)</u>
Net debt before proceeds from 2007 divestitures	3,741
Estimated after-tax proceeds from 2007 divestitures	(7,050)
Net debt	<u><u>(3,309)</u></u>
2006 EBITDA	<u><u>1,934</u></u>
Net debt/ 2006 EBITDA	<u><u>(1.7) x</u></u>

(1) Restated from full year 2006 results for the reclass of discontinued operations, which occurred in the first half of 2007.

Note: Given that Thomson hedges some of its 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 associated fair market value of cash flow hedges in our measurements. We reduce gross indebtedness by cash and cash equivalents on the basis that they could be used to pay down debt.

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The Thomson Corporation
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow
December 31, 2006

(Amounts in millions of U.S. Dollars)

(Unaudited)

	<u>Thomson (1)</u>
Net cash provided by operating activities	2,125
Less Cash provided by operating activities- discontinued operations	(561)
Capital expenditures, less proceeds from disposals	(453)
Other investing activities	(26)
Dividends paid on preference shares	(5)
Free Cash Flow	<u><u>1,080</u></u>

(1) Restated from full year 2006 results for the reclass of discontinued operations, which occurred in the first half of 2007.

Note: Thomson uses free cash flow as a performance measure because it represents cash available to repay debt, pay common dividends and fund new acquisitions.

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The Thomson Corporation
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

(Amounts in millions of U.S. Dollars)

	2001	2002	2003	2004	2005	2006
Net cash provided by operating activities*	1,651	1,691	1,654	1,808	1,879	2,125
Capital expenditures	(467)	(315)	(373)	(406)	(427)	(453)
Capital expenditures of discontinued operations	(217)	(208)	(204)	(216)	(215)	(184)
Other Investing activities	(359)	(166)	(83)	(60)	(39)	(43)
Dividends paid on preference shares	(28)	(22)	(11)	(3)	(4)	(5)
Free cash flow	580	980	983	1,123	1,194	1,440
Free Cash Flow per share	\$ 0.92	\$ 1.53	\$ 1.50	\$ 1.71	\$ 1.82	\$ 2.23
Weighted Average Shares - Diluted	628.2	641.5	654.2	655.9	655.0	646.0

* Includes cash flows from operating activities for discontinued operations.

Note: Thomson uses free cash flow as a performance measure because it represents cash available to repay debt, pay common dividends and fund new acquisitions.

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The Thomson Corporation

Reconciliation of earnings attributable to common shares to adjusted earnings from continuing operations

(Amounts in millions of U.S. Dollars)

	2001	2002	2003	2004	2005	2006
Earnings attributable to common shares	741	585	877	1,008	930	1,115
Adjust: one-time items, net of tax, resulting from other(income) expense, redemption of preferred shares and tax (benefits) charges	(222)	29	(151)	(58)	29	(50)
Proportionate share of goodwill impairment recognized by BGM	-	67	-	-	-	-
Earnings from discontinued operations	(220)	(234)	(239)	(371)	(273)	(203)
Effect of new accounting standard ¹	158	-	-	-	-	-
Adjusted earnings from continuing operations	457	447	487	579	686	862
Adjusted basic and diluted earnings per common share from continuing operations	\$ 0.73	\$ 0.70	\$ 0.74	\$ 0.88	\$ 1.05	\$ 1.33
Weighted Average Shares - Diluted	628.2	641.5	654.2	655.9	655.0	646.0

1 Under CICA Handbook Section 3062, goodwill and indentifiable intangible assets with indefinite useful lives are no longer amortized beginning in 2002. This adjustment removes the amortization related to these assets in prior periods.