

# The Thomson Corporation

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# Special Note

## • Safe Harbor/Forward-Looking Statements

- Before we proceed with our presentation, we would like to point out that the following discussion will contain forward-looking statements, including statements about the outlook and prospects for Thomson and its market groups.
- Forward-looking statements are those which are not historical facts. These and other statements that relate to future results and events are based on Thomson's current expectations.
- Our actual results in future periods may differ materially from those currently expected because of a number of risks and uncertainties. The risks and uncertainties that we believe are material are outlined in the "Risk Factors" section of our annual information form (AIF), which was filed with the Canadian securities regulatory authorities and is also part of our Form 40-F for the year ended December 31, 2005 filed with the SEC. A copy of our AIF and Form 40-F are available at [www.thomson.com](http://www.thomson.com). Please consult either of these documents for a more complete understanding of these risks and uncertainties. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## • Non-GAAP Financial Measures

- This presentation contains disclosures of certain non-GAAP financial measures, such as adjusted earnings, segment operating profit (loss), and free cash flow. Please see the "Investor Relations" section of our website, [www.thomson.com](http://www.thomson.com), for a reconciliation of each of these measures to the most directly comparable GAAP financial measure. You can also find some GAAP reconciliations in the tables attached to our earnings release dated April 27, 2006, which is also available on the Thomson website.

# The Thomson Corporation

- Thomson Today

- Priorities

- Driving Shareholder Value

# Thomson Today

- Leader in global information services industry serving professionals
- A market leader – #1, #2
- Business model and technology backbone built for a global marketplace
- Combination of content assets and technology platforms provide high barriers
- GDP+ growth markets with almost no exposure to advertising revenue
- Portfolio provides multiple revenue streams, balance and diversity

# Core Strengths

- Reframing markets
- Customer segmentation
- Creating workflow solutions
- Building and deploying technology platforms and desktop tools

# Market Segments We Serve

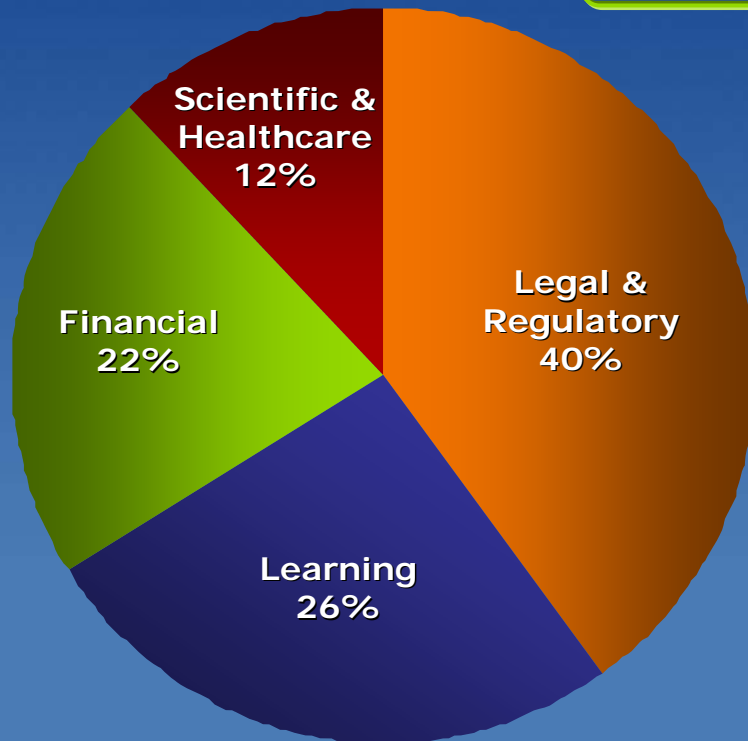
Legal & Regulatory	Learning	Financial	Scientific & Healthcare
\$3.4 Billion	\$2.2 Billion	\$1.9 Billion	\$1.0 Billion
			
<ul style="list-style-type: none"><li>• 17,300 Employees</li><li>• 22 Countries</li></ul>	<ul style="list-style-type: none"><li>• 9,400 Employees</li><li>• 39 Countries</li></ul>	<ul style="list-style-type: none"><li>• 8,700 Employees</li><li>• 22 Countries</li></ul>	<ul style="list-style-type: none"><li>• 4,700 Employees</li><li>• 26 Countries</li></ul>

- Serve an estimated \$80+ billion global market and growing
- “Must-have” products/high utilization & renewal rates
- Deep industry/market expertise in each segment

# Business Overview\*

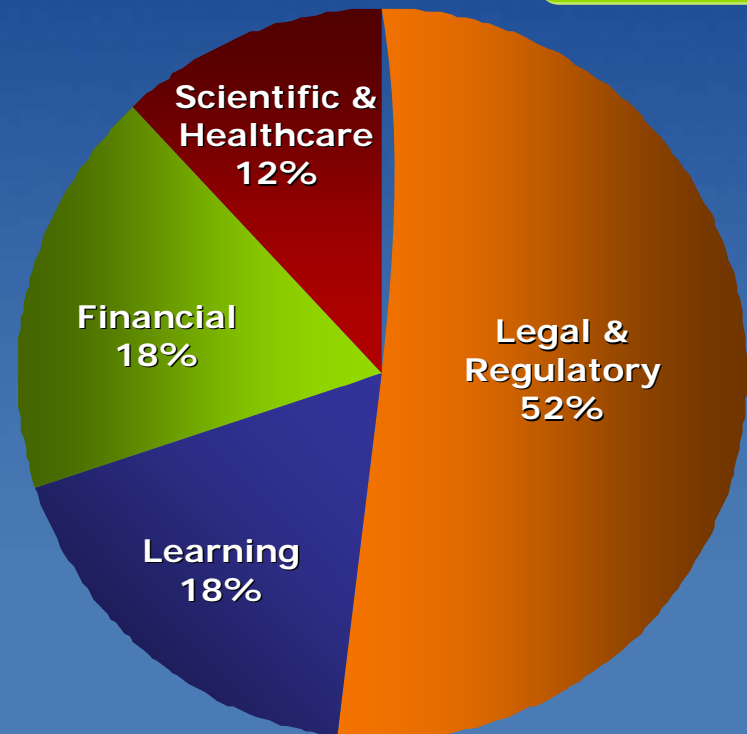
2005 Revenues  
\$8.5 Billion

7% 5-Yr  
CAGR



2005 Segment Op. Profit\*\*  
\$1.8 Billion

11% 5-Yr  
CAGR



\* Excludes discontinued operations

\*\* Percentages exclude Corporate and Other Expenses

# Growth Over Past 5 Years

- Revenues up 7% CAGR
- EBITDA up 10% CAGR
- EBITDA margins up over 400 bps
- Operating income up 16% CAGR
- OI margins up more than 500 bps
- Adjusted EPS up approximately 55%
- FCF doubled to \$1.2 billion

# 2006 Off to a Good Start

- Continued good momentum from 2005
- Q1 organic revenues up 7%
- Q1 operating profit up 19%
- Q1 adjusted EPS up 63%

# The Thomson Corporation

- Thomson Today

- **Priorities**

- Driving Shareholder Value

# Priorities

- **Accelerate organic growth** through customer-driven innovation
- **Optimize our portfolio** to improve growth/returns
- **Optimize our infrastructure** and assets to support growth and improve margins

# Global Trends Play to Our Strengths

## Continued growth of Knowledge Workers

- Transfer of work from research specialist to knowledge worker
- “Digital natives” – first generation of knowledge workers who grew up in the electronic age

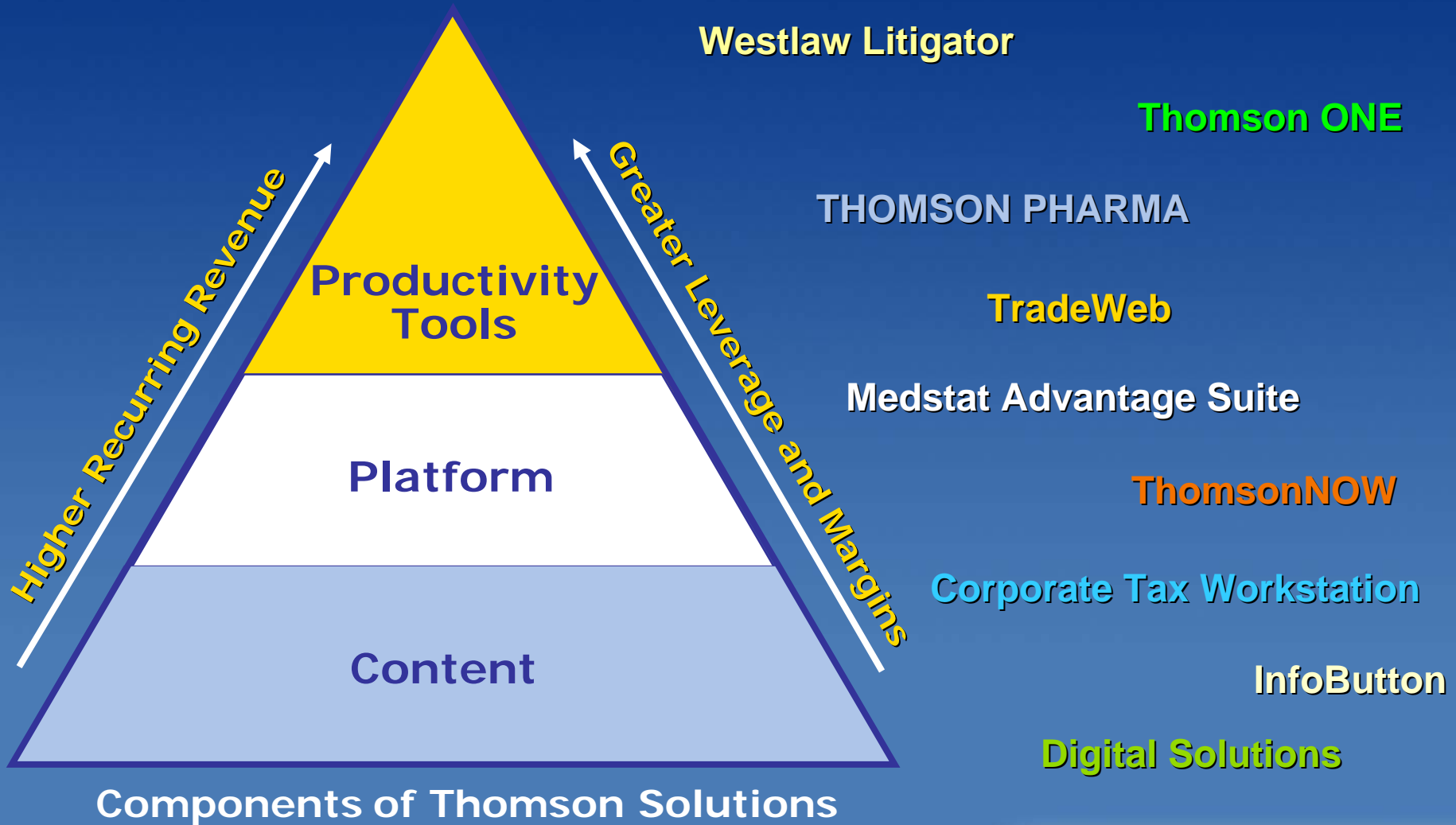
## Increasing complexity of information

- Demand for timeliness and productivity growing
- Quality and relevance of information vs. quantity
- Risk management increasingly important

## Higher productivity requires better tools

- Increasing importance of workflow tools, applications and technology

# Moving Up the Value Pyramid



# Accelerating Organic Growth

**Accelerate  
Organic Growth  
in Core Markets**

- TLR**
  - Westlaw and other online services
    - Litigator
    - Transactor
  - TTA Tax Workstation
- TL**
  - Digital solutions
  - Custom Publishing
  - English Language Training
- TF**
  - Thomson ONE
  - Leveraging TradeWeb
  - Equity block trading
- TSH**
  - Thomson Pharma
  - Clinical solutions at the point of care
  - Decision support systems

**Targeting Resources to Drive Organic Revenue**

# Drive Growth in New Markets

## International Expansion

- Global (e.g., Web of Science)
- Regional (e.g., Investment Management)
- Multi-domestic (e.g., Westlaw Japan JV)

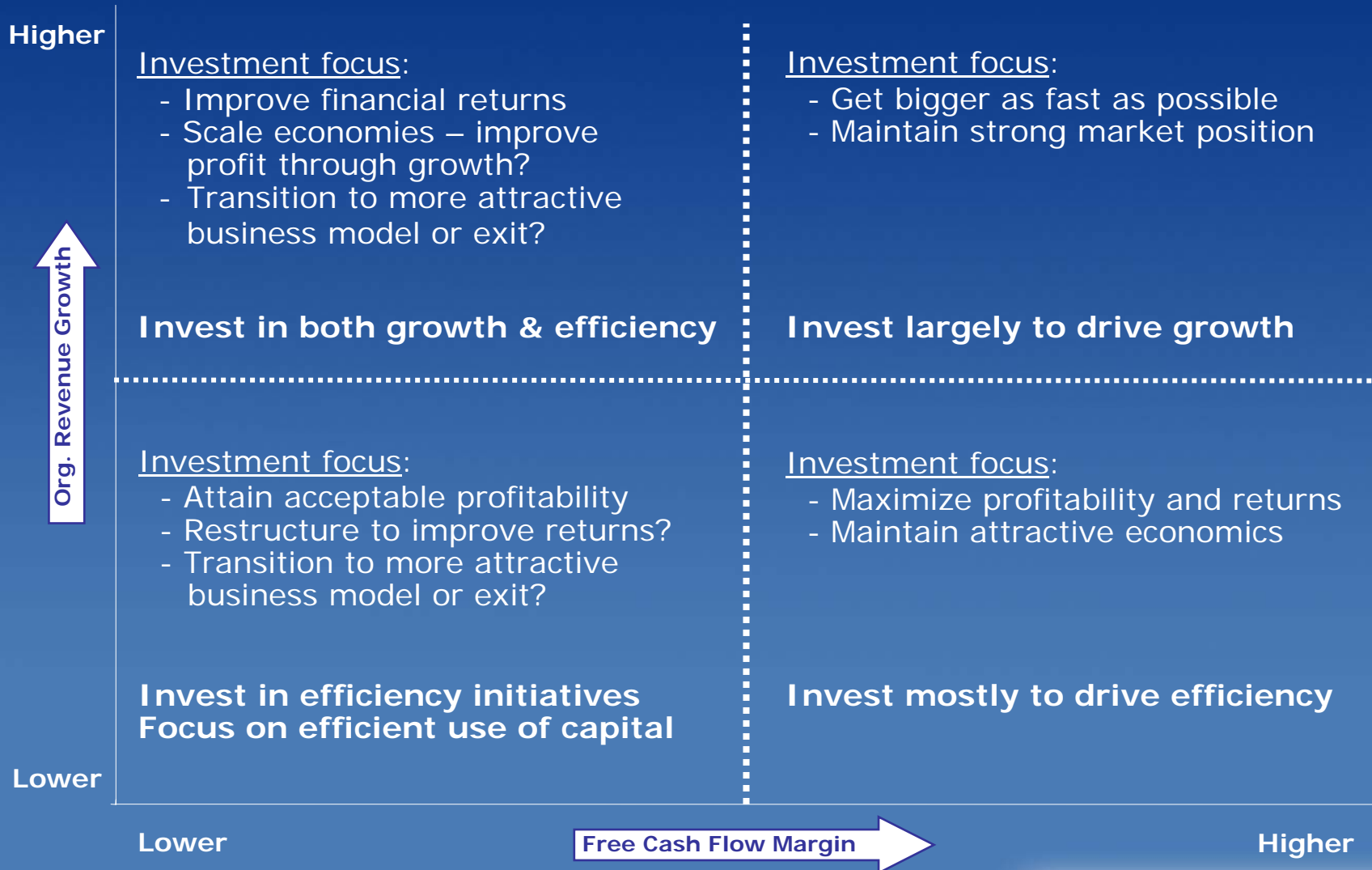
## New Segments

- Evaluate new knowledge worker segments that have strong long-term growth potential and strategic fit with Thomson

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# Portfolio Optimization Framework



# Priorities

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# Infrastructure Optimization

Driving efficiency & effectiveness across Thomson to support growth, drive margins and improve returns

- Two senior executives dedicated to project
- Focused on finance and accounting, technology spend and structure
- Evaluating further insourcing/outourcing opportunities

# The Thomson Corporation

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- **Driving Shareholder Value**

# Priorities for Driving Shareholder Value

**Balance  
growth and returns to  
deliver shareholder value**

## **Growth agenda**

**Consistent organic growth**

**Disciplined acquisition strategy**

- \$200-500 million

**Portfolio optimization**

**7-9% Revenue Growth**

## **Return on capital**

**Focus on capital efficiency**

- Capex % of revenues
- Working capital
- Disciplined investment strategy

**Drive Free Cash Flow  
Improve ROIC**

## **Financial policies**

**Strong and flexible capital structure**

- Net Debt/Adjusted EBITDA

**Attractive dividend payout**

- Dividend increase of 10%

**Share buyback to date:  
>\$510 million/14 million shares**

**40% Dividend payout  
"A" rating**

# 2006 Compensation Plan Changes

Aligned Compensation Plans to Drive Growth and Returns

## Short Term

	<u>2005</u>		<u>2006</u>
Revenue	35%	Revenue	45%
Adj. Operating Profit	65%	Adj. Operating Profit	45%
		Free Cash Flow	10%

## Long Term

	<u>2005-2007 Plan</u>		<u>2006-2008 Plan</u>
Adj. EPS	100%	ROIC	50%
		Adj. EPS	50%

Increased Ownership Requirements & Paid in Performance Shares

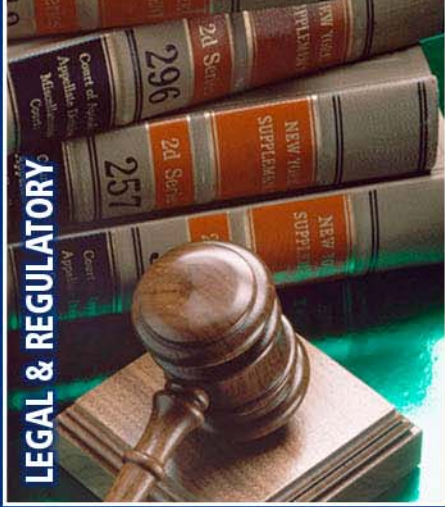
# Returning Cash to Shareholders

- \$3 billion returned to shareholders over past 5 years
- Renewed Share Buyback Program
  - 15 million share repurchase authorized
- May 2005 - May 2006 purchased 14\* million shares/\$510 million
- Increased dividend 10% in February

\* As of May 28, 2006

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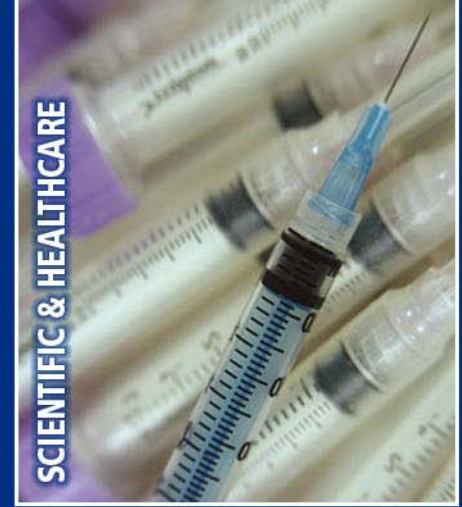
**LEGAL & REGULATORY**



**LEARNING**



**FINANCIAL**



**SCIENTIFIC & HEALTHCARE**

# Questions & Answers