

Thomson Corporation  
Consolidated Statement of Earnings  
(millions of U.S. dollars, except per common share data)  
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
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Revenues	2,101	1,966	4,001	3,735
Cost of sales, selling, marketing, general and administrative expenses	(1,568)	(1,476)	(3,103)	(2,907)
Depreciation	(153)	(146)	(300)	(285)
Amortization	(75)	(79)	(151)	(159)
	-----	-----	-----	-----
Operating profit	305	265	447	384
Net other income (1)	3	1	41	3
Net interest expense and other financing costs	(57)	(56)	(109)	(110)
Income taxes	(72)	86	(26)	93
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Earnings from continuing operations	179	296	353	370
(Loss) income from discontinued operations, net of tax	(6)	6	(43)	5
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Net earnings	173	302	310	375
Dividends declared on preference shares	(2)	(1)	(3)	(2)
Earnings attributable to common shares	171	301	307	373
	=====	=====	=====	=====
Basic earnings per common share	\$0.27	\$0.46	\$0.48	\$0.57
	=====	=====	=====	=====
Diluted earnings per common share	\$0.26	\$0.46	\$0.47	\$0.57
	=====	=====	=====	=====
Basic weighted average common shares	644,527,545	655,718,139	646,330,492	655,741,153
	=====	=====	=====	=====
Diluted weighted average common shares	645,802,478	656,361,620	647,407,890	656,372,715
	=====	=====	=====	=====

Reconciliation of Earnings Attributable to Common Shares to  
Adjusted Earnings from Continuing Operations (2)  
(millions of U.S. dollars, except per common share data)  
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
	----	----	----	----
Earnings attributable to common shares	171	301	307	373
Adjustments:				

One time items:				
Net other income	(3)	(1)	(41)	(3)
THOMSONplus costs	15	--	25	--
Tax on above items	(5)	--	(10)	--
Release of tax credits	--	(137)	--	(137)
Interim period				
effective tax rate				
normalization (3)	36	(8)	(14)	(24)
Discontinued operations	6	(6)	43	(5)
	-----	-----	-----	-----
Adjusted earnings from continuing operations	220	149	310	204
	=====	=====	=====	=====
Adjusted basic and diluted earnings per common share from continuing operations				
	\$0.34	\$0.23	\$0.48	\$0.31
	=====	=====	=====	=====

#### Notes

- (1) "Equity in net losses of associates, net of tax" has been reclassified to "Net other income" in the previous period to conform to the current period's presentation. For the six month period ended June 30, 2006, net other income primarily represents the gain on the sale of WebCT.
- (2) Adjusted earnings from continuing operations and adjusted earnings per common share from continuing operations are earnings attributable to common shares and per share amounts after adjusting for non-recurring items, discontinued operations, and other items affecting comparability. Thomson uses these measures to assist in comparisons from one period to another. Adjusted earnings per common share from continuing operations do not represent actual earnings per share attributable to shareholders.
- (3) Adjustment to reflect income taxes based on the estimated full-year effective tax rate of the consolidated group. Reported earnings for interim periods reflect income taxes based on estimated effective tax rates of each of the group's jurisdictions. The adjustment reallocates estimated full-year income taxes between interim periods, but has no effect on full-year income taxes.

#### Consolidated Balance Sheet (millions of U.S. dollars) (unaudited)

	June 30, 2006	December 31, 2005
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Assets		
Cash and cash equivalents	224	407
Accounts receivable, net of allowances	1,437	1,639
Inventories	345	314
Prepaid expenses and other current assets	328	316
Deferred income taxes	248	248
Current assets of discontinued operations	88	86
	-----	-----
Current assets	2,670	3,010
Computer hardware and other property, net	712	757
Computer software, net	734	743
Identifiable intangible assets, net	4,294	4,386
Goodwill	9,190	8,891
Other non-current assets	1,435	1,374
Non-current assets of discontinued operations	195	277

Total assets	19,230	19,438
Liabilities and shareholders' equity		
Liabilities		
Short-term indebtedness	377	191
Accounts payable and accruals	1,346	1,686
Deferred revenue	1,073	994
Current portion of long-term debt	48	98
Current liabilities of discontinued operations	133	139
Current liabilities	2,977	3,108
Long-term debt	3,984	3,983
Other non-current liabilities	803	812
Deferred income taxes	1,539	1,536
Non-current liabilities of discontinued operations	32	36
Total liabilities	9,335	9,475
Shareholders' equity		
Capital	2,750	2,726
Retained earnings	6,753	6,992
Accumulated other comprehensive income	392	245
Total shareholders' equity	9,895	9,963
Total liabilities and shareholders' equity	19,230	19,438

Consolidated Statement of Cash Flow  
(millions of U.S. dollars)  
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Cash provided by (used in):				
Operating activities				
Net earnings	173	302	310	375
Remove loss (income) from discontinued operations	6	(6)	43	(5)
Add back (deduct) items not involving cash:				
Depreciation	153	146	300	285
Amortization	75	79	151	159
Net gains on disposals of businesses and investments	(3)	--	(44)	(1)
Deferred income taxes	22	10	5	3
Other, net	59	(81)	147	(32)
Voluntary pension contribution	--	--	(5)	--
Changes in working capital and other items	(13)	(57)	(203)	(143)
Cash (used in) provided by operating activities - discontinued operations	(5)	4	(8)	19

Net cash provided by operating activities	467	397	696	660
Investing activities				
Acquisitions	(83)	(26)	(218)	(96)
Proceeds from disposals	5	--	60	1
Capital expenditures, less proceeds from disposals	(137)	(142)	(240)	(254)
Other investing activities	(11)	(9)	(25)	(14)
Capital expenditures of discontinued operations	(2)	(3)	(3)	(5)
Proceeds from (income taxes paid on) disposals of discontinued operations	19	--	19	(105)
Net cash used in investing activities	(209)	(180)	(407)	(473)
Financing activities				
Repayments of debt	(21)	(20)	(73)	(145)
Net (repayments) borrowings under short-term loan facilities	(42)	(37)	156	160
Repurchase of common shares	(123)	(45)	(291)	(45)
Dividends paid on preference shares	(2)	(1)	(3)	(2)
Dividends paid on common shares	(138)	(128)	(277)	(250)
Other financing activities, net	7	7	16	13
Net cash used in financing activities	(319)	(224)	(472)	(269)
Translation adjustments	--	(2)	--	(5)
Decrease in cash and cash equivalents	(61)	(9)	(183)	(87)
Cash and cash equivalents at beginning of period	285	327	407	405
Cash and cash equivalents at end of period	224	318	224	318

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow (1)  
(millions of U.S. dollars)  
(unaudited)

Three Months Ended  
June 30,  
2006                      2005

Six Months Ended  
June 30,  
2006                      2005

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Net cash provided by operating activities	467	397	696	660
Capital expenditures	(137)	(142)	(240)	(254)
Other investing activities	(11)	(9)	(25)	(14)
Capital expenditures of discontinued operations	(2)	(3)	(3)	(5)
Dividends paid on preference shares	(2)	(1)	(3)	(2)
	-----	-----	-----	-----
Free cash flow	315	242	425	385
	=====	=====	=====	=====

(1) Free cash flow is net cash provided by operating activities less capital expenditures, other investing activities and dividends paid on preference shares. Thomson uses free cash flow as a performance measure because it represents cash available to repay debt, pay common dividends and fund new acquisitions.

Business Segment Information \*  
(millions of U.S. dollars)  
(unaudited)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2006	2005	Change	2006	2005	Change
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Revenues:						
Legal & Regulatory	923	848	9%	1,755	1,615	9%
Learning	456	436	5%	838	785	7%
Financial	499	470	6%	984	928	6%
Scientific & Healthcare	229	217	6%	436	417	5%
Intercompany eliminations	(6)	(5)		(12)	(10)	
	-----	-----		-----	-----	
Total revenues	2,101	1,966	7%	4,001	3,735	7%
	=====	=====		=====	=====	
Operating Profit:						
Segment operating profit						
Legal & Regulatory	277	246	13%	481	428	12%
Learning	13	7	86%	(34)	(38)	11%
Financial	92	75	23%	171	140	22%
Scientific & Healthcare	47	43	9%	78	69	13%
Corporate and other (1)	(49)	(27)		(98)	(56)	
	-----	-----		-----	-----	
Total segment operating profit	380	344	10%	598	543	10%
Amortization	(75)	(79)		(151)	(159)	
	-----	-----		-----	-----	
Operating profit	305	265	15%	447	384	16%
	=====	=====		=====	=====	

\*Notes to business segment information for continuing operations

(1) Corporate and other includes THOMSONplus costs, corporate costs and

certain costs associated with the Corporation's stock incentive and phantom stock plans.

Detail of depreciation by segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Legal & Regulatory	54	51	105	98
Learning	43	40	83	74
Financial	46	45	90	91
Scientific & Healthcare	8	9	18	18
Corporate and other	2	1	4	4
	153	146	300	285