

The Thomson Corporation
Reconciliation of Operating Profit to Underlying Operating Profit
Q4 and Full-Year 2007 Earnings Presentation - February 7, 2008

(Amounts in millions of U.S. Dollars)

	Three Months		Twelve Months	
	Ended December 31,		Ended December 31,	
	2007	2006	2007	2006
Operating profit	410	422	1,297	1,248
THOMSON <i>plus</i> costs	68	29	153	60
Reuters transaction costs	45	-	76	-
Settlement of pension plan	(34)	-	(34)	-
Underlying operating profit	489	451	1,492	1,308
Operating profit margin	20.2%	22.8%	17.8%	18.9%
Underlying operating profit margin	24.1%	24.4%	20.4%	19.8%
Revenues	2,033	1,850	7,296	6,591

Note: Thomson has excluded certain special costs to assist in comparisons from one period to another.

The Thomson Corporation
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow
Q4 and Full-Year 2007 Earnings Presentation - February 7, 2008

(Amounts in millions of U.S. Dollars)

	2002	2003	2004	2005	2006	2007
Net cash provided by operating activities*	1,691	1,654	1,808	1,879	2,125	1,816
Capital expenditures, less proceeds from disposals	(315)	(373)	(406)	(427)	(452)	(608)
Capital expenditures of discontinued operations	(208)	(204)	(216)	(215)	(185)	(97)
Other investing activities	(166)	(83)	(60)	(39)	(43)	(39)
Dividends paid on preference shares	(22)	(11)	(3)	(4)	(5)	(6)
Free cash flow	980	983	1,123	1,194	1,440	1,066

* Includes cash flows from operating activities for discontinued operations.

Free Cash Flow - Further Analysis

	2006	2007
Free cash flow	1,440	1,066
Cash (used in) provided by operating and investing activities of discontinued operations	(370)	93
Interest on proceeds from sale of Thomson Learning, net of taxes	-	(155)
Spending on THOMSONplus initiatives	69	162
Spending on Reuters related costs	-	73
Settlement of lawsuit	-	36
	1,139	1,275

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.

The Thomson Corporation
Reconciliation of Return on Invested Capital
Q4 and Full-Year 2007 Earnings Presentation - February 7, 2008

(Amounts in millions of U.S. Dollars)

	For the Year ended December 31,					
	2002	2003	2004	2005	2006	2007
Calculation of Adjusted Operating Profit After Taxes						
Operating Profit		898	1,046	1,159	1,248	1,297
Add:						
Amortization		185	206	235	240	256
Reduce amount by Thomson Learning adjustments ¹		-	-	-	(19)	(92)
Segment operating profit of discontinued operations		438	409	386	398	-
Adjusted Operating Profit - including discontinued operations		1,521	1,661	1,780	1,867	1,461
Cash taxes paid on operations		(237)	(285)	(326)	(311)	(190)
Post-tax adjusted operating profit		1,284	1,376	1,454	1,556	1,271
Calculation of Adjusted Invested Capital						
Equity	8,961	9,193	9,962	9,963	10,481	13,571
Total debt	4,121	4,255	4,315	4,283	4,321	4,859
Invested capital	13,082	13,448	14,277	14,246	14,802	18,430
Adjustments:						
Cash and other Investments ²	(724)	(696)	(420)	(423)	(334)	(7,497)
Debt swaps ³	161	(199)	(192)	(193)	(257)	(424)
Current and long-term deferred taxes ²	1,413	1,427	1,360	1,310	1,122	846
Accumulated amortization and non-cash goodwill ⁴	990	1,336	1,586	1,885	2,390	1,844
Present value of operating leases ⁵	819	879	832	754	783	604
Historical intangible asset write-downs ⁶	336	248	147	162	162	124
Other ²	1,151	1,072	1,125	821	798	778
Adjusted invested capital	17,228	17,515	18,715	18,562	19,466	14,705
Average Invested Capital		17,372	18,115	18,639	19,014	17,086
Return on Invested Capital		7.4%	7.6%	7.8%	8.2%	7.4%

Notes:

¹ As discussed in the presentation dated February 7, 2008, the adjustments reflect the actual results if Thomson Learning had been part of continuing operations for the period. 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.

Excludes 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.

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	Excluding impact of discontinued operations						Excluding impact of Reuters Related Costs				12/31/2006 Excluding Impact of Reuters Related Costs	12/31/2007 Excluding Impact of Reuters Related Costs
	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007		
	Thomson	Thomson	Discontinued Operations	Discontinued Operations	Thomson excl Discontinued Operations	Thomson excl Discontinued Operations	Thomson excl Discontinued Operations	Thomson excl Discontinued Operations	Reuters-Related Costs	Reuters-Related Costs		
Calculation of Adjusted Operating Profit After Taxes												
Operating Profit		1,297				1,297				(76)		1,373
Add:												
Amortization		256				256				-		256
Reduce amount by Thomson Learning adjustments ¹		(92)		(92)		-				-		-
Segment operating profit of discontinued operations		-		-		-				-		-
Pre-tax adjusted operating profit		<u>1,461</u>		<u>(92)</u>		<u>1,553</u>				<u>(76)</u>		<u>1,629</u>
Taxes paid on operations		<u>(190)</u>		<u>125</u>		<u>(315)</u>				<u>-</u>		<u>(315)</u>
Post-tax adjusted operating profit		<u><u>1,271</u></u>		<u><u>33</u></u>		<u><u>1,238</u></u>				<u><u>(76)</u></u>		<u><u>1,314</u></u>
Calculation of Adjusted Invested Capital												
Equity	10,481	13,571	4,549	-	5,932	13,571	5,932	13,571	-	14	5,932	13,557
Debt per balance sheet	4,278	4,859	-	-	4,278	4,859	4,278	4,859	-	-	4,278	4,859
Indebtedness of discontinued operations	43	-	43	-	-	-	-	-	-	-	-	-
Invested capital	<u>14,802</u>	<u>18,430</u>	<u>4,592</u>	<u>-</u>	<u>10,210</u>	<u>18,430</u>	<u>10,210</u>	<u>18,430</u>	<u>-</u>	<u>14</u>	<u>10,210</u>	<u>18,416</u>
Adjustments:												
Cash and other Investments ²	(334)	(7,497)	(28)	-	(306)	(7,497)	(306)	(7,497)	-	-	(306)	(7,497)
Debt swaps ³	(257)	(424)	-	-	(257)	(424)	(257)	(424)	-	-	(257)	(424)
Current and long-term deferred taxes ²	1,122	846	-	-	1,122	846	1,122	846	-	-	1,122	846
Accumulated amortization and non-cash goodwill ⁴	2,390	1,844	807	-	1,583	1,844	1,583	1,844	-	-	1,583	1,844
Present value of operating leases ⁵	783	604	167	-	616	604	616	604	-	-	616	604
Historical intangible asset write-downs ⁶	162	124	38	-	124	124	124	124	-	-	124	124
Other ²	798	778	19	-	779	778	779	778	-	-	779	778
Adjusted invested capital	<u>19,466</u>	<u>14,705</u>	<u>5,595</u>	<u>-</u>	<u>13,871</u>	<u>14,705</u>	<u>13,871</u>	<u>14,705</u>	<u>-</u>	<u>14</u>	<u>13,871</u>	<u>14,691</u>
Average Invested Capital		17,086				14,288		14,288				14,281
Post-tax Return on Invested Capital		7.4%				8.7%		8.7%				9.2%

Notes:

¹ As discussed in the presentation dated February 7, 2008, 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.

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