First Quarter Report
Three Months Ended March 31, 2006

Management's Discussion and Analysis and
Unaudited Consolidated Financial Statements

THE THOMSON CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis is intended to assist you in understanding and evaluating changes in our financial condition and operations for the three months ended March 31, 2006, compared to same period in the preceding year. We recommend that you read this discussion and analysis in conjunction with our consolidated financial statements prepared in accordance with accounting principles generally accepted in Canada, or Canadian GAAP, and the related notes to those financial statements. All dollar amounts in this discussion are in U.S. dollars unless otherwise specified. Unless otherwise indicated, references in this discussion to "we," "our" and "us" are to The Thomson Corporation and its subsidiaries. In addition to historical information, this management's discussion and analysis contains forward-looking statements. Readers are cautioned that these forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Some of these factors include those identified in the section entitled "Forward-Looking Statements" on page 13 of this management's discussion and analysis and in the "Risk Factors" section of our annual information form for the year ended December 31, 2005, which is also contained in our annual report on Form 40-F for the year ended December 31, 2005. This management's discussion and analysis is dated as of April 26, 2006.

OVERVIEW

Our Business and Strategy

We are one of the world's leading information services providers to business and professional customers. Our target customers are knowledge workers whose expertise in particular markets is critical to the success of economies throughout the world. As economies evolve and become more global, we believe that the needs of knowledge workers will continue to grow.

We generate revenues by supplying knowledge workers with business-critical information solutions and services. We make our information more valuable by adding expert analysis, insight and commentary, and couple it with software tools and applications that our customers can use to search, compare, synthesize and communicate the information. To further enhance our customers' workflows, we increasingly deliver information and services electronically, integrate our solutions with our customers' own data and tailor the delivery of information to meet specific customer needs. As we integrate critical information with analysis, tools and applications, we place greater focus on the way our customers use our content, rather than simply on selling the content itself, and are moving from just informing our customers to enabling their decisions. As a global company that provides services in approximately 130 countries, we are affected by economic and market dynamics, governmental regulations and business conditions for each market and country in which we operate.

We organize our operations into four market groups that are structured on the basis of the customers they serve:

- Thomson Legal & Regulatory
- Thomson Learning
- Thomson Financial
- Thomson Scientific & Healthcare

We also report financial results for a corporate and other reporting category, as well as discontinued operations. The corporate and other category principally includes corporate expenses and certain costs associated with our stock-related compensation.

The following table summarizes selected financial information for the three months ended March 31, 2006 and 2005, including certain metrics that are non-GAAP financial measures. Please see the section below entitled "Use of Non-GAAP Financial Measures" for definitions of these terms and references to the reconciliations of these measures to the most directly comparable Canadian GAAP measures.

	Three months ended March 31,		
(millions of U.S. dollars, except per share amounts)	**2006**	2005	Change
Consolidated Statement of Earnings Data:			
Revenues	**1,931**	1,801	7%
Operating profit	**143**	120	19%
Earnings from continuing operations[1]	**174**	74	134%
Loss from discontinued operations, net of tax	**(37)**	(1)	
Net earnings[1]	**137**	73	88%
Basic and diluted earnings per common share from continuing operations[1]	**$ 0.27**	$ 0.11	145%
Basic and diluted earnings per common share[1]	**$ 0.21**	$ 0.11	91%
Other Data[2]:			
Adjusted earnings from continuing operations	**84**	55	53%
Adjusted earnings per common share from continuing operations	**$ 0.13**	$ 0.08	63%
Net debt	**3,952**	3,683	7%
Free cash flow	**110**	143	−23%

	As at	
	March 31, 2006	December 31, 2005
Consolidated Balance Sheet Data:		
Cash and cash equivalents	**285**	407
Total assets	**19,077**	19,438
Total long-term liabilities	**6,331**	6,367
Shareholders' equity	**9,877**	9,963

(1) Results are not directly comparable due to certain one-time and other items. For more information, please see the "Results of Operations" section of this management's discussion and analysis.

(2) These are non-GAAP financial measures. See below for definitions.

Seasonality

We typically derive a much greater portion of our operating profit and operating cash flow in the second half of the year as customer buying patterns are concentrated in the second half of the year, particularly in the learning and regulatory markets. Costs are incurred more evenly throughout the year. As a result, our operating margins generally increase as the year progresses. For these reasons, it may not be possible to compare the performance of our businesses quarter to consecutive quarter, and our quarterly results should be considered on the basis of results for the whole year or by comparing results in a quarter with the results in the same quarter of the previous year. While we report results quarterly, we view and manage our company from a longer-term perspective.

USE OF NON-GAAP FINANCIAL MEASURES

In addition to our results reported in accordance with Canadian GAAP, we use non-GAAP financial measures as supplemental indicators of our operating performance and financial position. We use these non-GAAP financial measures internally for comparing actual results from one period to another, as well as for future planning purposes. We have historically reported non-GAAP financial results, as we believe their use provides more insight into our performance. The following discussion defines the measures that we currently use and explains why we believe they are useful measures of our performance, including our ability to generate cash flow:

- *Segment operating profit (loss).* Segment operating profit (loss) is defined as operating profit before amortization of identifiable intangible assets. We use this measure for our segments because we do not consider amortization to be a controllable operating cost for purposes of assessing the current performance of our segments. We also use segment operating profit margin, which we define as segment operating profit as a percentage of revenues. In previous filings, we referred to this measure as adjusted operating profit (loss). See the reconciliation of this measure to the most directly comparable Canadian GAAP measure in the section entitled "Reconciliations."

- *Adjusted earnings and adjusted earnings per common share from continuing operations*. We measure our earnings attributable to common shares and per share amounts to adjust for non-recurring items, discontinued operations and other items affecting comparability, which we refer to as adjusted earnings from continuing operations and adjusted earnings per common share from continuing operations. We use 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.

  In interim periods, we adjust our reported earnings and earnings per common share to reflect a normalized effective tax rate. Specifically, the normalized effective rate is computed as the estimated full-year effective tax rate applied to the consolidated pre-tax income of the interim period. The reported effective tax rate is based on separate annual effective income tax rates for each taxing jurisdiction that are applied to each interim period's pre-tax income. Because the seasonality of our businesses impacts our geographical mix of profits in interim periods and therefore distorts the reported effective tax rate, we believe that using the expected full-year effective tax rate provides a more meaningful comparison among interim periods. The adjustment to normalize the effective tax rate reallocates estimated full-year income taxes between interim periods, but has no effect on full year income taxes or on cash taxes paid. See the reconciliation of this measure to the most directly comparable Canadian GAAP measure on page 4.

- *Net debt.* We measure our net debt, which we define as our total indebtedness, including associated fair value hedging instruments (swaps) on our debt, less cash and cash equivalents. Given that we hedge some of our 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. See the reconciliation of this measure to the most directly comparable Canadian GAAP measure on page 8.

- *Free cash flow.* We evaluate our operating performance based on free cash flow, which we define as net cash provided by operating activities less capital expenditures, other investing activities and dividends paid on our preference shares. We use free cash flow as a performance measure because it represents cash available to repay debt, pay common dividends and fund new acquisitions. See the reconciliation of this measure to the most directly comparable Canadian GAAP measure on page 10.

These and related measures do not have any standardized meaning prescribed by Canadian GAAP and, therefore, are unlikely to be comparable with the calculation of similar measures used by other companies. You should not view these measures as alternatives to operating profit, cash flow from operations, net earnings, total debt or other measures of financial performance calculated in accordance with GAAP. We encourage you to review the reconciliations of these non-GAAP financial measures to the most directly comparable Canadian GAAP measure within this management's discussion and analysis.

RESULTS OF OPERATIONS

The following discussion compares our results for the three months ended March 31, 2006 and 2005 and provides analyses of results from continuing operations and discontinued operations.

Basis of Analysis

Our results from continuing operations include the performance of acquired businesses from the date of their purchase and exclude results from operations classified as discontinued. Results from operations that qualify as discontinued operations have been reclassified to that category for all periods presented. Please see the section below entitled "Discontinued Operations" for a discussion of these operations. In analyzing the results of our operating segments, we measure the performance of existing businesses and the impact of acquired businesses and foreign currency translation.

The following table summarizes our consolidated results for the periods indicated.

	Three months ended March 31,		
(millions of U.S. dollars, except per share amounts)	**2006**	2005	Change
Revenues	**1,931**	1,801	7%
Operating profit	**143**	120	19%
Operating profit margin	***7.4%***	*6.7%*	
Net earnings	**137**	73	88%
Earnings per share attributable to common shares	**$ 0.21**	$ 0.11	91%

Revenues. Revenue for the first three months of 2006 grew 7% compared to the prior year period comprised of the following:

- 7% growth from existing businesses;
- about 1% from contributions of acquired businesses; and
- an unfavorable impact of foreign currency translation of 1%.

For our existing businesses, revenue growth was exhibited in all four market groups, reflecting customer demand for our integrated solutions and overall growth in the markets we serve. Contributions from acquired businesses were primarily related to Global Securities Information and Tax Partners in our legal and regulatory group. See the analysis of our segment results for further discussions of our revenue growth.

Operating profit. Operating profit and related margin growth for the three months ended March 31, 2006 reflected higher revenues and lower amortization expense. The operating margin increased as the effects of scale more than offset higher corporate costs resulting from increased pension and other defined benefit plans expense, higher stock compensation costs and severance and other charges associated with infrastructure optimization. The charges associated with infrastructure optimization are part of our ongoing initiatives to reduce redundant functions and systems across our company, increase our presence in lower cost locations and deploy common platforms for content production and delivery.

Depreciation and amortization. For the three months ended March 31, 2006, depreciation expense increased $7 million, or 5%, compared to the prior year period reflecting recent acquisitions and capital expenditures. Amortization decreased $4 million, or 5%, as the effect of assets being fully amortized more than offset the impact from newly acquired assets.

Net other income. For the three months ended March 31, 2006, net other income of $38 million primarily related to a gain from the sale of an equity investment.

Income taxes. Income tax benefits for the three months ended March 31, 2006 and 2005 reflected the mix of taxing jurisdictions in which pre-tax profits and losses were recognized. Because the seasonality in our businesses impacts our geographic mix of pre-tax profits and losses in interim periods and, therefore, distorts our reported tax rate, our interim effective tax rate for the first quarter is not indicative of our estimated effective tax rate for the full year. Additionally, during the first quarter of 2006, we recorded approximately $15 million of one-time tax benefits associated with a change in a state tax law and the release of a valuation allowance against a state tax loss carryforward which had previously not been considered realizable.

Earnings attributable to common shares and earnings per common share. Earnings attributable to common shares were $136 million in the first quarter of 2006 compared to $72 million in the prior year period. For the three months ended March 31, 2006, earnings per common share were $0.21 compared to $0.11 in the same period in 2005. The increase in reported earnings and earnings per common share were the result of higher operating profit, a gain from the sale of an investment and higher tax benefits.

The results for each of these periods are not directly comparable because of certain one-time items, the seasonal impact on our interim effective tax rate, as well as the variability in discontinued operations due to the timing of dispositions. The following table presents a summary of our earnings and our earnings per common share from continuing operations for the periods indicated, after adjusting for items affecting comparability in each year.

	Three months ended March 31,		
(millions of U.S. dollars, except per common share amounts)	**2006**	2005	Change
Earnings attributable to common shares	**136**	72	89%
Adjustments for one-time items:			
Net other income	**(38)**	(2)	
Tax on above	**(1)**	—	
Interim period effective tax rate normalization	**(50)**	(16)	
Discontinued operations	**37**	1	
Adjusted earnings from continuing operations attributable to common shares	**84**	55	53%
Adjusted earnings per common share from continuing operations	**$0.13**	$0.08	63%

On a comparable basis, our adjusted earnings from continuing operations for the three months ended March 31, 2006 increased as a result of higher operating profit stemming from higher revenues and lower amortization, which more than offset the impact of higher pension and other benefit plans expense, stock-related compensation costs and severance and infrastructure optimization costs.

Operating Results by Business Segment

See the "Reconciliations" section for a reconciliation of the non-GAAP financial measures to the most directly comparable Canadian GAAP measures.

Thomson Legal & Regulatory

	Three months ended March 31,		
(millions of U.S. dollars)	**2006**	2005	Change
Revenues	**843**	776	9%
Segment operating profit	**203**	181	12%
Segment operating profit margin	***24.1%***	*23.3%*	

For the three months ended March 31, 2006, revenues for Thomson Legal & Regulatory increased 9% comprised of the following:

- 7% due to higher revenues from existing businesses;
- 2% from contributions of newly acquired businesses; and
- an immaterial impact from foreign currency translation.

Within our existing businesses, growth reflected the strong performance of online services, consisting primarily of Westlaw, Checkpoint and our international online services, which increased 11% over the comparable prior year period. Revenue from sales of software and services increased 17% as a result of higher sales of tax and accounting software products and, to a lesser extent, contributions from acquisitions. Print and CD product revenues were slightly ahead of last year primarily due to the timing of shipments. Contributions from acquired businesses reflected the results from acquisitions in 2005, most notably Global Securities Information, a provider of securities and securities-related information and research services, and Tax Partners, a tax compliance service firm.

In the first quarter of 2006, North American Westlaw revenue experienced growth in all of its major market segments: law firm, corporate, government and academic. Within our North American tax and accounting group, our Checkpoint online service revenue increased significantly. The revenue increases for both North American Westlaw and Checkpoint were driven by new sales. Outside of North America, online revenues increased, particularly in Europe, due to higher customer demand for our solutions and the continued migration of our international customers from CD to online products.

The growth in segment operating profit and its corresponding margin was primarily a result of the revenue growth described above. The increase in the segment operating profit margin reflected the effects of scale in our existing businesses.

Thomson Learning

	Three months ended March 31,		
(millions of U.S. dollars)	**2006**	2005	Change
Revenues	**382**	349	9%
Segment operating loss	**(50)**	(45)	− 11%
Segment operating profit margin	***n/m***	*n/m*	

n/m = not meaningful.

Thomson Learning's first quarter results are not indicative of its anticipated performance for the full year due to the seasonal nature of the higher education businesses for which most of the revenues and profits are realized in the second half of the year.

In the three months ended March 31, 2006, revenues increased 9% comprised of the following:

- over 9% due to higher revenues from existing businesses;
- about 1% from contributions of acquired businesses; and
- an unfavorable impact from foreign currency translation of about 1%.

In the Academic group, revenues increased primarily due to higher sales of custom products, humanities and social sciences titles and technology and trades offerings within our domestic higher education businesses. Additionally, revenues from our library reference business increased compared to the prior year due to higher sales of electronic products.

Revenues for our Lifelong Learning group increased primarily due to textbook adoptions in our international businesses, principally in Canada, Australia and Europe. Additionally, revenue increased due to higher volume in the academic and financial testing markets. These increases were partially offset by lower sales in corporate e-training, which were primarily due to lower order volumes and the timing of orders. Additionally, the competitive environment in the corporate e-training and IT testing markets continue to affect our results as it has limited our ability to gain new customers or increase prices.

Despite the increase in revenues, segment operating loss increased for the quarter due to the timing of certain expenditures and higher depreciation expense.

Thomson Financial

	Three months ended March 31,		
(millions of U.S. dollars)	**2006**	2005	Change
Revenues	**485**	458	6%
Segment operating profit	**79**	65	22%
Segment operating profit margin	***16.3%***	*14.2%*	

For the three months ended March 31, 2006, revenues for Thomson Financial increased 6% comprised of the following:

- 7% due to higher revenues from existing businesses;
- a negligible impact from contributions of newly acquired businesses; and
- an unfavorable impact from foreign currency translation of about 1%.

Revenues from existing businesses increased as a result of higher usage and transaction revenues. Higher transaction volumes contributed 4% to the overall segment revenue growth. In particular, TradeWeb revenues increased due to higher volumes for its online fixed income marketplaces as a result of greater online trading activity and the introduction in the latter part of 2005 of new asset classes, including tri-party repurchase agreements, Euro- and U.S. dollar-denominated interest rate swaps, and default swap index products. Results also reflected new Thomson ONE products in the investment management and corporate sectors. Increases in revenues from existing businesses were experienced in all geographic regions.

Segment operating profit increased due to the increase in revenues and lower depreciation expense due to lower capital spending. The segment operating profit margin increased due to the effects of scale and the decline in depreciation expense.

Thomson Scientific & Healthcare

	Three months ended March 31,		
(millions of U.S. dollars)	**2006**	2005	Change
Revenues	**227**	223	2%
Segment operating profit	**31**	28	11%
Segment operating profit margin	***13.7%***	*12.6%*	

For the three months ended March 31, 2006, revenues for Thomson Scientific & Healthcare increased 2% comprised of the following:

- 3% due to higher revenues from existing businesses;
- less than 1% from contributions of newly acquired businesses; and
- an unfavorable impact from foreign currency translation of 2%.

Growth in revenues from existing businesses was primarily a result of higher subscription revenues for the Web of Science and Thomson Pharma solutions, as well as customer spending for healthcare decision support products. These increases were partially offset by lower sales in our medical education businesses and of legacy products.

The growth in segment operating profit compared to the prior year period reflected higher revenues from our workflow solutions and the benefits from completed and ongoing integration initiatives. Those initiatives have increased operating efficiencies enabling us to control costs and improve the segment operating profit margin.

Corporate and Other

Corporate and other expenses were $44 million for the first three months of 2006 compared to $29 million in the prior year period. The increase was primarily due to higher pension and other defined benefit plans expense, higher stock-related compensation and severance and other charges associated with our infrastructure optimization initiatives.

Discontinued Operations

As part of our continuing strategy to optimize our portfolio of businesses to ensure that we are investing in parts of our business that offer the greatest opportunities to achieve growth and returns, management decided to actively pursue the sale of the following businesses. These were classified as discontinued operations within the consolidated financial statements for the three months ended March 31, 2006 and 2005. None of these businesses was considered fundamental to our integrated information offerings.

In the first quarter of 2006, we approved plans within Thomson Legal & Regulatory to sell Lawpoint Pty Limited, an Australian provider of print and online legal information services; and Law Manager, Inc., a software and services provider. Law Manager was sold in April 2006.

Also in the first quarter of 2006, we approved plans within Thomson Learning to sell Peterson's, a college preparatory guide; the North American operations of Thomson Education Direct, a consumer-based distance learning career school; and K.G. Saur, a German publisher of biographical and bibliographical reference titles serving the library and academic community. Based on estimates of fair value, we recorded impairment charges related to identifiable intangible assets and goodwill of $40 million before taxes in the first quarter of 2006 associated with these businesses.

In December 2005, we approved a plan to sell American Health Consultants (AHC). AHC is a provider of medical education and publisher of medical newsletters, and managed within Thomson Scientific & Healthcare.

For more information on these discontinued operations, see note 6 to our consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Financial Position

At March 31, 2006, our total assets were $19,077 million, which represented a 2% decrease from $19,438 million at December 31, 2005. This decrease was primarily due to lower accounts receivable and cash balances. Accounts receivable balances declined due to the seasonal timing of billings and collections. See the section entitled "Cash Flow" on page 9 for a discussion of the net uses of cash.

Effective January 1, 2006, we adopted Canadian Institute of Charted Accountants (CICA) Handbook Section 1530, *Comprehensive Income*, CICA Handbook Section 3855, *Financial Instruments — Recognition and Measurement* and CICA Handbook Section 3865, *Hedges*. These new Handbook Sections dictate comprehensive requirements for the recognition and measurement of financial instruments, provide standards on when and how hedge accounting may be applied and introduce a new component of equity referred to as comprehensive income. As a result of these adoptions, we recorded all derivative instruments and certain debt instruments at their fair value in our consolidated balance sheet and the unrealized gains and losses on certain derivatives within accumulated other comprehensive income in shareholders' equity in our consolidated balance sheet. Prior period results were not restated. See the section entitled "Accounting Changes" for further discussion.

Our total assets by market group as of March 31, 2006 and December 31, 2005 were as follows:

	As at March 31, 2006		As at December 31, 2005	
(millions of U.S. dollars)	**Total assets**	**Percentage of total assets**	Total assets	Percentage of total assets
Thomson Legal & Regulatory	**7,264**	**38%**	7,361	38%
Thomson Learning	**5,092**	**27%**	5,271	27%
Thomson Financial	**3,432**	**18%**	3,346	17%
Thomson Scientific & Healthcare	**1,706**	**9%**	1,769	9%
Corporate and other	**1,385**	**7%**	1,440	8%
Discontinued operations	**198**	**1%**	251	1%
Total assets	**19,077**	**100%**	19,438	100%

The following table presents comparative information related to net debt, shareholders' equity and the ratio of net debt to shareholders' equity:

	As at	
(millions of U.S. dollars)	**March 31, 2006**	December 31, 2005
Short-term indebtedness	**405**	202
Current portion of long-term debt	**47**	98
Long-term debt	**3,971**	3,983
Total debt	**4,423**	4,283
Swaps	**(241)**	(193)
Total debt after swaps	**4,182**	4,090
Less:		
Fair value of cash flow hedges[1]	**55**	—
Cash and cash equivalents	**(285)**	(407)
Net debt	**3,952**	3,683
Shareholders' equity	**9,877**	9,963
Net debt/equity ratio	**0.40:1**	0.37:1

(1) Effective January 1, 2006, all derivatives and certain hedged items are recorded at fair value on the balance sheet. See the section entitled "Accounting Changes" for further discussion.

The following table presents the changes in our shareholders' equity for the three months ended March 31, 2006:

(millions of U.S. dollars)	
Balance at December 31, 2005	**9,963**
Earnings attributable to common shares for the three months ended March 31, 2006	**136**
Additions to paid in capital related to stock compensation plans	**10**
Common share issuances	**17**
Repurchases of common shares — normal course issuer bid	**(168)**
Common share dividends declared	**(142)**
Net unrealized gains on derivatives that qualify as cash flow hedges[1]	**55**
Change in cumulative translation adjustment	**6**
Balance at March 31, 2006	**9,877**

(1) Effective January 1, 2006, the unrealized gains and losses on certain derivatives that qualify as cash flow hedges are recorded as a component of accumulated other comprehensive income within shareholders' equity in our consolidated balance sheet. See the section entitled "Accounting Changes" for further discussion.

The following table sets forth the ratings that we have received from rating agencies in respect of our outstanding securities.

	Moody's	Standard & Poor's	Dominion Bond Rating Service
Long-term debt	A3	A –	A (low)
Commercial paper	—	—	R-1 (low)
Trend/Outlook	Stable	Stable	Stable

The maturity dates for our long-term debt are well balanced with no significant concentration in any one year. You should be aware that a rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization. We cannot assure you that our credit ratings will not be lowered in the future or that rating agencies will not issue adverse commentaries regarding our securities.

At March 31, 2006, the carrying amounts of our total current liabilities exceeded the carrying amounts of our total current assets because current liabilities include deferred revenue. Deferred revenue does not represent a cash obligation, however, but rather an obligation to perform services or deliver products in the future. The costs to fulfill these obligations are included in our operating costs.

Normal Course Issuer Bid

In May 2005, we initiated a normal course issuer bid to repurchase up to 15 million of our common shares. The bid will terminate on the earlier of May 4, 2006 or the date that we complete our purchases. Shares repurchased under the bid are cancelled. In April 2006, we announced our intention to renew our normal course issuer bid. See the section entitled "Subsequent Events" for further discussion.

The following table summarizes our repurchases through March 31, 2006.

Three-month period ended	Shares Repurchased	Average Price per Share	Number of shares available for repurchase
June 30, 2005	1,350,000	$33.58	
September 30, 2005	2,250,000	$37.01	
December 31, 2005	3,649,400	$34.97	
March 31, 2006	4,570,600	$36.83	
Total	11,820,000	$35.92	3,180,000

From time to time, when we do not possess material nonpublic information about ourselves or our securities, we may enter into a pre-defined plan with our broker to allow for the repurchase of shares at times when we ordinarily would not be active in the market due to our own internal trading blackout periods, insider trading rules or otherwise. Any such plans entered into with our broker will be adopted in accordance with applicable Canadian securities laws and the requirements of Rule 10b5-1 under the U.S. Securities Exchange Act of 1934.

Cash Flow

Our principal sources of liquidity are cash provided by our operations, borrowings under our revolving bank credit facilities and our commercial paper program and the issuance of public debt. Our principal uses of cash have been to finance working capital and debt servicing costs, repay debt, and finance dividend payments, capital expenditures and acquisitions. Additionally, as discussed in the section above entitled "Normal Course Issuer Bid," we also used our cash to repurchase outstanding common shares in open market transactions.

Operating activities. Cash provided by our operating activities in the three months ended March 31, 2006 was $229 million compared to $263 million in the prior year. The decrease primarily reflected the unfavorable timing of payments for normal operating expenses.

Investing activities. Cash used in our investing activities in the first quarter of 2006 was $198 million compared to $293 million in 2005. The decreased use of cash was attributable to tax payments in 2005 of $105 million associated with our sale of Thomson Media for which there was no comparable activity in the current year. Spending on acquisitions increased in the first quarter of 2006 primarily due to our acquisition of Quantitative Analytics, Inc., a provider of financial database integration and

analysis solutions. Capital expenditures decreased in the first quarter of 2006 compared to the prior year due to timing and continuing capital efficiency efforts.

Financing activities. Cash used in our financing activities was $153 million for the three months ended March 31, 2006 compared to $45 million for the prior year period. The increased use of cash largely reflected our repurchase of common shares (see “Normal Course Issuer Bid” above) and higher dividend payments. These increased uses were partially offset by lower repayments of debt due to the timing of maturities.

The following table sets forth our common share dividend activity.

	Three months ended March 31,	
(millions of U.S. dollars)	**2006**	2005
Dividends declared	**142**	125
Dividends reinvested	**(3)**	(3)
Dividends paid	**139**	122

In January 2006, we repaid $50 million of privately placed notes upon their maturity. In March 2005, we repaid $125 million of floating rate notes upon their maturity.

Free cash flow. The following table sets forth a calculation of our free cash flow for the three months ended March 31, 2006 and 2005.

	Three months ended March 31,	
(millions of U.S. dollars)	**2006**	2005
Net cash provided by operating activities	**229**	263
Capital expenditures	**(103)**	(113)
Other investing activities	**(14)**	(5)
Dividends paid on preference shares	**(1)**	(1)
Capital expenditures of discontinued operations	**(1)**	(1)
Free cash flow	**110**	143

Our free cash flow for the three months ended March 31, 2006 decreased compared to the prior year as the impacts of higher operating profit and lower capital expenditures were more than offset by the unfavorable timing of payments for normal operating expenses.

Credit facilities and commercial paper program. As of March 31, 2006, we maintained revolving unsecured credit facilities of $1.6 billion and a commercial paper program authorized to issue up to Cdn$1.0 billion. Though not contractually required, we view our borrowings under our commercial paper program as a reduction of the amount available to us under our credit facilities. At March 31, 2006, our credit lines and related activity were as follows:

(millions of U.S. dollars)

Credit Lines	Amount Drawn	Commercial Paper Outstanding	Lines Available
1,600	(55)	(371)	1,174

Our facilities are structured such that, if our long-term debt rating was downgraded by Moody’s or Standard & Poor’s, our facility fee and borrowing costs under our existing multi-year credit facilities may increase, although availability would be unaffected. Conversely, an upgrade in our ratings may reduce our facility fees and borrowing costs.

For the foreseeable future, we believe that cash from our operations and available credit facilities are sufficient to fund our future cash dividends, debt service, projected capital expenditures, acquisitions that we pursue in the normal course of business and share repurchases.

2006 OUTLOOK

The information in this section is forward-looking and should be read in conjunction with the sections below entitled "Forward-Looking Statements" and "Material Assumptions."

We expect full-year 2006 revenue growth to be in line with our long-term target of 7% to 9%, excluding the effects of currency translation. Full-year 2006 revenue growth will continue to be driven by growth from existing businesses and supplemented by tactical acquisitions.

We expect continued improvement in our operating profit margin in 2006.

We also expect to continue to generate strong free cash flow in 2006.

RELATED PARTY TRANSACTIONS

As at April 26, 2006, Kenneth R. Thomson, through Woodbridge and its affiliates, controlled approximately 70% of our common shares. Mr. Thomson is a member of our board of directors.

From time to time, in the normal course of business, Woodbridge and its affiliates purchase some of our products and service offerings. These transactions are negotiated at arms length on standard terms, including price, and are not significant to our results of operations or financial condition individually or in the aggregate.

In the normal course of business, a Woodbridge-owned company rents office space from one of our subsidiaries. Additionally, a number of our subsidiaries charge a Woodbridge-owned company fees for various administrative services. In 2005, the total amounts charged to Woodbridge for these rentals and services were approximately $2 million.

The employees of Jane's Information Group (Jane's), a business we sold to Woodbridge in April 2001, continue to participate in our United States and United Kingdom pension plans as well as the defined contribution plan in the United States. Woodbridge assumed the pension liability associated with the active employees of Jane's as of the date of sale as part of its purchase. Jane's makes proportional contributions to these pension plans as required, and makes matching contributions in accordance with the provisions of the defined contribution plan.

We purchase property and casualty insurance from third party insurers and retain the first $500,000 of each and every claim under the programs via our captive insurance subsidiary. Woodbridge is included in these programs and pays us a premium commensurate with its exposures. In 2005, these premiums were about $45,000, which would approximate the premium charged by a third party insurer for such coverage.

In June 2005, we amended our agreement with Woodbridge under which Woodbridge previously indemnified a third party insurer for certain liabilities under our directors' and officers' insurance policy. Under the new arrangements, Woodbridge will indemnify up to $100 million of liabilities incurred either by our current and former directors and officers or by our company in providing indemnification to these individuals on substantially the same terms and conditions of our prior insurance arrangement. A third party administrator will manage any claims under the indemnity. We will pay Woodbridge an annual fee of $750,000, which is less than the premium that we would have paid for commercial insurance.

In February 2005, we entered into a contract with Hewitt Associates Inc. to outsource certain human resources administrative functions in order to improve operating and cost efficiencies. Under the terms of the contract, we expect to pay Hewitt an aggregate of $115 million through the five year period ending in 2010. In 2005, we paid Hewitt $5 million for its services. Mr. Denning, one of our directors and chairman of our Human Resources Committee, is also a director of Hewitt. Mr. Denning did not participate in negotiations related to the contract and refrained from deliberating and voting on the matter by the Human Resources Committee and the board of directors.

SUBSEQUENT EVENTS

In April 2006, we announced our intention to renew our normal course issuer bid to purchase up to 15 million of our common shares (representing approximately 2.3% of our issued and outstanding shares as of April 26, 2006). Purchases may commence on May 5, 2006 and will terminate no later than May 4, 2007. We may repurchase shares in open market transactions on the Toronto Stock Exchange or the New York Stock Exchange. Under our existing normal course issuer bid, which began on May 5, 2005 and expires on May 4, 2006, we have purchased 12,910,000 shares at an average price of US$36.15. Decisions regarding the timing of future repurchases will be based on market conditions, share price and other factors. We may elect to suspend or discontinue the bid at any time. Shares repurchased under the bid will be cancelled.

ACCOUNTING CHANGES

Financial Instruments and Comprehensive Income

Effective January 1, 2006, we adopted CICA Handbook Section 1530, *Comprehensive Income*, CICA Handbook Section 3855, *Financial Instruments — Recognition and Measurement* and CICA Handbook Section 3865, *Hedges*. These new Handbook Sections provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also introduces a new component of equity referred to as comprehensive income.

Under these new standards, all financial instruments, including derivatives, are included on our consolidated balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. Derivatives that qualify as hedging instruments must be designated either as a "cash flow hedge," when the hedged item is a future cash flow, or a "fair value hedge," when the hedged item is a recognized asset or liability. The unrealized gains and losses related to a cash flow hedge are included in other comprehensive income. For a fair value hedge, both the derivative and the hedged item are recorded at fair value in the consolidated balance sheet and the unrealized gains and losses from both items are included in earnings. For derivatives that do not qualify as hedging instruments, unrealized gains and losses are reported in earnings.

In accordance with the provisions of these new standards, we reflected the following adjustments as of January 1, 2006:

- an increase of $53 million to "Other non-current assets" and "Accumulated other comprehensive income" in the consolidated balance sheet relative to derivative instruments that consisted primarily of interest rate contracts, which convert floating rate debt to fixed rate debt and qualify as cash flow hedges;
- a reclassification of $5 million from "Other current assets," and $3 million from "Other current liabilities" to "Accumulated other comprehensive income" in the consolidated balance sheet related primarily to previously deferred gains and losses on settled cash flow hedges;
- an increase of $16 million to "Other non-current assets" and "Long-term debt" in the consolidated balance sheet related to derivative instruments and their related hedged items. These derivative instruments consist primarily of interest rate contracts to convert fixed rate debt to floating and qualify as fair value hedges; and
- a presentational reclassification of amounts previously recorded in "Cumulative translation adjustment" to "Accumulated other comprehensive income."

The adoption of these new standards had no impact on our consolidated statement of earnings. The unrealized gains and losses included in "Accumulated other comprehensive income" were recorded net of taxes, which were nil.

During the three-month period ended March 31, 2006, a net increase in unrealized gains for cash flow hedges of $4 million was reflected in "Accumulated other comprehensive income." The net realized loss in the period previously deferred and included in "Accumulated other comprehensive income" was less than $1 million. The net decrease in fair value in the period of fair value hedges and the related hedged items of $6 million was reflected in "Other non-current assets" and "Long-term debt."

As of March 31, 2006, approximately $1 million of net losses in "Accumulated other comprehensive income" were expected to be recognized in earnings over the following 12 months. The remaining net deferred gains in "Accumulated other comprehensive income" were expected to be recognized up to nine years.

CRITICAL ACCOUNTING POLICIES

Please refer to the "Critical Accounting Policies" section of our management's discussion and analysis for the year ended December 31, 2005, which is also contained in our annual report on Form 40-F for the year ended December 31, 2005, for information on accounting policies that we consider critical in preparing our consolidated financial statements. Since the date of our annual management's discussion and analysis and Form 40-F, there have not been any significant changes to these policies, nor have there been any new accounting policies that we would consider critical. The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Our estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of our ongoing evaluation of these estimates forms the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions. Our critical accounting policies are those that we believe are the most important in portraying our financial condition and results, and require the most subjective judgment and estimates on the part of management.

ADDITIONAL INFORMATION

Depreciation by Market Group

The following table details depreciation expense by market group for the three months ended March 31, 2006 and 2005.

	Three Months Ended March 31,	
(millions of U.S. dollars)	**2006**	2005
Legal & Regulatory	**52**	48
Learning	**40**	34
Financial	**44**	46
Scientific & Healthcare	**10**	10
Corporate and other	**2**	3
Total	**148**	141

Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in applicable U.S. and Canadian securities laws) as of the end of the period covered by this management's discussion and analysis, have concluded that our disclosure controls and procedures are effective to ensure that all information required to be disclosed by our company in reports that it files or furnishes under the U.S. Securities Exchange Act and applicable Canadian securities laws is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission (SEC) and Canadian securities regulatory authorities and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our company's internal control over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Share Capital

As of April 26, 2006, we had outstanding 644,011,589 common shares, 6,000,000 Series II preference shares, 1,098,777 restricted share units and 15,724,181 stock options.

Public Securities Filings

You may access other information about our company, including our annual information form and our other disclosure documents, reports, statements or other information that we file with the Canadian securities regulatory authorities through SEDAR at www.sedar.com and in the United States with the SEC through EDGAR at www.sec.gov.

Forward-Looking Statements

Certain information in this management's discussion and analysis, particularly under the heading "2006 Outlook," are forward-looking statements that are not historical facts but reflect our current expectations regarding future results. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Some of the factors that could cause actual results or events to differ materially from current expectations are: actions of our competitors; failure to fully derive anticipated benefits from our acquisitions; failures or disruptions of our electronic delivery systems or the Internet; failure to meet the special challenges involved in expansion of our operations outside North America; failure of our significant investments in technology to increase our revenues or decrease our operating costs; failure to develop additional products and services to meet our customers' needs, attract new customers or expand into new geographic markets; increased accessibility to free or relatively inexpensive information sources; failure to maintain the availability of information obtained through licensing arrangements and changes in the terms of our licensing arrangements; changes in the general economy; failure to recruit and retain high quality management and key employees; increased self-sufficiency of our customers; inadequate protection of our intellectual property rights; actions or potential actions that could be taken by our principal shareholder; an increase in our effective income tax rate; and impairment of goodwill and identifiable intangible assets. Additional factors are discussed in our materials filed with the securities regulatory authorities in Canada and the United States from time to time, including our annual information form for the year ended December 31, 2005, which is contained in our annual report on Form 40-F for the year ended December 31, 2005. 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.

Material Assumptions

In preparing our 2006 Outlook, our material assumptions were that worldwide macroeconomic conditions would be unchanged in 2006 relative to 2005, a portion of our anticipated 2006 revenue growth would come from $200-$500 million of tactical acquisitions (net of dispositions) made during the year, and that our operating profit margin would improve in 2006, despite an estimated $39 million increase in pension and other defined benefit plans expense.

RECONCILIATIONS

RECONCILIATION OF SEGMENT OPERATING PROFIT TO OPERATING PROFIT

(millions of U.S. dollars)
(unaudited)

For the Three Months Ended March 31, 2006

	Legal & Regulatory	Learning	Financial	Scientific & Healthcare	Corporate and Other	Total
Segment operating profit (loss)	203	(50)	79	31	(44)	219
Less:						
Amortization	(25)	(16)	(23)	(12)	—	(76)
Operating profit (loss)	178	(66)	56	19	(44)	143

For the Three Months Ended March 31, 2005

	Legal & Regulatory	Learning	Financial	Scientific & Healthcare	Corporate and Other	Total
Segment operating profit (loss)	181	(45)	65	28	(29)	200
Less:						
Amortization	(27)	(15)	(22)	(16)	—	(80)
Operating profit (loss)	154	(60)	43	12	(29)	120

RECONCILIATION OF SEGMENT OPERATING PROFIT MARGIN TO OPERATING PROFIT MARGIN
(as a percentage of revenue)

(unaudited)

For the Three Months Ended March 31, 2006

	Legal & Regulatory	Learning	Financial	Scientific & Healthcare	Total
Segment operating profit margin	24.1%	(13.1%)	16.3%	13.7%	11.3%
Less:					
Amortization	(3.0%)	(4.2%)	(4.8%)	(5.3%)	(3.9%)
Operating profit margin	21.1%	(17.3%)	11.5%	8.4%	7.4%

For the Three Months Ended March 31, 2005

	Legal & Regulatory	Learning	Financial	Scientific & Healthcare	Total
Segment operating profit margin	23.3%	(12.9%)	14.2%	12.6%	11.1%
Less:					
Amortization	(3.5%)	(4.3%)	(4.8%)	(7.2%)	(4.4%)
Operating profit margin	19.8%	(17.2%)	9.4%	5.4%	6.7%

QUARTERLY INFORMATION (UNAUDITED)

The following table presents a summary of our consolidated operating results for our eight most recent quarters.

(millions of U.S. dollars, except per common share amounts)	Quarter ended March 31,		Quarter ended June 30,		Quarter ended September 30,		Quarter ended December 31,	
	2006	2005	**2005**	2004	**2005**	2004	**2005**	2004
Revenues	**1,931**	1,801	**2,001**	1,808	**2,338**	2,172	**2,379**	2,262
Operating profit	**143**	120	**271**	252	**519**	492	**551**	480
Earnings from continuing operations	**174**	74	**300**	179	**300**	330	**252**	302
Discontinued operations, net of tax	**(37)**	(1)	**2**	13	**9**	14	**(2)**	136
Net earnings	**137**	73	**302**	192	**309**	344	**250**	438
Dividends declared on preference shares	**(1)**	(1)	**(1)**	(1)	**(1)**	—	**(1)**	(1)
Earnings attributable to common shares	**136**	72	**301**	191	**308**	344	**249**	437
Basic and diluted earnings (loss) per common share								
From continuing operations	**$ 0.27**	$ 0.11	**$ 0.46**	$ 0.27	**$ 0.46**	$ 0.50	**$ 0.38**	$ 0.46
From discontinued operations	**(0.06)**	—	**—**	0.02	**0.01**	0.02	**—**	0.21
	$ 0.21	$ 0.11	**$ 0.46**	$ 0.29	**$ 0.47**	$ 0.52	**$ 0.38**	$ 0.67

We typically derive a much greater portion of our operating profit in the second half of the year as customer buying patterns are concentrated in the second half of the year, particularly in the learning and regulatory markets. Costs are incurred more evenly throughout the year. As a result, our operating margins generally increase as the year progresses. In general, our year-over-year performance reflected increased operating profit driven by higher revenues from existing businesses and contributions from acquired businesses.

In the quarters ended September 30, 2004, December 31, 2004, June 30, 2005 and March 31, 2006, earnings from continuing operations and net earnings reflected the recognition of certain tax credits. In the quarter ended December 31, 2005, earnings from continuing operations and net earnings reflected a $125 million tax charge associated with repatriated profits.

The Thomson Corporation
Consolidated Statement of Earnings
(unaudited)

(millions of U.S. dollars, except per common share amounts)	Three months ended March 31, 2006	Three months ended March 31, 2005 (note 6)
Revenues	**1,931**	1,801
Cost of sales, selling, marketing, general and administrative expenses	**(1,564)**	(1,460)
Depreciation	**(148)**	(141)
Amortization	**(76)**	(80)
Operating profit	**143**	120
Net other income (note 5)	**38**	2
Net interest expense and other financing costs	**(53)**	(54)
Income taxes	**46**	6
Earnings from continuing operations	**174**	74
Loss from discontinued operations, net of tax (note 6)	**(37)**	(1)
Net earnings	**137**	73
Dividends declared on preference shares	**(1)**	(1)
Earnings attributable to common shares	**136**	72
Basic and diluted earnings per common share (note 8):		
From continuing operations	**$ 0.27**	$ 0.11
From discontinued operations	**(0.06)**	—
Basic and diluted earnings per common share	**$ 0.21**	$ 0.11

The related notes form an integral part of these consolidated financial statements.

The Thomson Corporation
Consolidated Balance Sheet
(unaudited)

(millions of U.S. dollars)	**March 31, 2006**	December 31, 2005 (note 6)
Assets		
Cash and cash equivalents	**285**	407
Accounts receivable, net of allowances	**1,421**	1,676
Inventories	**332**	315
Prepaid expenses and other current assets	**349**	320
Deferred income taxes	**249**	249
Current assets of discontinued operations (note 6)	**32**	43
Current assets	**2,668**	3,010
Computer hardware and other property, net	**738**	773
Computer software, net	**732**	745
Identifiable intangible assets, net	**4,355**	4,414
Goodwill	**9,023**	8,914
Other non-current assets	**1,395**	1,374
Non-current assets of discontinued operations (note 6)	**166**	208
Total assets	**19,077**	19,438
Liabilities and shareholders' equity		
Liabilities		
Short-term indebtedness	**405**	202
Accounts payable and accruals	**1,237**	1,708
Deferred revenue	**1,116**	1,032
Current portion of long-term debt	**47**	98
Current liabilities of discontinued operations (note 6)	**64**	68
Current liabilities	**2,869**	3,108
Long-term debt	**3,971**	3,983
Other non-current liabilities	**820**	820
Deferred income taxes	**1,527**	1,546
Non-current liabilities of discontinued operations (note 6)	**13**	18
Total liabilities	**9,200**	9,475
Shareholders' equity		
Capital	**2,736**	2,726
Retained earnings	**6,835**	6,992
Accumulated other comprehensive income	**306**	245
Total shareholders' equity	**9,877**	9,963
Total liabilities and shareholders' equity	**19,077**	19,438

The related notes form an integral part of these consolidated financial statements.

The Thomson Corporation
Consolidated Statement of Cash Flow
(unaudited)

(millions of U.S. dollars)	Three months ended March 31, 2006	2005 (note 6)
Cash provided by (used in):		
Operating activities		
Net earnings	**137**	73
Remove loss from discontinued operations	**37**	1
Add back (deduct) items not involving cash:		
Depreciation (note 12)	**148**	141
Amortization	**76**	80
Net gains on disposals of businesses and investments (note 5)	**(41)**	(1)
Deferred income taxes	**(17)**	(7)
Other, net	**88**	49
Voluntary pension contribution	**(5)**	—
Changes in working capital and other items (note 12)	**(195)**	(85)
Cash provided by operating activities — discontinued operations (note 6)	**1**	12
Net cash provided by operating activities	**229**	263
Investing activities		
Acquisitions, less cash therein (note 10)	**(135)**	(70)
Proceeds from disposals	**55**	1
Capital expenditures, less proceeds from disposals	**(103)**	(113)
Other investing activities	**(14)**	(5)
Capital expenditures of discontinued operations (note 6)	**(1)**	(1)
Income taxes paid on disposal of discontinued operations (note 6)	**—**	(105)
Net cash used in investing activities	**(198)**	(293)
Financing activities		
Repayments of debt (note 11)	**(52)**	(125)
Net borrowings of short-term loan facilities	**199**	199
Repurchase of common shares (note 7)	**(168)**	—
Dividends paid on preference shares	**(1)**	(1)
Dividends paid on common shares	**(139)**	(122)
Other financing activities	**8**	4
Net cash used in financing activities	**(153)**	(45)
	(122)	(75)
Translation adjustments	**—**	(3)
Decrease in cash and cash equivalents	**(122)**	(78)
Cash and cash equivalents at beginning of period	**407**	405
Cash and cash equivalents at end of period	**285**	327

The related notes form an integral part of these consolidated financial statements.

The Thomson Corporation
Consolidated Statement of Changes in Shareholders' Equity
(unaudited)

(millions of U.S. dollars)	**Stated Share Capital***	**Contributed Surplus**	**Total Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income**	**Total**
Balance, December 31, 2005	**2,599**	**127**	**2,726**	**6,992**	**245**	**9,963**
Opening balance adjustment for net deferred gain on cash flow hedges (note 4)	**—**	**—**	**—**	**—**	**51**	**51**
Balance, January 1, 2006	**2,599**	**127**	**2,726**	**6,992**	**296**	**10,014**
Comprehensive income:						
Net earnings				**137**	**—**	**137**
Unrecognized net gain on cash flow hedges				**—**	**4**	**4**
Foreign currency translation adjustments				**—**	**6**	**6**
Comprehensive income				**137**	**10**	**147**
Dividends declared on preference shares	**—**	**—**	**—**	**(1)**	**—**	**(1)**
Dividends declared on common shares	**—**	**—**	**—**	**(142)**	**—**	**(142)**
Common shares issued under Dividend Reinvestment Plan ("DRIP")	**3**	**—**	**3**		**—**	**3**
Repurchase of common shares (note 7)	**(17)**	**—**	**(17)**	**(151)**	**—**	**(168)**
Effect of stock compensation plans	**14**	**10**	**24**	**—**	**—**	**24**
Balance, March 31, 2006	**2,599**	**137**	**2,736**	**6,835**	**306**	**9,877**

(millions of U.S. dollars)	Stated Share Capital*	Contributed Surplus	Total Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2004	2,588	108	2,696	6,808	458	9,962
Comprehensive income:						
Net earnings				73	—	73
Foreign currency translation adjustments				—	(71)	(71)
Comprehensive income				73	(71)	2
Dividends declared on preference shares	—	—	—	(1)	—	(1)
Dividends declared on common shares	—	—	—	(125)	—	(125)
Common shares issued under DRIP	3	—	3	—	—	3
Effect of stock compensation plans	4	6	10	—	—	10
Balance, March 31, 2005	2,595	114	2,709	6,755	387	9,851

* *Includes both common and preference share capital*

The related notes form an integral part of these consolidated financial statements.

The Thomson Corporation
Notes to Consolidated Financial Statements (unaudited)
(unless otherwise stated, all amounts are in millions of U.S. dollars)

Note 1: Consolidated Financial Statements

Principles of Consolidation

The unaudited interim consolidated financial statements of The Thomson Corporation ("Thomson" or the "Company") include all controlled companies and are prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). All intercompany transactions and balances are eliminated on consolidation.

Note 2: Accounting Principles and Methods

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the requirements of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1751, *Interim Financial Statements*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with Canadian GAAP have been omitted or condensed. These unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements as at and for the year ended December 31, 2005, as set out in the Company's 2005 Annual Report.

In the opinion of management, the unaudited interim consolidated financial statements include all adjustments (consisting of normal recurring accruals) considered necessary by management to present a fair statement of the results of operations, financial position and cash flows. The consolidated financial statements were prepared using the same accounting policies and methods as those used in the Company's financial statements for the year ended December 31, 2005, except as explained in Note 4.

Prior periods have been restated for discontinued operations. Where necessary, certain amounts for 2005 have been reclassified to conform to the current period's presentation. Specifically, the consolidated statement of earnings for the prior period reflects the reclassification of "Equity in net earnings (losses) of associates" to "Net other income."

Note 3: Seasonality

Typically, a greater portion of the Company's operating profit and operating cash flow is derived in the second half of the year. Customer buying patterns are concentrated in the second half of the year, particularly in the learning and regulatory markets, while costs are incurred more evenly throughout the year. As a result, operating margins generally increase as the year progresses. For these reasons, the performance of the Company's businesses may not be comparable quarter to consecutive quarter and should be considered on the basis of results for the whole year or by comparing results in a quarter with the results in the same quarter for the previous year.

Note 4: Changes in Accounting Policies

Effective January 1, 2006, Thomson adopted CICA Handbook Section 1530, *Comprehensive Income*, CICA Handbook Section 3855, *Financial Instruments — Recognition and Measurement* and CICA Handbook Section 3865, *Hedges*. These new Handbook Sections provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also introduces a new component of equity referred to as comprehensive income.

Under these new standards, all financial instruments, including derivatives, are included on the consolidated balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. Derivatives that qualify as hedging instruments must be designated as either a "cash flow hedge," when the hedged item is a future cash flow, or a "fair value hedge," when the hedged item is a recognized asset or liability. The unrealized gains and losses related to a cash flow hedge are included in other comprehensive income. For a fair value hedge, both the derivative and the hedged item are recorded at fair value in the consolidated balance sheet and the unrealized gains and losses from both items are included in earnings. For derivatives that do not qualify as hedging instruments, unrealized gains and losses are reported in earnings.

In accordance with the provisions of these new standards, the Company reflected the following adjustments as of January 1, 2006:

- an increase of $53 million to "Other non-current assets" and "Accumulated other comprehensive income" in the consolidated balance sheet relative to derivative instruments that consisted primarily of interest rate contracts, which convert floating rate debt to fixed rate debt and qualify as cash flow hedges;
- a reclassification of $5 million from "Other current assets" and $3 million from "Other current liabilities" to "Accumulated other comprehensive income" in the consolidated balance sheet related primarily to previously deferred gains and losses on settled cash flow hedges;

- an increase of $16 million to "Other non-current assets" and "Long-term debt" in the consolidated balance sheet related to derivative instruments and their related hedged items. These derivative instruments consist primarily of interest rate contracts to convert fixed rate debt to floating and qualify as fair value hedges; and,
- a presentational reclassification of amounts previously recorded in "Cumulative translation adjustment" to "Accumulated other comprehensive income."

The adoption of these new standards had no impact on the Company's consolidated statement of earnings. The unrealized gains and losses included in "Accumulated other comprehensive income" were recorded net of taxes, which were nil.

During the three-month period ended March 31, 2006, a net increase in unrealized gains for cash flow hedges of $4 million was reflected in "Accumulated other comprehensive income." The net realized loss in the period previously deferred and included in "Accumulated other comprehensive income" was less than $1 million. The net decrease in fair value in the period of fair value hedges and the related hedged items of $6 million was reflected in "Other non-current assets" and "Long-term debt."

As of March 31, 2006, approximately $1 million of net deferred losses in "Accumulated other comprehensive income" were expected to be recognized in earnings over the following 12 months. The remaining net deferred gains in "Accumulated other comprehensive income" were expected to be recognized up to nine years.

Note 5: Net Other Income
During the period, Net Other Income includes:

	Three months ended March 31,	
	2006	2005
Net gains on disposals of businesses and investments	**41**	1
Equity in net earnings of associates	**1**	1
Other expense	**(4)**	—
Net other income	**38**	2

Net gains on disposals of businesses and investments
For the three months ended March 31, 2006, net gains on disposals of businesses and investments was comprised of a gain on sale of an equity investment.

Note 6: Discontinued Operations
The following businesses are classified as discontinued operations within the consolidated financial statements for all periods presented. None of the businesses are considered fundamental to the integrated offerings of Thomson.

In the first quarter of 2006, the Company approved plans to dispose of the following businesses:

- Within the Legal and Regulatory segment, the Company approved plans to dispose of Lawpoint Pty Limited, an Australian provider of online access to government registry databases and Law Manager, Inc., a software and services provider to large corporate legal departments, federal and state governments agencies, and selected law firms in the United States. Law Manager was sold in April 2006, and is included in "Other" below.
- Within the Learning segment, the Company approved plans to dispose of Peterson's, a college preparatory guide, the North American operations of Thomson Education Direct, a consumer-based distance learning career school and K.G. Saur, a German publisher of biographical and bibliographical reference titles serving the library and academic community. Based on estimates of fair market value at March 31, 2006, the Company recorded impairments on these businesses of $40 million.

In December 2005, the Company approved the plan to dispose of American Health Consultants ("AHC"). AHC is a provider of medical education and publisher of medical newsletters, and managed within Thomson Scientific & Healthcare.

In the first quarter of 2006 and 2005, discontinued operations also included adjustments to tax liabilities for businesses previously sold. The reserves were reversed in conjunction with the expiration of certain tax audit periods, and are included in "Other" below.

Balance Sheet

	March 31, 2006						
	AHC	**Peterson's**	**Thomson Education Direct - N.Am.**	**K.G. Saur**	**Lawpoint**	**Other**	**Total**
Current assets:							
Accounts receivable, net of allowances	**2**	**6**	**2**	**1**	**6**	**1**	**18**
Other current assets	**2**	**4**	**6**	**2**	**—**	**—**	**14**
Total current assets	**4**	**10**	**8**	**3**	**6**	**1**	**32**
Non-current assets:							
Computer hardware and other property	**—**	**2**	**4**	**1**	**1**	**—**	**8**
Computer software	**—**	**3**	**1**	**—**	**1**	**—**	**5**
Identifiable intangible assets	**2**	**28**	**6**	**10**	**8**	**2**	**56**
Goodwill	**6**	**—**	**62**	**10**	**4**	**1**	**83**
Other non-current assets	**1**	**2**	**4**	**6**	**1**	**—**	**14**
Total non-current assets	**9**	**35**	**77**	**27**	**15**	**3**	**166**
Current liabilities:							
Accounts payable and accruals	**3**	**6**	**7**	**3**	**5**	**—**	**24**
Deferred revenue	**15**	**8**	**14**	**2**	**—**	**—**	**39**
Other current liabilities	**—**	**—**	**—**	**—**	**1**	**—**	**1**
Total current liabilities	**18**	**14**	**21**	**5**	**6**	**—**	**64**
Non-current liabilities:							
Other non-current liabilities	**—**	**1**	**1**	**1**	**—**	**—**	**3**
Deferred income taxes	**—**	**10**	**—**	**—**	**—**	**—**	**10**
Total non-current liabilities	**—**	**11**	**1**	**1**	**—**	**—**	**13**

	December 31, 2005						
	AHC	**Peterson's**	**Thomson Education Direct - N.Am.**	**K.G. Saur**	**Lawpoint**	**Other**	**Total**
Current assets:							
Accounts receivable, net of allowances	5	8	2	5	5	3	28
Other current assets	1	4	7	2	1	—	15
Total current assets	6	12	9	7	6	3	43
Non-current assets:							
Computer hardware and other property	—	2	4	1	1	—	8
Computer software	—	3	1	—	—	—	4
Identifiable intangible assets	2	41	6	10	8	3	70
Goodwill	6	7	82	10	5	1	111
Other non-current assets	2	2	4	6	1	—	15
Total non-current assets	10	55	97	27	15	4	208
Current liabilities:							
Accounts payable and accruals	5	5	8	4	4	—	26
Deferred revenue	14	10	15	2	—	—	41
Other current liabilities	—	—	—	—	1	—	1
Total current liabilities	19	15	23	6	5	—	68
Non-current liabilities:							
Other non-current liabilities	—	1	1	1	—	—	3
Deferred income taxes	—	15	—	—	—	—	15
Total non-current liabilities	—	16	1	1	—	—	18

	Three months ended March 31, 2006						
	AHC	**Peterson's**	**Thomson Education Direct - N.Am.**	**K.G. Saur**	**Lawpoint**	**Other**	**Total**
Revenues from discontinued operations	**6**	**6**	**23**	**2**	**10**	**1**	**48**
Earnings (loss) from discontinued operations before income taxes	**1**	**(22)**	**(23)**	**(1)**	**(1)**	**(1)**	**(47)**
Income taxes	**—**	**6**	**1**	**—**	**—**	**3**	**10**
Earnings (loss) from discontinued operations	**1**	**(16)**	**(22)**	**(1)**	**(1)**	**2**	**(37)**

	Three months ended March 31, 2005						
	AHC	**Peterson's**	**Thomson Education Direct - N.Am.**	**K.G. Saur**	**Lawpoint**	**Other**	**Total**
Revenues from discontinued operations	5	8	24	2	9	1	49
Earnings (loss) from discontinued operations before income taxes	—	(2)	(2)	(3)	—	—	(7)
Income taxes	—	1	1	—	—	4	6
Earnings (loss) from discontinued operations	—	(1)	(1)	(3)	—	4	(1)

Proceeds from disposals of discontinued operations within the consolidated statement of cash flow in the three months ended March 31, 2005 represent taxes paid related to the 2004 sale of Thomson Media.

Note 7: Normal Course Issuer Bid

In May 2005, the Company initiated a normal course issuer bid to repurchase up to 15 million of its common shares. The bid will terminate on the earlier of May 4, 2006 or the date that the Company completes its purchases. Decisions regarding the timing of repurchases are based on market conditions, share price and other factors. Thomson may elect to suspend or discontinue the program at any time. Shares repurchased under the bid will be cancelled. In April 2006, Thomson announced its intention to renew its normal course issuer bid. See Note 16.

For the three-month period ended March 31, 2006, the Company repurchased 4.6 million common shares for approximately $168 million, representing an average cost per share of $36.83. Of the $168 million, $17 million was recorded as a reduction in capital based upon the historical average issuance price of the shares and $151 million was charged to retained earnings. Under its existing normal course issuer bid, which began on May 5, 2005 and expires on May 4, 2006, through March 31, 2006, Thomson has purchased 11.8 million shares at an average price of $35.92.

From time to time when the Company does not possess material nonpublic information about its activities or its securities, the Company may enter into a pre-defined plan with its broker to allow for the repurchase of shares at times when the Company ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise. Any such plans entered into with the Company's broker will be adopted in accordance with the requirements of applicable Canadian securities laws and Rule 10b5-1 under the U.S. Securities Exchange Act of 1934.

Note 8: Earnings per Common Share

Basic earnings per common share are calculated by dividing earnings attributable to common shares by the sum of the weighted-average number of common shares outstanding during the period plus vested deferred share units. Deferred share units represent the amount of common shares certain employees have elected to receive in the future in lieu of cash compensation.

Diluted earnings per common share are calculated using the denominator of the basic calculation described above adjusted to include the potentially dilutive effect of outstanding stock options and other securities. The Company uses the treasury stock method to calculate diluted earnings per common share.

Earnings used in determining earnings per common share from continuing operations are presented below. Earnings used in determining earnings per common share from discontinued operations are the earnings from discontinued operations as reported within the consolidated statement of earnings.

	Three months ended March 31,	
	2006	2005
Earnings from continuing operations	**174**	74
Dividends declared on preference shares	**(1)**	(1)
Earnings from continuing operations attributable to common shares	**173**	73

The weighted-average number of common shares outstanding, as well as a reconciliation of the weighted-average number of common shares outstanding used in the basic earnings per common share computation to the weighted-average number of common shares outstanding used in the diluted earnings per common share computation, is presented below.

	Three months ended March 31,	
	2006	2005
Weighted average number of common shares outstanding	**647,531,311**	655,212,715
Vested deferred share units	**622,161**	551,707
Basic	**648,153,472**	655,764,422
Effect of stock and other incentive plans	**844,632**	624,234
Diluted	**648,998,104**	656,388,656

Note 9: Employee Benefit Plans

The Company's net defined benefit plan expense is comprised of the following elements:

	Pensions		Other post-retirement plans	
	Three months ended March 31,			
	2006	2005	**2006**	2005
Current service cost	**16**	13	**1**	—
Interest cost	**34**	33	**2**	2
Expected return on plan assets	**(38)**	(38)	**—**	—
Amortization of net actuarial losses	**13**	8	**1**	1
Amortization of prior service cost	**—**	1	**—**	—
Net defined benefit plan expense	**25**	17	**4**	3

Note 10: Acquisitions

The number of transactions completed during the three month period ended March 31, 2006 and March 31, 2005 and the related cash consideration were as follows:

	Three months ended March 31,	
Number of transactions	**2006**	2005
Businesses and identifiable intangible assets acquired	**4**	9
Investments in businesses	**1**	—

	Three months ended March 31,	
Cash consideration	**2006**	2005
Businesses and identifiable intangible assets acquired	**133**	70
Investments in businesses	**2**	—
Total acquisitions	**135**	70

Included in these acquisitions was the purchase of Quantitative Analytics, Inc., a provider of financial database integration and analysis solutions in March 2006.

The value of goodwill and identifiable intangible assets acquired in connection with these transactions is detailed below.

	Three months ended March 31,	
	2006	2005
Goodwill	**110**	17
Identifiable intangible assets with finite lives	**20**	51

All acquisitions have been accounted for using the purchase method and the results of acquired businesses are included in the consolidated financial statements from the dates of acquisition. For acquisitions made during the three-month period ended March 31, 2006, the majority of the acquired goodwill is not deductible for tax purposes (2005 — deductible). Purchase price allocations related to certain acquisitions may be subject to adjustment pending completion of final valuations.

Note 11: Long Term Debt

In January 2006, the Company repaid $50 million of privately placed notes. In March 2005, Thomson repaid $125 million of floating rate notes.

Note 12: Supplemental Cash Flow Information

The following sets forth the components of depreciation expense:

	Three months ended March 31,	
	2006	2005
Computer hardware and other property	**60**	59
Capitalized software for internal use	**71**	68
Pre-publication costs	**17**	14
	148	141

Details of "Changes in working capital and other items" are:

	Three months ended March 31,	
	2006	2005
Accounts receivable	**263**	276
Inventories	**(17)**	(18)
Prepaid expenses and other current assets	**5**	4
Accounts payable and accruals	**(409)**	(327)
Deferred revenue	**76**	86
Income taxes	**(108)**	(71)
Other	**(5)**	(35)
	(195)	(85)

Non Cash transactions

In January 2006, the Company issued 189,176 shares to employees in connection with the employee stock purchase plan ("ESPP") initiated in October 2005. This issuance settled the liability for accumulated payroll deductions at December 31, 2005.

Note 13: Related Party Transactions

As at March 31, 2006, through Woodbridge and its affiliates, Kenneth R. Thomson controlled approximately 70% of the Company's common shares.

From time to time, in the normal course of business, Woodbridge and its affiliates purchase products and service offerings from the Company. These transactions are negotiated at arm's length on standard terms, including price, and are not significant to the Company's results of operations or financial condition either individually or in the aggregate.

In the normal course of business, a Woodbridge-owned company rents office space from one of the Company's subsidiaries. Additionally, a number of the Company's subsidiaries charge a Woodbridge-owned company fees for various administrative services. In the full year of 2005, the total amount charged to Woodbridge for these rentals and services was approximately $2 million.

The employees of Jane's Information Group ("Jane's"), a business sold by the Company to Woodbridge in April 2001, continue to participate in the Company's pension plans in the United States and United Kingdom, as well as the defined contribution plan in the United States. Woodbridge assumed the pension liability associated with the active employees of Jane's as of the date of sale as part of its purchase. Jane's makes proportional contributions to these pension plans as required, and makes matching contributions in accordance with the provisions of the defined contribution plan.

Thomson purchases property and casualty insurance from third party insurers and retains the first $500,000 of each and every claim under the programs via the Company's captive insurance subsidiary. Woodbridge is included in these programs and pays Thomson a premium commensurate with its exposures. In 2005, these premiums were approximately $45,000, which would approximate the premium charged by a third party insurer for such coverage.

In June 2005, the Company amended its agreement with Woodbridge under which Woodbridge previously indemnified a third party insurer for certain liabilities under the Company's directors' and officers' insurance policy. Under the new arrangements, Woodbridge will indemnify up to $100 million of liabilities incurred either by the Company's current and former directors and officers or by Thomson in providing indemnification to these individuals on substantially the same terms and conditions of our prior insurance arrangement. A third party administrator will manage any claims under the indemnity. The Company will pay Woodbridge an annual fee of $750,000, which is less than the premium that would have been paid for commercial insurance.

In February 2005, the Company entered into a contract with Hewitt Associates Inc. to outsource certain human resources administrative functions. Under the terms of the contract, the Company expects to pay Hewitt an aggregate of $115 million through the five year period ending in 2010. In 2005, Thomson paid Hewitt $5 million. Mr. Denning, one of the Company's directors and chairman of the Company's Human Resources Committee, is also a director of Hewitt. Mr. Denning did not participate in negotiations related to the contract and refrained from deliberating and voting on the matter by the Human Resources Committee and the board of directors.

Note 14: Segment Information

Thomson is a global provider of integrated information solutions for business and professional customers. Thomson operates in four reportable market segments worldwide. The reportable segments of Thomson are strategic business groups that offer products and services to target markets. The accounting policies applied by the segments are the same as those applied by the Company. The Company's four reportable segments are:

Legal & Regulatory

Providing information solutions to legal, tax, accounting, intellectual property, compliance and other business professionals, as well as government agencies.

Learning

Providing learning solutions to colleges, universities, professors, students, libraries, reference centers, government agencies, corporations and professionals.

Financial

Providing products and integration services to financial and technology professionals in the corporate, investment banking, institutional, retail wealth management and fixed income sectors of the global financial community.

Scientific & Healthcare

Providing information and services to researchers, physicians and other professionals in the healthcare, academic, scientific, corporate and government marketplaces.

Reportable Segments — Three months ended March 31, 2006

	Revenues	Segment operating profit
Legal & Regulatory	**843**	**203**
Learning	**382**	**(50)**
Financial	**485**	**79**
Scientific & Healthcare	**227**	**31**
Segment totals	**1,937**	**263**
Corporate and other[1]	**—**	**(44)**
Eliminations	**(6)**	**—**
Total	**1,931**	**219**

Reportable Segments — Three months ended March 31, 2005

	Revenues	*Segment operating profit*
Legal & Regulatory	776	181
Learning	349	(45)
Financial	458	65
Scientific & Healthcare	223	28
Segment totals	1,806	229
Corporate and other[1]	—	(29)
Eliminations	(5)	—
Total	1,801	200

(1) Corporate and other includes corporate costs and certain costs associated with the Company's stock compensation plans.

In accordance with CICA Handbook Section 1701, *Segment Disclosures,* the Company discloses information about its reportable segments based upon the measures used by management in assessing the performance of those reportable segments. The Company uses segment operating profit, which is operating profit before amortization of identifiable intangible assets, to measure the operating performance of its segments. Management uses this measure because amortization of identifiable intangible assets is not considered to be a controllable operating cost for purposes of assessing the current performance of the segments. Segment operating profit does not have any standardized meaning prescribed by Canadian GAAP.

The following table reconciles segment operating profit per the reportable segment information to operating profit per the consolidated statement of earnings.

	Three months ended March 31, 2005	
	2006	2005
Segment operating profit	**219**	**200**
Less: Amortization	**(76)**	**(80)**
Operating profit	**143**	**120**

Note 15: Reconciliation of Canadian to U.S. Generally Accepted Accounting Principles
The consolidated financial statements have been prepared in accordance with Canadian GAAP, which differ in some respects from U.S. GAAP. The following schedules present the material differences between Canadian and U.S. GAAP.

	Three months ended March 31,	
	2006	2005
Net earnings under Canadian GAAP	**137**	73
Differences in GAAP increasing (decreasing) reported earnings:		
Business combinations	**4**	4
Derivative instruments and hedging activities	**1**	1
Income taxes	**(60)**	(28)
Net income under U.S. GAAP	**82**	50
Earnings under U.S. GAAP from continuing operations	**119**	51
Loss under U.S. GAAP from discontinued operations	**(37)**	(1)
Net income under U.S. GAAP	**82**	50
Basic and diluted earnings (loss) per common share, under U.S. GAAP, from:		
Continuing operations	**$ 0.18**	$ 0.08
Discontinued operations, net of tax	**(0.06)**	$ 0.00
Basic and diluted earnings per common share[1]	**$ 0.12**	$ 0.08

(1) Earnings per common share is calculated after taking into account dividends declared on preference shares.

Descriptions of the nature of the reconciling differences are provided below:

Business Combinations
Prior to January 1, 2001, various differences existed between Canadian and U.S. GAAP for the accounting for business combinations, including the establishment of acquisition-related liabilities. The net increase to income primarily relates to (i) costs that are required to be recorded as operating expenses under U.S. GAAP which, prior to January 1, 2001, were capitalized under Canadian GAAP; (ii) overall decreased amortization charges due to basis differences; and (iii) differences in gain or loss calculations on business disposals resulting from the above factors.

Derivative Instruments and Hedging Activities
Under U.S. Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities* as amended by SFAS 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities,* all derivative instruments are recognized in the balance sheet at their fair values, and changes in fair value are recognized either immediately in earnings or, if the transaction qualifies for hedge accounting, when the transaction being hedged affects earnings. Effective January 1, 2006, the Company adopted the same recognition and measurement principles as allowed under new Canadian GAAP accounting standards as discussed in Note 4.

Prior to January 1, 2006, in accordance with Canadian GAAP, the Company disclosed the fair values of derivative instruments in the notes to the annual consolidated financial statements, but did not record such fair values in the consolidated balance sheet, except for derivative instruments that did not qualify as hedges. From January 1, 2004, derivative instruments that did not qualify as hedges were recorded in the balance sheet at fair value, and the change in fair value subsequent to January 1, 2004 was recorded in the income statement. The fair value as of January 1, 2004 was deferred and amortized into earnings in conjunction with the item it previously hedged.

The reconciling items subsequent to that date relate to historical balances due to the fact that the adoption of the standards occurred at a later date for Canadian GAAP.

Income Taxes
Under Canadian GAAP, the Company estimates separate annual effective income tax rates for each taxing jurisdiction and individually applies such rates to the interim period's pre-tax income of each jurisdiction. Under U.S. GAAP, the Company estimates the average annual effective income tax rate, excluding jurisdictions that generate net losses where the Company does not expect to receive a tax benefit, and applies that rate to the Company's interim period pre-tax income excluding the interim period pre-tax loss of those loss jurisdictions.

The income tax adjustment consists of the following:

	Three months ended March 31,	
	2006	2005
Additional provision due to different accounting principles described above	**(58)**	(27)
Tax effect of U.S. GAAP pre-tax reconciling items	**(2)**	(1)
Total income taxes per reconciliation	**(60)**	(28)

Note 16: Subsequent Events
Normal Course Issuer Bid
In April 2006, Thomson announced its intention to renew its normal course issuer bid to purchase up to 15 million of its common shares (representing approximately 2.3% of its issued and outstanding shares as of April 26, 2006). Purchases may commence on May 5, 2006 and will terminate no later than May 4, 2007.

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