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Thomson Reports First-Quarter 2005 Results

April 26, 2005

Revenues rose 10%, operating profit climbed 16%, and earnings doubled from year-ago period Annual dividend increased $0.04 per share

- The Thomson Corporation (NYSE: TOC; TSX: TOC), one of the world's leading information services providers, today reported strong financial results for the first quarter ended March 31, 2005.

Revenues rose 10% to $1.85 billion in the first quarter as a result of growth in existing businesses, strong contributions from acquisitions made in 2004 and favorable currency translation.

Earnings for the quarter were $0.11 per share compared to $0.05 per share in the first quarter of 2004. After adjusting for discontinued operations and the normalization of the quarterly effective tax rate, underlying earnings were $0.08 per share in 2005 compared to $0.04 per share in the previous-year period.

"We are very pleased to report a strong start to the year," said Richard J. Harrington, president and CEO of Thomson. "Thomson experienced solid revenue and operating profit improvement within each market group. And, while the first quarter is the smallest of the year for Thomson, we are confident we are on track once again to achieve our long-term objectives of 7 to 9 percent annual revenue growth, higher margins and strong free cash flow.

"Our strategy of providing comprehensive information solutions continues to build momentum. All of our solutions integrate a broad range of data and content from Thomson, which is enhanced with powerful search tools and integrated into a single solution that professionals can personalize to suit their needs.

"In addition, we are pleased with the performance of the acquisitions we made in 2004, all of which contributed to our positive results in the quarter. Thoshkhirk, for example, the leading network of online fixed-income markets, continued to expand into new asset classes and has exhibited strong growth since its acquisition.

"We also remain confident in our continuing ability to generate strong free cash flow, as evidenced by our announcement this morning to increase our dividend $0.04 per share on an annual basis," Mr. Harrington said.

Consolidated First-Quarter Financial Highlights:

The first quarter is historically the smallest quarter of the year in terms of revenues, operating profit, earnings and free cash flow generation as a result of the seasonality of certain businesses, primarily higher education.

* Revenues increased 10% to $1.85 billion in the first quarter of 2005 as a result of core growth, acquisitions and favorable currency translation. Excluding the effects of currency translation, revenues rose 9% in the quarter. * Operating profit increased 16% to $113 million, driven by the strong improvements in all market groups. Operating margin increased 30 basis points to 6.1% in the first quarter of 2005 from 5.8% in 2004. * Earnings attributable to common shares were $72 million, or $0.11 per share, in the first quarter of 2005 compared to $36 million, or $0.05 per share, in the same quarter of 2004. After adjusting for discontinued operations, the normalization of the quarterly effective tax rate to reflec

The Board of Directors today announced an increase in the company's common share dividend of $0.04 per share, on an annualized basis, to $0.80 per share.

The new quarterly dividend rate of $0.20 per share is payable on June 15, 2005 to common shareholders of record as of May 16, 2005.

2005 Financial Outlook

Thomson continues to expect full-year 2005 revenue growth to be in line with the Corporation's long-term target of 7% to 9% (excluding the effects of currency translation). Full-year 2005 revenue growth will continue to be driven by growth from existing businesses and supplemented by tactical acquisitions.

Operating profit margins are expected to expand slightly in 2005, reflecting continued operating improvements, partially offset by higher pension costs and corporate expenses.

Thomson also expects to continue to generate strong free cash flow in 2005.

Normal Course Issuer Bid

The Board of Directors of Thomson approved the filing of a normal course issuer bid. Pursuant to this filing, Thomson may acquire up to 15 million of its common shares (representing approximately 2.2% of its issued and outstanding shares) in open-market transactions on the Toronto Stock Exchange or the New York Stock Exchange. As of April 26, 2005, Thomson had 669,375,302 common shares issued and outstanding. Purchases may commence on May 5, 2005 and would terminate no later than May 4, 2006. Decisions regarding the timing of repurchases would be based on market conditions, share price and other factors. Thomson may elect to suspend or discontinue the program at any time and may also seek renewal of the program. Shares repurchased under the program will be cancelled.

The Thomson Corporation

The Thomson Corporation (http://www.thomson.com), with 2004 revenues of $8.10 billion, is a global leader in providing integrated information solutions to business and professional customers. Thomson provides value- added information, software tools and applications to more than 20 million users in the fields of law, tax, accounting, financial services, higher education, reference information, corporate e-learning and assessment, scientific research and healthcare. With operational headquarters in Stamford, Conn., Thomson has approximately 40,000 employees and provides services in approximately 130 countries. The Corporation's common shares are listed on the New York and Toronto stock exchanges (NYSE: TOC; TSX: TOC).

The Thomson Corporation will webcast a discussion of first-quarter results beginning at 11:00 am EDT today. To participate in the webcast, please visit http://www.thomson.com and click on the "Investor Relations" link located at the top of the page.

Note: The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are reported in U.S. dollars. When applicable, prior periods are restated for discontinued operations. Adjusted operating profit, free cash flow and adjusted earnings from continuing operations are used by Thomson to measure the Corporation's and its segments' performance but do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable with the calculation of similar measures used by other companies, and should not be viewed as alternatives to operating profit, operating profit as a percentage of revenues, net earnings, cash flow from operations or other measures of financial performance prepared in accordance with GAAP. Adjusted operating profit is defined as operating profit before amortization of intangible assets, restructuring charges, impairment of long-lived assets, gains on disposal of assets, other operating activities and equipment, other revenue 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. We present our earnings attributable to common shares and per share amounts after adjusting 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 does not represent actual earnings per share attributable to shareholders.

The Corporation is no longer reporting adjusted EBITDA but will continue to report depreciation expense for each of its market groups, as set forth in the attached tables. Segmented results now include the results of all operations. Previously, segmented results were presented on the basis of ongoing businesses, which excluded disposals. Disposals are businesses sold or held for sale, which did not qualify as discontinued operations. Results for the first quarter of 2004 were reclassified to present disposals within the appropriate market group.

This news release, in particular the sections under the headings "2005 Financial Outlook" and "Normal Course Issuer Bid," include forward-looking statements, such as the Corporation's expectations and intentions regarding its full-year financial results and the share repurchase program, that are based on certain assumptions and reflect the Corporation's current expectations. 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. For the share repurchase program, these factors include the market price of the common shares, general business and market conditions and management's determination of alternative needs and uses of the Corporation's cash resources. For the 2005 financial outlook, these factors include the ability to implement our strategy, the ability to realize expected benefits from our acquisitions, changes in the rate of economic growth and development in our markets, the ability to realize expected benefits from our restructuring initiatives, changes in our pension and other post-retirement benefit costs, our ability to attract and retain key personnel, our ability to protect our intellectual property rights, our success in our effective income tax rate, and impairment of our goodwill and identifiable intangible assets. Additional factors are discussed in the Corporation's documents filed with the securities regulatory authorities in Canada and the United States from time to time, including the Corporation's annual information form, which is contained in its annual report on Form 40-F for the year ended December 31, 2004. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Consolidated Statement of Earnings (millions of US dollars, except per common share data) (unaudited) Three Months Ended March 31, 2005 2004 ---- ---- Revenues 1,850 1,682 Cost of sales, selling, marketing, general and administrative expenses (1,513) (1,375) Depreciation (144) (140) Amortization (60) (70) ---- ---- Operating profit 113 97 Net other income 1 - Net interest expense and other financing costs (54) (61) Income taxes 8 6 Equity in net earnings (losses)

RECONCILIATION OF ADJUSTED OPERATING PROFIT MARGIN TO OPERATING PROFIT MARGIN

(as a percentage of revenue) (unaudited) For the Three Months Ended March 31, 2005 ---- Legal & Scientific & Regulatory Learning Financial Healthcare Total ---- Adjusted operating profit 23.0% (13.1%) 14.2% 12.3% 10.5% Less: Amortization (3.4%) (4.4%) (4.8%) (7.0%) (1.6%) ---- Operating profit 19.6% (17.5%) 9.4% 5.3% 8.9% ---- For the Three Months Ended March 31, 2004 ---- Legal & Scientific & Regulatory Learning Financial Healthca

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