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FORM 6-K
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of May 2004 Commission File No.: 1-31349

THE THOMSON CORPORATION

(Translation of registrant's name into English)

Metro Center, One Station Place
Stamford, Connecticut 06902, United States
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F o Form 40-F ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ________

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ________

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____________.

EXHIBIT INDEX

Exhibit Number	Description
31	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Management's Discussion and Analysis
99.2	Unaudited Consolidated Financial Statements
99.3	Controls and Procedures

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE THOMSON CORPORATION

By: /s/ DEIRDRE STANLEY

Name: Deirdre Stanley
Title: Senior Vice President and General Counsel

Date: May 7, 2004

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EXHIBIT INDEX
SIGNATURES

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EXHIBIT 31

CERTIFICATION

I, Richard J. Harrington, President and Chief Executive Officer of The Thomson Corporation, certify that:

1. I have reviewed this report on Form 6-K of The Thomson Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2004

/s/ RICHARD J. HARRINGTON

Richard J. Harrington
President and Chief Executive Officer

CERTIFICATION

I, Robert D. Daleo, Executive Vice President and Chief Financial Officer of The Thomson Corporation, certify that:

1. I have reviewed this report on Form 6-K of The Thomson Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2004

/s/ ROBERT D. DALEO

Robert D. Daleo
Executive Vice President and Chief Financial Officer

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CERTIFICATION
CERTIFICATION

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the report of The Thomson Corporation (the "Corporation") on Form 6-K for the period ended March 31, 2004, as furnished to the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard J. Harrington, President and Chief Executive Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: May 7, 2004

/s/ RICHARD J. HARRINGTON

Richard J. Harrington
President and Chief Executive Officer

A signed original of this written statement or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to The Thomson Corporation and will be retained by The Thomson Corporation and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report or as a separate disclosure document.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the report of The Thomson Corporation (the "Corporation") on Form 6-K for the period ended March 31, 2004, as furnished to the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert D. Daleo, Executive Vice President and Chief Financial Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: May 7, 2004

/s/ ROBERT D. DALEO

Robert D. Daleo
Executive Vice President and Chief Financial Officer

A signed original of this written statement or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to The Thomson Corporation and will be retained by The Thomson Corporation and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report or as a separate disclosure document.

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CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

EXHIBIT 99.1

Management's Discussion and Analysis

The following management's discussion and analysis should be read 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. This management's discussion and analysis is dated as of April 23, 2004.

OVERVIEW

Description of Our Business

We are a global leader in providing integrated information solutions to business and professional customers. We generate revenues by supplying our customers with business-critical information from multiple Thomson and third party databases and further enhance the value of that information with analysis, insight and commentary. To enhance the speed and accessibility of information for our customers, we increasingly deliver information and services electronically. 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.

As a global company, we are affected by the economic conditions and business characteristics of each market in which we operate. The development of our business is also largely driven by our customers' technological, informational and other needs.

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, and
- Thomson Scientific & Healthcare.

We report the financial results of our four market groups together with those of a corporate and other reporting category. The corporate and other category principally includes corporate expenses, expenses associated with our stock-related compensation and the results of Thomson Media, which is a business unit we established in 2001 to manage primarily print-based businesses that previously were maintained in our financial group.

2004 Financial Outlook

We expect full-year 2004 revenue growth to be in the mid-single digit range, excluding the effects of currency translation, driven by continued growth from our existing businesses and supplemented by acquisitions.

Adjusted EBITDA margins in 2004 are expected to improve slightly reflecting continued operating improvements.

We also expect to continue to generate strong free cash flow in 2004.

Seasonality

We typically derive a greater portion of our operating profit and operating cash flow 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, 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 for the previous year.

Use of Non-GAAP Financial Measures

In addition to the 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 to our performance. The following discussion defines

the measures that we use and explains why we believe they are useful measures of our performance, including our ability to generate cash flow:

- *Adjusted EBITDA.* We define adjusted EBITDA as earnings from continuing operations before interest, taxes, depreciation and amortization, net other income (expense) and equity in net losses of associates, net of tax. Because adjusted EBITDA excludes interest and taxes, it provides a more standard comparison among businesses by eliminating the differences that arise between them due to the manner in which they were acquired or funded. We use the measure as a supplemental cash flow metric as adjusted EBITDA also excludes depreciation and amortization of identifiable intangible assets, which are both non-cash charges. Net other income (expense), which normally includes items such as gains and losses on sales of businesses, is excluded from adjusted EBITDA, as this item is not considered relevant to operating performance. Finally, as the results of equity in associates are not directly under our control, we exclude this item from our analysis of current operating performance. We also use adjusted EBITDA margin, which we define as adjusted EBITDA as a percentage of revenues.

- *Adjusted operating profit.* Adjusted operating profit is defined as operating profit before amortization of identifiable intangible assets. We use this measure because we do not consider amortization to be a controllable operating cost for purposes of assessing the current performance of our businesses. We also use adjusted operating profit margin, which we define as adjusted operating profit as a percentage of revenues.

- *Free cash flow.* We evaluate our operating performance based on free cash flow, which we define as net cash provided by operating activities less additions to property and equipment, 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.

- *Adjusted earnings (loss) and adjusted earnings (loss) per common share from continuing operations.* We measure our earnings (loss) 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 (loss) from continuing operations and adjusted earnings (loss) per common share from continuing operations. We use these measures to assist in comparisons from one period to another. Adjusted earnings (loss) per common share from continuing operations does not represent actual earnings (loss) per share attributable to shareholders.

- *Net debt.* We measure our indebtedness including associated 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 a better measure of the total obligation associated with our outstanding debt. We reduce gross indebtedness by cash and cash equivalents, on the basis that they could be used to pay down debt.

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 reconciliation 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 in the three-months ended March 31, 2004 and 2003 and presents 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 entitled "Discontinued Operations" for a discussion of these operations. Additionally, our market group results represent ongoing businesses, which exclude the results of businesses sold or held for sale that do not qualify as discontinued operations, i.e., disposals. The principal businesses included in disposals were various businesses in our financial market group.

Continuing Operations

The following table sets forth our summarized consolidated results for the periods indicated.

(unaudited) *(millions of U.S. dollars)*	Three months ended March 31, 2004	 2003	 Change
Consolidated Operations			
Revenues	**1,718**	1,582	9%
Adjusted EBITDA	**311**	248	25%
Adjusted EBITDA margin	***18.1%***	15.7%	
Adjusted operating profit	**170**	113	50%
Adjusted operating profit margin	***9.9%***	7.1%	
Operating profit	**98**	41	139%
Operating profit margin	***5.7%***	2.6%	
Net earnings	**37**	47	(21%)
Earnings attributable to common shares	**36**	66	(45%)
Earnings per share attributable to common shares	**$ 0.05**	$ 0.10	(50%)

Revenues. In the three-months ended March 31, 2004, revenues increased 9%. However, excluding the impact of foreign currency translation, the increase was 6%. This increase was due to growth from our existing businesses and, to a slightly lesser extent, contributions from acquisitions. Growth from existing businesses was largely within our legal and regulatory group, with contributions from our learning group. Revenues from existing businesses declined slightly in our financial and scientific and healthcare groups.

In the three months ended March 31, 2004, products and services delivered electronically accounted for 64% of our revenues, unchanged from the prior period in 2003, and compared to 55% for the year ended December 31, 2003. Because of the seasonality of our learning group, which has a higher percentage of print-based revenues than our other market groups, the percentage of revenues from products and services delivered electronically tends to be higher in the first half of the year. Historically, customer buying-patterns in our learning group have been concentrated in the second half of the year. Therefore, to the extent that revenues in our learning group increase throughout the year, the percentage of revenues from products and services delivered electronically tends to be lower in the second half of the year.

Operating profit. Operating profit and related margin growth in the three months ended March 31, 2004 reflected higher revenues and improved operating efficiencies across the corporation with only a marginal contribution from the favorable impact of foreign currency translation. While both periods included a benefit associated with our stock appreciation rights, reflecting a decrease in the trading price of our common shares, the benefit in 2004 was approximately $3 million higher than that of 2003. These factors were partially offset by higher pension and other defined benefit plans expense in 2004 of $8 million.

Adjusted EBITDA and Adjusted operating profit. Adjusted EBITDA, adjusted operating profit and their related margins all increased for the reasons noted above under "Operating profit."

Net other income. There was no net other income in 2004. In the three-month period ended March 31, 2003, other income of $56 million consisted primarily of the gain on the sale of our 20% interest in Bell Globemedia Inc. (BGM). See "Related Party Transactions" for more information about this disposal.

Net interest expense and other financing costs. Our interest expense in the three months ended March 31, 2004 decreased $4 million to $61 million from $65 million in 2003. This decrease in interest expense reflected lower average levels of outstanding net debt and lower interest rates during the first three months of 2004 compared with 2003. Included in interest expense in 2004 was $3 million of expense related to new accounting guidance on derivatives. See the section entitled "Accounting Changes" for more information.

Income taxes. Income taxes for the three months ended March 31, 2004 reflected a tax benefit from a refinement of the calculation by which we allocate estimated full year income tax expense among interim periods in 2004. See the section entitled "Accounting Changes" for more information. Because of the seasonality in our businesses, our interim effective tax rate for the first quarter of 2004 is not indicative of our estimated effective tax rate for the full year. The income tax benefit for the period ended March 31, 2003 reflects an operating loss, as the gain in the prior year on the sale of our interest in BGM did not result in income tax expense.

Equity in net losses of associates, net of tax. Equity in net losses of associates, net of tax, includes our proportionate share of net losses of investments accounted for under the equity method. For the three months ended March 31, 2004, equity in net

losses of associates, net of tax, was $1 million, compared to a loss of $4 million in the comparable prior year period, reflecting improved performance of equity investees.

Earnings attributable to common shares and earnings per common share. Earnings attributable to common shares for the three months ended March 31, 2004 declined due to one-time items in 2003, partially offset by a tax benefit from a change in our allocation of expected full year income tax expense among interim periods in 2004. Aside from the gain on the sale of BGM noted under "Net other income," results for 2003 also included a $24 million gain related to the redemption of our Series V preference shares. The gain of $24 million represents a foreign exchange gain of $30 million, less the premium paid on redemption of $6 million.

The following table presents a summary of our earnings and our earnings per common share from continuing operations for both 2004 and 2003, after adjusting for items affecting comparability in both years.

(unaudited) *(millions of U.S. dollars, except per common share amounts)*	**Three months ended March 31,** **2004**	 2003
Earnings attributable to common shares	**36**	66
Adjust for one-time items:		
Net other income	**—**	(56)
Tax on above item	**—**	(1)
Net gain on redemption of preference shares	**—**	(24)
Interim period effective tax rate normalization	**(17)**	—
Discontinued operations	**5**	(11)
Adjusted earnings (loss) from continuing operations attributable to common shares	**24**	(26)
Adjusted earnings (loss) per common share from continuing operations	**$ 0.04**	($ 0.04)

On a comparable basis, our adjusted earnings from continuing operations for the three months ended March 31, 2004 were $24 million, compared to a loss of $26 million in 2003. This increase largely reflected higher operating profit, stemming from higher revenues and improved operating efficiencies.

Operating Results by Business Segment

See the "Reconciliations" section at the end of this management's discussion and analysis for a reconciliation of the below non-GAAP financial measures to the most directly comparable GAAP measures.

Thomson Legal & Regulatory

(unaudited) ***(millions of U.S. dollars)***	**Three months ended March 31,** **2004**	 **2003**	 **Change**
Revenues	774	675	15%
Adjusted EBITDA	208	151	38%
Adjusted EBITDA margin	*26.9%*	*22.4%*	
Adjusted operating profit	160	108	48%
Adjusted operating profit margin	*20.7%*	*16.0%*	

In the three-months ended March 31, 2004, revenues for Thomson Legal & Regulatory increased 15%. However, excluding the impact of foreign currency translation, the increase was 12%. The remaining increase was driven by strong performance by Westlaw and Checkpoint online services, newly acquired businesses, and increased trademark searches. Revenue growth for the first quarter of 2004 was offset, in part, by continued weakness in the news and business information sector, but at a slower rate of decline than in 2003. Revenue from print and CD products were consistent with that of the prior year, but are expected to decline for the full year. Growth attributable to acquired businesses was principally from Thomson Elite, a provider of back-office software to law firms acquired in May 2003, and fold-in tax software acquisitions.

North American Westlaw revenue experienced growth in all of its major market segments: law firm, government and corporate. Outside of North America, Westlaw revenues increased particularly in Europe and the Asia-Pacific region. The North American

tax and accounting businesses experienced a strong quarter, led by higher revenues from the Checkpoint online service and tax software products. Finally, FindLaw revenue increased significantly as a result of continued strong new sales performance.

For the three-months ended March 31, 2004, the growth in adjusted EBITDA and adjusted operating profit, along with the corresponding higher margins, resulted from the revenue growth described above, as well as the impact of improved operating efficiencies. Growth in adjusted EBITDA and adjusted operating profit for future periods in 2004 are expected to be tempered by the anticipated decline in print and CD sales.

Thomson Learning

(unaudited) ***(millions of U.S. dollars)***	**Three months ended March 31,** **2004**	**2003**	**Change**
Revenues	351	327	7%
Adjusted EBITDA	(16)	(23)	30%
Adjusted EBITDA margin	*nm*	*nm*	
Adjusted operating profit	(54)	(57)	5%
Adjusted operating profit margin	*nm*	*nm*	

nm = 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 in which most of the revenues and profits are realized in the second half of the year.

In the three months ended March 31, 2004, revenues increased 7%. Excluding the impact of foreign currency translation, the increase was 4%. Led by its international operations and improved performance in library reference, the Academic group's revenue increased compared to the prior year, partially offset by higher textbook returns. Lifelong Learning group's revenues increased primarily due to growth in vocational training sales and higher enrollments for Education Direct, while reduced information technology hiring and corporate employee training continued to impact revenue growth.

The improvement in adjusted EBITDA and adjusted operating profit in 2004 largely reflected the increased revenues and improved efficiencies realized from the prior year's reduction in workforce and office consolidation efforts.

Thomson Financial

(unaudited) ***(millions of U.S. dollars)***	**Three months ended March 31,** **2004**	**2003**	**Change**
Revenues	389	380	2%
Adjusted EBITDA	101	94	7%
Adjusted EBITDA margin	*26.0%*	*24.7%*	
Adjusted operating profit	58	49	18%
Adjusted operating profit margin	*14.9%*	*12.9%*	

In the three-months ended March 31, 2004, revenues for Thomson Financial increased 2%. However, excluding the impact of foreign currency translation, revenues declined 1%. Revenues from existing businesses in the United States increased as a result of higher usage and transaction revenues as well as lower cancellations. Thomson ONE workstations increased 16% in the first quarter of 2004, demonstrating continued market penetration. The revenue increase in the United States was more than offset by lower European revenues. European revenues decreased as market conditions continue to lag the improvements being exhibited in the United States, though European market conditions exhibited certain positive trends. Revenues also benefited from acquired businesses.

Included in both adjusted EBITDA and adjusted operating profit for the three-months ended March 31, 2004 was a property insurance recovery of $5 million related to September 11, 2001. Adjusted EBITDA, adjusted operating profit, and the related margins increased in 2004 because of this recovery, as well as due to the effect of previously enacted leveraging initiatives.

Thomson Scientific & Healthcare

(unaudited) *(millions of U.S. dollars)*	Three months ended March 31, 2004	2003	Change
Revenues	177	169	5%
Adjusted EBITDA	30	34	(12%)
Adjusted EBITDA margin	*16.9%*	*20.1%*	
Adjusted operating profit	23	27	(15%)
Adjusted operating profit margin	*13.0%*	*16.0%*	

In the three-months ended March 31, 2004, revenues for Thomson Scientific & Healthcare increased 5%. Excluding the impact of foreign currency translation, revenues increased 1%. This remaining increase was attributable to contributions from acquired companies, primarily BIOSIS, a provider of databases and services for life sciences research acquired in January 2004. Revenue growth benefited from higher subscription revenues for the MICROMEDEX electronic product portfolio and increased customer spending for healthcare decision support products. However, overall revenues from existing businesses declined slightly due to lower discrete sales of historical *Web of Science* information and a delay in specific product offerings typically released in the first quarter. First quarter comparability was impacted by the delayed release of the *Diccionario de Especialidades Farmaceuticas*, a Mexican drug information product similar to the PDR (Physicians' Desk Reference) in the United States, which was shipped in the first quarter in 2003 but will ship in the second quarter in 2004.

The decreases in adjusted EBITDA, adjusted operating profit and the corresponding margins reflected lower revenue from existing businesses and higher expenses. Higher expenses resulted from the BIOSIS acquisition, severance associated with restructuring activity at Thomson Scientific and the timing of certain costs compared to last year.

Corporate and other

Corporate and other revenues, which relate solely to Thomson Media, increased 6% from $34 million in 2003 to $36 million in 2004. This increase was primarily attributable to higher advertising revenues from the fixed income and mortgage related industries.

The adjusted EBITDA loss in 2004 was $9 million, compared to $10 million in the comparable period in 2003. This improvement was the result of higher revenues and the timing of expenses at Thomson Media, as well as a higher benefit associated with our stock appreciation rights, reflecting related movement in the trading price of our common shares. This was partially offset by higher pension and other defined benefit plans expense.

Discontinued Operations

The following three businesses, along with one other small business from Thomson Learning, which was sold in June 2003, were classified as discontinued operations within the consolidated interim financial statements for all periods presented. None of these businesses is or was considered fundamental to our integrated information offerings.

In October 2003, we sold our portfolio of healthcare magazines for $135 million and recorded the related post-tax gain of $63 million in the fourth quarter of 2003. The magazines had previously been managed within our scientific and healthcare group.

In November 2003, we expressed our intention to sell Sheshunoff Information Services Inc., a provider of critical data, compliance and management tools to financial institutions, which has been managed within Thomson Media. We are working toward completing a sale in the first half of 2004. Based on estimates of fair value, an impairment charge relating to identifiable intangible assets and goodwill of $24 million before income taxes was recorded in the fourth quarter of 2003. Based on the status of negotiations at March 31, 2004, we recorded a further pre-tax impairment charge of $6 million relating to intangible assets in the first quarter of 2004.

In February 2004, we completed the sale of DBM, a provider of human resource solutions, which had been managed within our learning group. Based on the status of negotiations at December 31, 2003, an impairment charge relating to goodwill of $62 million before income taxes was recorded in the fourth quarter of 2003. We recorded a post-tax loss of $4 million in the first quarter of 2004 related to the completion of the sale.

LIQUIDITY AND CAPITAL RESOURCES

Financial Position

At March 31, 2004, our total assets were $18.2 billion, a decline of $500 million from December 31, 2003. A reduction in accounts receivable reflecting the seasonality of our businesses, the sale of DBM (see "Discontinued Operations") and a decrease in our overall cash balance accounted for the decline. Our total assets by market group were as follows as of the dates indicated:

(unaudited) *(millions of U.S. dollars)*	**As at March 31, 2004**		**As at December 31, 2003**	
	Total assets	**Percentage of total assets**	**Total assets**	**Percentage of total assets**
Thomson Legal & Regulatory	**7,301**	**40%**	7,414	40%
Thomson Learning	**4,909**	**27%**	5,109	27%
Thomson Financial	**3,051**	**17%**	2,915	16%
Thomson Scientific & Healthcare	**1,006**	**6%**	995	5%
Corporate and other	**1,895**	**10%**	1,988	11%
Discontinued operations	**49**	**0%**	264	1%
Total assets	**18,211**	**100%**	18,685	100%

The following table presents comparative information related to total net debt, which we define as total debt, after accounting for swap arrangements, less cash and cash equivalents; shareholders' equity and the ratio of net debt to shareholders' equity:

(millions of U.S. dollars)	**As at March 31, 2004**	**As at December 31, 2003**
Short-term indebtedness	**9**	87
Current portion of long-term debt	**482**	484
Long-term debt	**3,685**	3,684
Total debt	**4,176**	4,255
Swaps	**(200)**	(199)
Total debt after swaps	**3,976**	4,056
Less: cash and cash equivalents	**(549)**	(683)
Net debt	**3,427**	3,373
Shareholders' equity	**9,135**	9,193
Net debt/equity ratio	**0.38:1**	0.37:1

The following table displays the changes in our shareholders' equity for the three months ended March 31, 2004:

(millions of U.S. dollars)

Restated balance at January 1, 2004	9,193
Earnings attributable to common shares for the three months ended March 31, 2004	36
Additional paid in capital related to stock option expense	6
Issuance of common shares under stock incentive plan	1
Dividends paid on common shares	(118)
Increase of cumulative translation gains	17
Balance at March 31, 2004	9,135

In conjunction with the adoption of new accounting guidance on asset retirement obligations, shareholders' equity was restated from its previously reported amount. See "Accounting Changes" for more information.

At March 31, 2004, 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.

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 capital expenditures, acquisitions and dividend payments.

Operating activities. Cash provided by our operating activities in the three months ended March 31, 2004 was $290 million compared to $165 million for the comparable period in 2003. The increase was primarily attributable to increased adjusted EBITDA and the timing of payments for normal operating expenses.

Investing activities. Cash used in our investing activities in the three months ended March 31, 2004 was $224 million compared to cash provided of $137 million in 2003. The increased usage reflected a higher spending on acquisitions and additions to property and equipment, and lower proceeds from disposals as 2003 included the sale of our 20% interest in BGM (see "Related Party Transactions"). The increase was partially offset by proceeds from our sale of DBM in 2004 (see "Discontinued Operations").

Acquisition spending in 2004 primarily represented our purchases of Corporate Communications Broadcast Network, Inc. (CCBN) and BIOSIS. Additions to property and equipment increased due to spending on technology initiatives, primarily at our legal and regulatory and financial groups.

Financing activities. Cash used in our financing activities was $200 million for the three months ended March 31, 2004, compared to $461 million in 2003. The decline in usage of cash reflected lower dividend payments.

The following table sets forth our dividend activity for the periods indicated:

	Three months ended March 31,	
(millions of U.S. dollars)	**2004**	**2003**
Regular dividends declared	**121**	117
Special dividends declared	**—**	279
Dividends reinvested	**(3)**	(48)
Dividends paid	**118**	348

The special dividend in 2003 of $279 million related to the sale of our 20% interest in BGM. The decrease in dividends reinvested was because Woodbridge no longer participates in our dividend reinvestment plan. See "Related Party Transactions."

Free cash flow. The following table sets forth a calculation of our free cash flow for the three months ended March 31, 2004 and 2003:

	Three months ended March 31,	
(millions of U.S. dollars)	**2004**	**2003**
Net cash provided by operating activities	**290**	165
Additions to property and equipment	**(118)**	(86)
Other investing activities	**(14)**	(31)
Dividends paid on preference shares	**(1)**	(6)
Additions to property and equipment of discontinued operations	**—**	(1)
Free cash flow	**157**	41

The improvement in our free cash flow in 2004 was a result of higher adjusted EBITDA and the timing of payments for operating expenses. This was partially offset by increased spending on additions to property and equipment for technology initiatives.

Credit facilities and commercial paper program. We maintain revolving unsecured credit facilities that we have historically used to support the issuance of commercial paper. Borrowings under our commercial paper program reduce the amount available to us under our credit facilities. At March 31, 2004, our credit lines and related activity were as follows:

(millions of U.S. dollars)

Type	Credit Lines	Amount Drawn	Commercial Paper Outstanding	Lines Available
Multi-year	1,040	(66)	—	974
364-day	520	—	—	520
Total	1,560	(66)	—	1,494

Our commercial paper program authorizes us to issue up to Cdn$1 billion.

Our multi-year facilities currently expire in March 2008. Of our 364-day facilities, $195 million expires in December 2004 and the remaining $325 million expires in March 2005. 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.

RELATED PARTY TRANSACTIONS

As at April 23, 2004, through The Woodbridge Company Limited, or Woodbridge, and its affiliates, Kenneth R. Thomson controlled approximately 69% of our common shares.

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 administrative fees for various services. In the full year of 2003, the total amount charged to Woodbridge for these rentals and services was approximately $2 million.

The employees of Jane's Information Group, a business sold by us to Woodbridge in April 2001, continue to participate in our United States and United Kingdom pension plans. Jane's makes proportional contributions to these plans as required.

In July 2003, we announced that Woodbridge had agreed to discontinue its commitment to participate in our dividend reinvestment plan (DRIP). Previously, Woodbridge had agreed to reinvest at least 50% of the quarterly dividends received by it and its subsidiaries in common shares through June 2005.

In March 2003, we sold our 20% interest in BGM to a company that is owned by the Thomson family for $279 million. In the event that BGM is subsequently sold to a third party for a gain prior to February 7, 2005, we are entitled to receive half of the gain relative to our former interest, subject to certain adjustments. If no such gains are recognized from a subsequent sale to a third party, we are not required to reimburse the former owner for any losses. Our Board of Directors appointed a committee of independent directors to review the transaction. The committee retained a financial advisor to provide an opinion to us as to the fairness of the transaction to us from a financial point of view. One of our directors is also a director of the parent company of the financial advisor, but was not a member of the committee. In connection with the sale, we paid a special dividend, equal to the proceeds received of $0.428 per common share.

In 2003, we renewed our agreement with Woodbridge that reduces the cost of our directors' and officers' insurance coverage. Under the terms of the agreement, we maintain standard directors' and officers' insurance for any amount up to $15 million with a third party insurance company. A separate third party insurer is responsible for the next $75 million of coverage. Woodbridge indemnifies this second insurer. For its agreement to indemnify the insurer, we pay Woodbridge an annual premium of $685,000, which is less than the premium that we would have paid to a third party.

SUBSEQUENT EVENTS

On April 8, 2004, we agreed to acquire TradeWeb Group LLC, a leading online global trading platform for fixed-income securities, for $385 million in cash plus contingent payments of up to approximately $150 million over the next three years based on the achievement of growth targets. This transaction is subject to regulatory approvals and is expected to close later in the year.

On April 23, 2004, we reached an agreement with insurance companies to settle our business interruption claims associated with September 11, 2001 for $13 million. This recovery will be recognized in our second quarter.

CRITICAL ACCOUNTING POLICIES

Please refer to the "Critical Accounting Policies" section of the "Management's Discussion and Analysis" in our Annual Information Form, which is contained in our annual report on Form 40-F for the year ended December 31, 2003, for information on accounting policies that we consider critical in preparing our consolidated financial statements. There have not been any significant changes to these policies, nor are there 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.

ACCOUNTING CHANGES

Derivatives and Hedging Activity

Effective January 1, 2004, we adopted Accounting Guideline AcG-13, *Hedging Relationships*, and Emerging Issues Committee (EIC) Abstract 128, *Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments.* AcG-13 addresses the conditions for applying hedge accounting, including the identification, designation, documentation and effectiveness of hedging relationships. EIC Abstract 128 requires that, with certain exceptions, a freestanding derivative financial instrument that does not qualify for hedge accounting under AcG-13, be recognized in the balance sheet and measured at fair value, with changes in fair value recognized in income.

As a result of the new guidance, certain derivatives previously accounted for as hedges no longer qualify for such treatment under AcG-13. In accordance with AcG-13, the deferred loss on these instruments as of January 1, 2004 of $26 million will be recognized in "Net interest expense and other financing costs" as the hedged items to which these derivatives formerly related are recognized in earnings. The change in the fair value of these derivative instruments subsequent to January 1, 2004 will also be recognized within "Net interest expense and other financing costs". For the period ended March 31, 2004, $3 million of expense was recognized related to this new guidance, which consisted of a portion of the deferred loss. The increase in the fair value of the derivatives between January 1, 2004 and March 31, 2004 was not material.

Asset Retirement Obligations

Effective January 1, 2004, we adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3110, *Asset Retirement Obligations*, with restatement of our prior periods. The new guidance describes how to recognize and measure obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets.

Our only asset retirement obligations are obligations to restore leased facilities upon termination of the leases. For the three months ended March 31, 2004, we recorded expense of $1 million related to these obligations. The expense for the comparable period in the prior year was not material. Details of the restatements made to previously reported results are discussed in Note 4 to our consolidated interim financial statements.

Accounting for Income Taxes in Interim Periods

In the first quarter of 2004, we refined the calculation by which we allocate estimated full year income tax expense among interim periods. Previously, the estimated full year effective tax rate for the consolidated results was applied to the relevant interim period's consolidated pre-tax income. Beginning in 2004, we estimated separate annual effective income tax rates for each taxing jurisdiction and individually applied such rates to the interim period's pre-tax income of each jurisdiction. This change was accounted for as a change in estimate.

Revenue Recognition

Effective January 1, 2004, we must apply the guidance in EIC Abstract 141, *Revenue Recognition*, which incorporates the principles and summarizes the guidance in the U.S. Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) 101, *Revenue Recognition in Financial Statements*. The Abstract also provides interpretive guidance on the application of CICA Handbook Section 3400, *Revenue*. Because we have previously applied the provisions of SAB 101, the adoption of EIC Abstract 141 did not impact our consolidated financial statements.

Also effective January 1, 2004 was EIC Abstract 142, *Revenue Arrangements with Multiple Deliverables*. This Abstract addresses the accounting by vendors for arrangements in which the vendor will perform multiple revenue-generating activities. The Abstract conforms Canadian GAAP to the U.S. GAAP set forth in Emerging Issues Task Force (EITF) Issue 00-21, also entitled *Revenue Arrangements with Multiple Deliverables*. Because we have previously applied EITF Issue 00-21, the adoption of EIC Abstract 142 did not impact our consolidated financial statements.

Generally Accepted Accounting Principles

Effective for our fiscal year beginning January 1, 2004 was CICA Handbook Section 1100, *Generally Accepted Accounting Principles.* This Handbook Section establishes standards for financial reporting in accordance with generally accepted accounting principles and clarifies the relative authority of various accounting pronouncements and other sources within GAAP. This Handbook Section did not impact our consolidated financial statements.

RECENTLY ISSUED ACCOUNTING STANDARDS

The Accounting Standards Board and the EIC of the CICA have recently issued several accounting standards, of which only one is applicable to our activities. An overview of this standard follows:

Accounting Guideline AcG-15, Consolidation of Variable Interest Entities. In June 2003, the CICA issued AcG-15, which requires the consolidation of certain entities that are subject to control on a basis other than the ownership of voting interest. This Guideline provides guidance for determining when an enterprise includes the assets, liabilities and results of operations of a variable interest entity in its consolidated financial statements. The guidance related to consolidation requirements is effective for periods beginning on or after November 1, 2004.

We have assessed the effects of AcG-15 and do not expect its adoption to have a material impact on our consolidated financial statements.

ADDITIONAL INFORMATION

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 law) 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 law is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission and Canadian securities regulatory authorities.

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 23, 2004, we had outstanding 654,720,358 common shares and 6,000,000 Series II preference shares.

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 at www.sec.gov.

Reconciliations

RECONCILIATION OF ADJUSTED EBITDA TO NET EARNINGS AND ADJUSTED OPERATING PROFIT TO OPERATING PROFIT

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

For the Three Months Ended March 31, 2004

	Legal & Regulatory	Learning	Financial	Scientific & Healthcare	Corporate and Other	Ongoing	Disposals	Total
Adjusted EBITDA	208	(16)	101	30	(9)	314	(3)	**311**
Less:								
Depreciation	(48)	(38)	(43)	(7)	(5)	(141)	—	**(141)**
Adjusted operating profit	160	(54)	58	23	(14)	173	(3)	**170**
Less:								
Amortization	(28)	(18)	(17)	(7)	(2)	(72)	—	**(72)**
Operating profit	132	(72)	41	16	(16)	101	(3)	**98**
Net other income								**—**
Net interest expense and other financing costs								**(61)**
Income taxes								**6**
Equity in net losses of associates, net of tax								**(1)**
Earnings from continuing operations								**42**
Loss from discontinued operations, net of tax								**(5)**
Net earnings								**37**

For the Three Months Ended March 31, 2003

	Legal & Regulatory	Learning	Financial	Scientific & Healthcare	Corporate and Other	Ongoing	Disposals	Total
Adjusted EBITDA	151	(23)	94	34	(10)	246	2	**248**
Less:								
Depreciation	(43)	(34)	(45)	(7)	(6)	(135)	—	**(135)**
Adjusted operating profit	108	(57)	49	27	(16)	111	2	**113**
Less:								
Amortization	(24)	(23)	(15)	(7)	(3)	(72)	—	**(72)**
Operating profit	84	(80)	34	20	(19)	39	2	**41**
Net other income								**56**
Net interest expense and other financing costs								**(65)**
Income taxes								**8**
Equity in net losses of associates, net of tax								**(4)**
Earnings from continuing operations								**36**
Earnings from discontinued operations, net of tax								**11**
Net earnings								**47**

RECONCILIATION OF ADJUSTED EBITDA MARGIN AND ADJUSTED OPERATING PROFIT MARGIN TO OPERATING PROFIT MARGIN
(as a percentage of revenue)

For the Three Months Ended March 31, 2004

(*unaudited*)

	Legal & Regulatory	Learning	Financial	Scientific & Healthcare	Corporate and Other	Ongoing	Disposals	Total
Adjusted EBITDA	26.9%	(4.6%)	26.0%	16.9%	(25.0%)	18.3%	(150.0%)	**18.1%**
Less:								
Depreciation	(6.2%)	(10.8%)	(11.1%)	(3.9%)	(13.9%)	(8.2%)	—	**(8.2%)**
Adjusted operating profit	20.7%	(15.4%)	14.9%	13.0%	(38.9%)	10.1%	(150.0%)	**9.9%**
Less:								
Amortization	(3.6%)	(5.1%)	(4.4%)	(4.0%)	(5.5%)	(4.2%)	—	**(4.2%)**
Operating profit	17.1%	(20.5%)	10.5%	9.0%	(44.4%)	5.9%	(150.0%)	**5.7%**

For the Three Months Ended March 31, 2003

	Legal & Regulatory	Learning	Financial	Scientific & Healthcare	Corporate and Other	Ongoing	Disposals	Total
Adjusted EBITDA	22.4%	(7.0%)	24.7%	20.1%	(29.4%)	15.6%	28.6%	**15.7%**
Less:								
Depreciation	(6.4%)	(10.4%)	(11.8%)	(4.1%)	(17.7%)	(8.6%)	—	**(8.6%)**
Adjusted operating profit	16.0%	(17.4%)	12.9%	16.0%	(47.1%)	7.0%	28.6%	**7.1%**
Less:								
Amortization	(3.6%)	(7.1%)	(4.0%)	(4.2%)	(8.8%)	(4.5%)	—	**(4.5%)**
Operating profit	12.4%	(24.5%)	8.9%	11.8%	(55.9%)	2.5%	28.6%	**2.6%**

Certain information in this management's discussion and analysis, particularly under the heading "2004 Financial 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 of our significant investments in technology to increase our revenues or decrease our operating costs; failure to fully derive anticipated benefits from our acquisitions; failure to develop additional products and services to meet our customers' needs, attract new customers or expand into new geographic markets; failure to meet the special challenges involved in expansion of our operations outside North America; failure to recruit and retain high quality management and key employees; consolidation of our customers; increased self-sufficiency of our customers; 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; inadequate protection of our intellectual property rights; an increase in our effective income tax rate; impairment of goodwill and identifiable intangible assets; and failures or disruptions of our electronic delivery systems or the Internet. 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 report on Form 40-F for the year ended December 31, 2003 filed with the Securities and Exchange Commission. 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.

EXHIBIT 99.2

The Thomson Corporation
Consolidated Statement of Earnings and Retained Earnings
(unaudited)

	Three months ended March 31,	
(millions of U.S. dollars, except per common share amounts)	**2004**	2003 (notes 4 and 5)
Revenues	**1,718**	1,582
Cost of sales, selling, marketing, general and administrative expenses	**(1,407)**	(1,334)
Depreciation	**(141)**	(135)
Amortization	**(72)**	(72)
Operating profit	**98**	41
Net other income	**—**	56
Net interest expense and other financing costs	**(61)**	(65)
Income taxes	**6**	8
Equity in net losses of associates, net of tax	**(1)**	(4)
Earnings from continuing operations	**42**	36
(Loss) earnings from discontinued operations, net of tax	**(5)**	11
Net earnings	**37**	47
Dividends declared on preference shares	**(1)**	(5)
Net gain on redemption of Series V preference shares	**—**	24
Earnings attributable to common shares	**36**	66
Retained earnings at beginning of period	**6,295**	6,191
Deduct net gain on redemption of Series V preference shares recorded in Capital	**—**	(24)
Dividends declared on common shares	**(121)**	(396)
Retained earnings at end of period	**6,210**	5,837
Basic and diluted earnings per common share:		
From continuing operations	**$ 0.06**	$ 0.08
From discontinued operations	**$ (0.01)**	$ 0.02
Basic and diluted earnings per common share	**$ 0.05**	$ 0.10

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

The Thomson Corporation

Consolidated Balance Sheet

(millions of U.S. dollars)	**March 31, 2004** *(unaudited)*	**December 31, 2003** (note 4)
Assets		
Cash and cash equivalents	**549**	683
Accounts receivable, net of allowances	**1,200**	1,521
Inventories	**325**	310
Prepaid expenses and other current assets	**336**	309
Deferred income taxes	**185**	185
Current assets of discontinued operations	**4**	36
Current assets	**2,599**	3,044
Property and equipment	**1,533**	1,544
Identifiable intangible assets	**4,491**	4,467
Goodwill	**8,299**	8,155
Other non-current assets	**1,244**	1,247
Non-current assets of discontinued operations	**45**	228
Total assets	**18,211**	18,685
Liabilities and shareholders' equity		
Liabilities		
Short-term indebtedness	**9**	87
Accounts payable and accruals	**1,210**	1,542
Deferred revenue	**1,032**	971
Current portion of long-term debt	**482**	484
Current liabilities of discontinued operations	**15**	61
Current liabilities	**2,748**	3,145
Long-term debt	**3,685**	3,684
Other non-current liabilities	**1,041**	1,002
Deferred income taxes	**1,602**	1,634
Non-current liabilities of discontinued operations	**—**	27
Total liabilities	**9,076**	9,492
Shareholders' equity		
Capital	**2,649**	2,639
Cumulative translation adjustment	**276**	259
Retained earnings	**6,210**	6,295
Total shareholders' equity	**9,135**	9,193
Total liabilities and shareholders' equity	**18,211**	18,685

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

The Thomson Corporation

Consolidated Statement of Cash Flow

(unaudited)

	Three months ended March 31,	
(millions of U.S. dollars)	**2004**	2003 (notes 4 and 5)
Cash provided by (used in):		
Operating activities		
Earnings from continuing operations	**42**	36
Add back (deduct) items not involving cash:		
Amortization of development costs and capitalized software for sale	**7**	12
Depreciation	**141**	135
Amortization	**72**	72
Net gains on disposals of businesses and investments	**—**	(56)
Deferred income taxes	**(22)**	(10)
Equity in net losses of associates, net of tax	**1**	4
Other, net	**41**	16
Changes in working capital and other items	**4**	(51)
Cash provided by operating activities — discontinued operations	**4**	7
Net cash provided by operating activities	**290**	165
Investing activities		
Acquisitions of businesses and investments	**(200)**	(15)
Proceeds from disposals of businesses and investments	**1**	283
Additions to property and equipment, less proceeds from disposals	**(118)**	(86)
Other investing activities	**(14)**	(31)
Additions to property and equipment of discontinued operations	**—**	(1)
Proceeds from disposals of discontinued operations	**112**	2
Cash used in investing activities — discontinued operations	**(5)**	(15)
Net cash (used in) provided by investing activities	**(224)**	137
Financing activities		
Repayments of debt	**(2)**	—
Net repayments of short-term loan facilities	**(80)**	(108)
Proceeds from issuance of common shares	**1**	1
Dividends paid on preference shares	**(1)**	(6)
Dividends paid on common shares	**(118)**	(348)
Net cash used in financing activities	**(200)**	(461)
Decrease in cash and cash equivalents	**(134)**	(159)
Cash and cash equivalents at beginning of period	**683**	709
Cash and cash equivalents at end of period	**549**	550

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, 2003, as set out in the Company's 2003 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. Except for the changes in accounting policies described in Note 4, 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, 2003.

Where necessary, certain amounts for 2003 have been reclassified to conform to the current period's presentation.

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

Derivatives and Hedging Activity

Effective January 1, 2004, Thomson adopted Accounting Guideline AcG-13, *Hedging Relationships*, and EIC Abstract 128, *Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments.* AcG-13 addresses the conditions for applying hedge accounting, including the identification, designation, documentation and effectiveness of hedging relationships. Emerging Issues Committee ("EIC") Abstract 128 requires that, with certain exceptions, a freestanding derivative financial instrument that does not qualify for hedge accounting under AcG-13, be recognized in the balance sheet and measured at fair value, with changes in fair value recognized in income.

As a result of the new guidance, certain derivatives previously accounted for as hedges no longer qualify for such treatment under AcG-13. In accordance with AcG-13, the deferred loss on these instruments as of January 1, 2004 of $26 million will be recognized in "Net interest expense and other financing costs" as the hedged items to which these derivatives formerly related are recognized in earnings. The change in the fair value of these derivative instruments subsequent to January 1, 2004 will also be recognized within "Net interest expense and other financing costs". For the period ended March 31, 2004, $3 million of expense was recognized related to this new guidance, which consisted of a portion of the deferred loss. The increase in the fair value of the derivatives between January 1, 2004 and March 31, 2004 was not material.

Asset Retirement Obligations

Effective January 1, 2004, the Company adopted CICA Handbook Section 3110, *Asset Retirement Obligations*, with restatement of prior periods. The new guidance describes how to recognize and measure obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets.

The Company's only asset retirement obligations are obligations to restore leased facilities upon termination of the leases. For the three months ended March 31, 2004, the Company recorded expense of $1 million related to these obligations. The expense for the comparable period in the prior year was not material.

The following details the restatements related to adoption of CICA Handbook Section 3110 made to the previously reported consolidated financial statements:

	Three months ended March 31, 2003	
Consolidated statement of earnings and retained earnings	**As reported**	**As restated**
Retained earnings at beginning of period	**6,196**	**6,191**

	December 31, 2003	
Consolidated balance sheet	**As reported**	**As restated**
Property and equipment	**1,539**	**1,544**
Other-non current liabilities	**986**	**1,002**
Net long-term deferred income tax liabilities	**1,638**	**1,634**
Retained earnings	**6,302**	**6,295**

Accounting for Income Taxes in Interim Periods

In the first quarter of 2004, the Company refined the calculation by which it allocates estimated full year income tax expense among interim periods. Previously, the estimated full year effective tax rate for the consolidated results was applied to the relevant interim period's consolidated pre-tax income. Beginning in 2004, 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. This change was accounted for as a change in estimate.

Revenue Recognition

Effective January 1, 2004, the Company must apply the guidance in EIC Abstract 141, *Revenue Recognition*, which incorporates the principles and summarizes the guidance in the U.S. Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) 101, *Revenue Recognition in Financial Statements*. The Abstract also provides interpretive guidance on the application of CICA Handbook Section 3400, *Revenue*. Because the Company has previously applied the provisions of SAB 101, the adoption of EIC Abstract 141 did not impact the consolidated financial statements.

Also effective January 1, 2004 was EIC Abstract 142, *Revenue Arrangements with Multiple Deliverables*. This Abstract addresses the accounting by vendors for arrangements in which the vendor will perform multiple revenue-generating activities. The Abstract conforms Canadian GAAP to the U.S. GAAP set forth in Emerging Issues Task Force, or EITF, Issue 00-21, also entitled *Revenue Arrangements with Multiple Deliverables*. Because the Company has previously applied EITF Issue 00-21, the adoption of EIC Abstract 142 did not impact the consolidated financial statements.

Generally Accepted Accounting Principles

Effective for the Company's fiscal year beginning January 1, 2004 was CICA Handbook Section 1100, *Generally Accepted Accounting Principles.* This Handbook Section establishes standards for financial reporting in accordance with generally accepted accounting principles and clarifies the relative authority of various accounting pronouncements and other sources within GAAP. This Handbook Section did not impact the consolidated financial statements.

Note 5: Discontinued Operations

The following three businesses, along with one other small business from Thomson Learning, which was sold in June 2003, were classified as discontinued operations within the consolidated financial statements for all periods presented. None of these businesses is or was considered fundamental to the integrated information offerings of Thomson.

In October 2003, the Company sold its portfolio of healthcare magazines for $135 million and recorded the related post-tax gain of $63 million in the fourth quarter of 2003. The magazines had previously been managed within our scientific and healthcare group.

In November 2003, the Company expressed its intention to sell Sheshunoff Information Services Inc., a provider of critical data, compliance and management tools to financial institutions, which has been managed within Thomson Media. The Company is working toward completing a sale in the first half of 2004. Based on estimates of fair value, an impairment charge relating to identifiable intangible assets and goodwill of $24 million before income taxes was recorded in the fourth quarter of 2003. Based on the status of negotiations at March 31, 2004, the Company recorded a further pre-tax impairment charge of $6 million relating to intangible assets in the first quarter of 2004.

In February 2004, the Company completed the sale of DBM, a provider of human resource solutions, which had been managed within our learning group. Based on the status of negotiations at December 31, 2003, an impairment charge relating to goodwill of $62 million before income taxes was recorded in the fourth quarter of 2003. The Company recorded a post-tax loss of $4 million in the first quarter of 2004 related to the completion of the sale.

The carrying amounts of assets and liabilities related to these discontinued businesses as of March 31, 2004 and December 31, 2003 are as follows:

Balance Sheet

	March 31, 2004	December 31, 2003		
	Sheshunoff	**DBM**	**Sheshunoff**	**Total**
Current assets:				
Accounts receivable, net of allowances	**2**	30	1	31
Other current assets	**2**	3	2	5
Total current assets	**4**	33	3	36
Non-current assets:				
Property and equipment	**3**	17	3	20
Identifiable intangible assets	**32**	63	38	101
Goodwill	**—**	95	—	95
Other non-current assets	**10**	5	7	12
Total non-current assets	**45**	180	48	228
Current liabilities:				
Accounts payable and accruals	**1**	14	1	15
Deferred revenue	**14**	34	12	46
Total current liabilities	**15**	48	13	61
Non-current liabilities:				
Deferred income taxes	**—**	27	—	27
Total non-current liabilities	**—**	27	—	27

Earnings from discontinued operations for the three months ended March 31, 2004 and 2003 are summarized below:

Three months ended March 31, 2004

	DBM	Sheshunoff	Total
Revenues from discontinued operations	**28**	**8**	**36**
Earnings (loss) from discontinued operations before income taxes	**3**	**(4)**	**(1)**
Loss on sale of discontinued operations	**(32)**	**—**	**(32)**
Income taxes	**27**	**1**	**28**
Earnings (loss) from discontinued operations	**(2)**	**(3)**	**(5)**

Three months ended March 31, 2003

	DBM	Sheshunoff	Healthcare Magazines	Other	Total
Revenues from discontinued operations	63	8	20	1	92
Earnings from discontinued operations before income taxes	11	1	4	—	16
Income taxes	(3)	—	(2)	—	(5)
Earnings from discontinued operations	8	1	2	—	11

Proceeds from disposals of discontinued operations within the consolidated statement of cash flow in the three months ended March 31, 2004 includes taxes paid related to the 2003 sale of the portfolio of Healthcare Magazines.

Note 6: Earnings per Common Share

Basic earnings per common share are calculated by dividing earnings attributable to common shares by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share are calculated using the

weighted-average number of common shares outstanding 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 and retained earnings.

	Three months ended March 31,	
	2004	**2003**
Earnings from continuing operations	**42**	36
Dividends declared on preference shares	**(1)**	(5)
Net gain on redemption of Series V preference shares	**—**	24
Earnings from continuing operations attributable to common shares	**41**	55

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,	
	2004	**2003**
Basic	**655,036,656**	651,802,099
Effect of stock and other incentive plans	**507,041**	41,194
Diluted	**655,543,697**	651,843,293

Note 7: Employee Benefit Plans

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

	Pensions		Other post-retirement plans	
	Three months ended March 31,			
	2004	**2003**	**2004**	**2003**
Current service cost	**13**	11	**1**	1
Interest cost	**31**	29	**3**	2
Expected return on plan assets	**(39)**	(37)	**—**	—
Amortization of net transition obligation	**—**	1	**—**	—
Amortization of net actuarial losses	**6**	2	**1**	—
Amortization of prior service cost	**1**	—	**—**	—
Net defined benefit plan expense	**12**	6	**5**	3

Note 8: Acquisitions of Businesses

During the three-month period ended March 31, 2004, eight businesses were acquired for cash consideration of $200 million (2003 — $15 million). Included in these acquisitions was the purchase of 90% of Corporate Communications Broadcast Network, or CCBN, Inc., that the Company did not previously own. CCBN provides web-based solutions for the investment community, offering services to enhance the way companies communicate and meet disclosure requirements, and assists investors in managing and leveraging this information. Also included was the purchase of the publishing assets of Biological Abstracts, Inc. and BIOSIS. BIOSIS offers both custom and standard information resources designed to fit the information needs of researchers, students and information professionals worldwide.

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

	Three months ended March 31,	
	2004	**2003**
Goodwill	**145**	13
Identifiable intangible assets with finite lives	**87**	4

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 periods ended March 31, 2004 and 2003, the majority of the acquired goodwill is not deductible for tax purposes. Allocations related to certain acquisitions may be subject to adjustment pending completion of final valuations.

As of March 31, 2004, the balance of the reserves for exit costs related to business acquisitions consummated during 2001 through 2004 totaled $22 million. Reserves recorded in connection with businesses acquired during the three-month period ended March 31, 2004 were $18 million. The following table presents the activity in these acquisition reserve accounts, which are included within "Accounts payable and accruals" and "Other non-current liabilities" in the consolidated balance sheet.

Type of cost	**Balance December 31, 2003**	**2004 Utilization**	**2004 Additions**	**Balance March 31, 2004**
Severance and other employee-related costs	1	**(2)**	**5**	**4**
Lease cancellation and idle facility costs	4	**—**	**13**	**17**
Other exit costs	1	**—**	**—**	**1**
Total	6	**(2)**	**18**	**22**

Note 9: Capital

The following table details the activity in Capital for the three months ended March 31, 2004:

Balance, December 31, 2003	**2,639**
Common shares issued under dividend reinvestment plan	**3**
Increase to contributed surplus related to stock option expense	**6**
Other common share issuances	**1**
Balance, March 31, 2004	**2,649**

Note 10: Preference Share Capital Redemption

In February 2003, Thomson exercised its right to redeem all of its outstanding Series V, Cumulative Redeemable Preference Shares. These shares were redeemed on April 14, 2003 for $308 million, which represented a price of Cdn$25.50 per share plus accrued dividends. The $24 million gain recognized on the redemption represents a foreign exchange gain of $30 million less the premium paid on redemption of $6 million. This gain was recorded as an increase to contributed surplus, a component of "Capital", and was included in the calculation of earnings attributable to common shares.

Note 11: Bell Globemedia Inc.

On March 17, 2003, the Company sold its 20% interest in Bell Globemedia Inc. ("BGM") to a company that is owned by the Thomson family for $279 million. In the event that BGM is subsequently sold to a third party for a gain prior to February 7, 2005, the Company is entitled to receive half of the gain relative to its former interest, subject to certain adjustments. If no such gains are recognized from a subsequent sale to a third party, the Company is not required to reimburse the former owner for any losses. The Company's Board of Directors appointed a committee of independent directors to review the transaction. The committee retained a financial advisor to provide an opinion to the Company as to the fairness of the transaction from a financial point of view. One of the directors of the Company is also a director of the parent company of the financial advisor, but was not a member of the committee.

In connection with the sale, the Company paid a special dividend, equal to the proceeds received, of $0.428 per common share on March 17, 2003. During the fourth quarter of 2002, the Company had reduced the carrying amount of this investment by $67 million, reflecting its share of a writedown of goodwill recorded by BGM. Upon completion of the sale of the Company's interest, it recognized a gain of $55 million recorded in "Net other income (expense)" within the consolidated statement of earnings and retained earnings, largely offsetting the previous non-cash writedown.

Note 12: Related Party Transactions

As at March 31, 2004, through Woodbridge and its affiliates, Kenneth R. Thomson controlled approximately 69% of the Company's common shares.

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 2003, the total amount charged to Woodbridge for these rentals and services was approximately $2 million.

The employees of Jane's Information Group, a business sold by the Company to Woodbridge in April 2001, continue to participate in the Company's United States and United Kingdom pension plans. Jane's makes proportional contributions to these plans as required.

In July 2003, the Company announced that Woodbridge had agreed to discontinue its commitment to participate in the Company's dividend reinvestment plan (DRIP). Previously, Woodbridge had agreed to reinvest at least 50% of the quarterly dividends received by it and its subsidiaries in common shares through June 2005.

In March 2003, the Company sold its 20% interest in BGM to a company that is owned by the Thomson family for $279 million. See Note 11.

In 2003, the Company renewed its agreement with Woodbridge to reduce the cost of the Company's directors' and officers' insurance coverage. Under the terms of the agreement, the Company maintains standard directors' and officers' insurance for any amount up to $15 million with a third party insurance company. A separate third party insurer is responsible for the next $75 million of coverage. Woodbridge indemnifies this second insurer. For its agreement to indemnify the insurer, the Company pays Woodbridge an annual premium of $685,000, which is less than the premium that the company would have paid to a third party.

Note 13: Recently Issued Accounting Standards

The Accounting Standards Board and the EIC of the CICA have recently issued the following accounting standards that are applicable to the Company's activities in future periods.

Accounting Guideline AcG-15, *Consolidation of Variable Interest Entities*. In June 2003, the CICA issued AcG-15, which requires the consolidation of certain entities that are subject to control on a basis other than the ownership of voting interest. This Guideline provides guidance for determining when an enterprise includes the assets, liabilities and results of operations of a variable interest entity in its consolidated financial statements. The guidance related to consolidation requirements is effective for periods beginning on or after November 1, 2004.

The Company is in the process of assessing the impact of AcG-15, but does not expect the adoption to have a material impact on the consolidated financial statements.

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

Learning

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

Financial

Providing financial products and information solutions to the global financial services industry, including brokers, financial planners and corporate executives.

Scientific & Healthcare

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

Business Segments — Three months ended March 31, 2004

	Revenues	Adjusted operating profit
Legal & Regulatory	**774**	**160**
Learning	**351**	**(54)**
Financial	**389**	**58**
Scientific & Healthcare	**177**	**23**
Corporate and other[1]	**36**	**(14)**
Eliminations	**(11)**	**—**
Ongoing businesses	**1,716**	**173**
Disposals[2]	**2**	**(3)**
Total	**1,718**	**170**

Business Segments — Three months ended March 31, 2003

	Revenues	Adjusted operating profit
Legal & Regulatory	675	108
Learning	327	(57)
Financial	380	49
Scientific & Healthcare	169	27
Corporate and other[1]	34	(16)
Eliminations	(10)	—
Ongoing businesses	1,575	111
Disposals[2]	7	2
Total	1,582	113

1 *Corporate and other includes the results of Thomson Media, a non-reportable segment, as well as corporate costs and costs associated with the Company's stock compensation expense. Thomson Media's results for the three months ended March 31, 2004 and 2003 were as follows:*

	Three months ended March 31,	
	2004	***2003***
Revenues	***36***	*34*
Adjusted operating profit	***3***	*(2)*

2 *Disposals include the results of businesses sold or held for sale that do not qualify as discontinued operations.*

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. Adjusted operating profit is used by the Company to measure its operating performance, including its ability to generate cash flow. Adjusted operating profit does not have any standardized meaning prescribed by Canadian GAAP.

Adjusted operating profit is operating profit before amortization of intangible assets. The Company uses this measure because management does not consider amortization of intangibles to be a controllable operating cost for purposes of assessing the current performance of its businesses.

The following table reconciles adjusted operating profit per the business segment information to operating profit per the consolidated statement of earnings and retained earnings.

	Three months ended March 31,	
	2004	**2003**
Adjusted operating profit	**170**	113
Less:		
Amortization	**(72)**	(72)
Operating profit	**98**	41

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,			
		2004		**2003**
Net earnings under Canadian GAAP		**37**		47
Differences in GAAP increasing (decreasing) reported earnings:				
Development costs		**—**		6
Business combinations		**3**		1
Related party transactions		**—**		(55)
Derivative instruments and hedging activities		**1**		3
Income taxes		**(32)**		(2)
Equity in income of associates, net of tax		**(6)**		—
Net income under U.S. GAAP		**3**		—
Earnings under U.S. GAAP from continuing operations		**8**		(11)
Earnings under U.S. GAAP from discontinued operations		**(5)**		11
Net income under U.S. GAAP		**3**		—
Basic and diluted earnings (loss) per common share, under U.S. GAAP, from:				
Continuing operations	**$**	**0.01**	$	0.01
Discontinued operations, net of tax	**$**	**(0.01)**	$	0.02
Basic and diluted earnings per common share[1]	**$**	**0.00**	$	0.03

1 *Earnings per common share is calculated after taking into account dividends declared on preference shares and the gain recognized in connection with the redemption of the Series V preference shares in 2003.*

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

Development Costs

Under Canadian GAAP, certain costs classified as development are deferred and amortized over their estimated useful lives. Under U.S. GAAP, all development costs are expensed as incurred.

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.

Related Party Transactions

During the three-month period ended March 31, 2003, in accordance with Canadian GAAP, the Company recognized a gain of $55 million from the sale of its 20% interest in BGM to a company that is owned by the Thomson family. Under U.S. GAAP, such related party gains are not recognizable in net earnings, but must be reflected as equity transactions.

Derivative Instruments and Hedging Activities

Prior to January 1, 2004, 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. Effective January 1, 2004, Canadian GAAP requires that derivative instruments that do not qualify as hedges be recorded in the balance sheet at fair value, and the change in fair value subsequent to January 1, 2004 be recorded in the income statement. The fair value as of January 1, 2004 is deferred and amortized into earnings in conjunction with the item it previously hedged. 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.

Income Taxes

As discussed in note 4, in the first quarter of 2004, the Company refined the calculation by which it allocates estimated full year income tax expense among interim periods. 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 for 2004 consists of $31 million additional provision due to the different accounting principles as described above and $1 million additional provision due to the tax effect of the U.S. GAAP pre-tax reconciling items. In 2003, the income tax adjustment solely relates to the tax effect of the U.S. GAAP pre-tax reconciling items.

Equity in Income of Associates, net of tax

Under Canadian GAAP, investments in joint ventures are proportionally consolidated. Impairments for long-lived joint venture assets are recognized when the assets are not recoverable. Under U.S. GAAP, investments in joint ventures are accounted for as an equity investment. Impairments for equity investments are recognized when the decline of their fair value below carrying value is considered to be other than temporary. The adjustment relates to a joint venture investment that has long-lived assets that are recoverable, but whose carrying value is greater than its fair value.

Note 16: Subsequent Events

On April 8, 2004, the Company agreed to acquire TradeWeb Group LLC, a leading online global trading platform for fixed-income securities, for $385 million in cash plus contingent payments of up to approximately $150 million over the next three years based on the achievement of growth targets. This transaction is subject to regulatory approvals and is expected to close later this year.

On April 23, 2004, the Company reached an agreement with insurance companies to settle its business interruption claims associated with September 11, 2001 for $13 million. This recovery will be recognized in the second quarter.

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EXHIBIT 99.3

CONTROLS AND PROCEDURES

a. Evaluation of disclosure controls and procedures.

The Corporation's Chief Executive Officer and its Chief Financial Officer, after evaluating the effectiveness of the Corporation's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report, have concluded that the Corporation's disclosure controls and procedures are effective to ensure that all information required to be disclosed by the Corporation in reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in U.S. Securities and Exchange Commission rules and forms.

b. Changes in internal control over financial reporting.

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

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CONTROLS AND PROCEDURES