THOMSON CORP
Form SUPPL
June 12, 2002

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PROSPECTUS

Filed pursuant to General
Instruction II.L. of Form F-10
File No. 333-87412

32,051,284 Shares

The Thomson Corporation

Common Shares

We are selling 14,615,385 of our common shares and The Woodbridge Company Limited, our principal shareholder, is selling 17,435,899 of our common shares. We will not receive any proceeds from the sale of the common shares being sold by Woodbridge. Our common shares are listed on the Toronto Stock Exchange under the symbol TOC. On June 11, 2002, the closing sale price of our common shares on the Toronto Stock Exchange was Cdn$48.06. Our common shares have been approved for listing on the New York Stock Exchange under the symbol TOC.

Investing in our common shares involves risks. See Risk Factors beginning on page 14 of this prospectus.

We are permitted to prepare this prospectus in accordance with Canadian disclosure requirements which are different from those of the United States. We prepare our financial statements in accordance with Canadian generally accepted accounting principles, and our financial statements are subject to Canadian generally accepted auditing standards and Canadian and United States securities regulatory auditor independence standards. Our financial statements may not be comparable to financial statements of United States companies.

Owning our common shares may subject you to tax consequences in both the United States and Canada. This prospectus may not fully describe these tax consequences. You should consult your own tax advisor with respect to your own particular circumstances and read the tax discussion under Certain United States and Canadian Federal Income Tax Considerations.

Your ability to enforce civil liabilities under United States federal securities laws may be adversely affected because we are incorporated under the laws of the Province of Ontario, Canada, some of our officers and directors and some of the experts named in this prospectus are Canadian residents, and some of our assets and some of the assets of those officers, directors and experts are located outside the United States.

	Per Share	Total
Public offering price	US$31.200	US$1,000,000,061
Underwriting commission	US$1.014	US$32,500,002
Proceeds, before expenses, to us	US$30.186	US$441,180,012
Proceeds, before expenses, to the selling shareholder	US$30.186	US$526,320,047

The underwriters may also purchase up to an additional 4,807,693 common shares from the selling shareholder at the public offering price, less the underwriting commission, within 30 days from the date of the prospectus to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The common shares will be ready for delivery in New York, New York on or about June 14, 2002.

Joint Book-Running Managers

Merrill Lynch & Co. **Morgan Stanley**

RBC Capital Markets

Bear, Stearns & Co. Inc.

Credit Suisse First Boston

Goldman, Sachs & Co.

TD Securities

UBS Warburg

The date of this prospectus is June 11, 2002.

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You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operation and prospects may have changed since that date.

All dollar amounts in this prospectus are expressed in United States dollars, except where otherwise indicated. References to $ or to US$ are to United States dollars and references to Cdn$ are to Canadian dollars.

Our estimates of market share and market size in this prospectus, in certain cases, are based on public disclosure and industry and trade publications and on reports prepared by third parties and are measured in terms of revenues.

In this prospectus, Thomson, we, us and our each refers to The Thomson Corporation and its consolidated subsidiaries unless the context requires otherwise. Our consolidated financial statements and certain other financial information of ours contained or incorporated by reference in this prospectus are, except where otherwise noted, reported in United States dollars and have been prepared in accordance with accounting principles generally accepted in Canada, or Canadian GAAP. To the extent applicable to our consolidated financial statements included elsewhere in this prospectus, these principles conform in all material respects with accounting principles generally accepted in the United States, or U.S. GAAP, except as described in the reconciliation to U.S. GAAP, found elsewhere in this prospectus.

Certain names used in this prospectus are our trademarks. This prospectus also includes references to trademarks, product names and company names of other companies.

SUMMARY

This summary highlights more detailed information contained elsewhere in this prospectus. You should read the entire prospectus, including, in particular, the Risk Factors beginning on page 14 and our consolidated financial statements and related notes presented later in this prospectus.

THE THOMSON CORPORATION

We are a global leader in providing integrated information solutions to business and professional customers. In a global economy in which the flow of information is vital, we supply vast amounts of value-added information to our customers, in both print and electronic formats. We increasingly deliver our information electronically, with applications and tools that enable our customers to adapt it and combine it with their own information. By enhancing the timeliness and effectiveness of our customers use of information, we help them serve their customers better.

We serve customers in the following sectors: law, tax, accounting, financial services, higher education, reference information, corporate training and assessment, scientific research and healthcare. We believe these sectors are fundamental to economic development globally and consequently have potential for consistent long-term growth.

We have a leading market position and well recognized and respected brands in each of our principal markets. Our revenues, which in 2001 totaled $7.2 billion, are generally recurring or predictable. Approximately 61% of our revenues in 2001 were generated under subscription arrangements, with advertising accounting for only 4%. Our revenues are also diversified. In addition to having multiple lines of business, we have over 20 million users and no single customer accounts for more than 2% of our revenues. In 2001, 82% of our revenues were from our operations in the United States and we have users in approximately 130 countries worldwide.

Corporate Center and Market Groups

Our corporate center initiates and executes strategy and manages other company-wide functions. We organize our operations in four market groups that are structured on the basis of the customers they serve:

Thomson Legal and Regulatory,

Thomson Learning,

Thomson Financial, and

Thomson Scientific and Healthcare.

By centralizing key functions in our corporate center, we foster a company-wide approach while allowing our market groups sufficient operational flexibility and scope for initiative in dealing with customers. In addition to identifying new business opportunities and acquisitions, our corporate center oversees the planning processes of our market groups and their implementation of strategy and assesses their performance. Our corporate center develops and executes capital strategy, including tax planning, and determines the overall direction on technology. In addition, our corporate center has the responsibility for the appointment of senior executives and their training and development.

The following table summarizes certain information about our four market groups relating to 2001 revenues, employees and countries in which they operate.

Market Groups Operations

	Revenues(1)	Percentage of Revenues(1)(2)	Percentage of Revenues from Electronic Delivery(1)	Countries	Employees
	(in millions)				
Thomson Legal and Regulatory	$2,827	39%	52%	30	17,000
Thomson Learning	1,851	26	31	26	13,000
Thomson Financial	1,590	22	89	27	9,200
Thomson Scientific and Healthcare	697	10	53	13	3,800

(1) Represents revenues from ongoing businesses, which exclude disposals. Disposals are businesses sold or held for sale which do not qualify as discontinued operations.

(2) Percentages are calculated on the basis of revenues from ongoing businesses, including revenues of our corporate and other category. That category includes the results of Thomson Media, which was previously designated for sale but subsequently retained.

We engage in businesses that we believe can readily be extended into new markets by capitalizing on our expertise in adapting existing successful products and services, our strong brands and our technology platforms. By delivering our products and services electronically, we have access to existing and new customers around the world. We have recently undertaken a significant initiative to increase the awareness of the Thomson brand, which involves linking the Thomson name with our many well recognized product and service brands. We believe the heightened awareness of the Thomson brand will become a significant asset in supporting our global growth initiatives.

Information and Technology

We believe the breadth and depth of our value-added information and our technological strength are significant competitive advantages.

Compiled over many decades, our collection of information is one of the world s largest and we maintain much of it in electronic databases. Our Westlaw databases, for example, contain the equivalent of approximately 400 million printed pages and our Gale online reference library includes the equivalent of approximately 125 million printed pages. We have generally enhanced the value of our information, including that derived from public sources, by adding proprietary editorial content, formatting, organization and indexing. We also create some of our information, such as textbooks and course materials. We keep our information up to date with a large staff of professionals, researchers and technology specialists. Much of our information is not available to our customers from other sources in the value-added form in which we provide it.

Our customers rely on our information for its accuracy, comprehensiveness and utility as well as on the ready access to it that we provide. For example:

lawyers depend on our Westlaw databases of legal cases, legislation and other legal information that we have supplemented with summaries and classified by topic areas and points of law,

investment professionals and analysts work with our First Call Analyst database that aggregates 26 years of financial results and analysts earnings estimates for over 18,000 companies, including all of the companies in the S&P 500 index, and college professors teach from our Wadsworth and other textbooks authored by experts in the most popular disciplines, including the humanities, social sciences, languages, science, mathematics, engineering and business, which are augmented by electronic teaching aids, such as online interactive supplements and websites.

Since the early 1990s, we have invested in technology to build platforms that have sufficient scale and scope to meet the needs of our customers globally. We have the flexibility to deliver our products and services to our customers electronically in a variety of ways, including over the Internet and our own proprietary platforms. As a result, our products and services are readily integrated into the systems of our customers. In 2001, 54% of our revenues were derived from products and services delivered electronically, up from 45% in 1997.

We also use technology to develop new products and services and to repackage and reuse our information and applications in a variety of ways to create integrated solutions that serve customers effectively. In developing products and services, we purchase or license and use widely available operating and data management systems, software and other components and we typically enhance them by adding applications and tools that we design.

Key Brands, Products and Services

The following table summarizes our key brands and products and services by market group and customers.

Market Group	Customers	Key Brands	Key Products and Services
Thomson Legal and Regulatory	lawyers, law students, legal professionals	West Westlaw Sweet & Maxwell	legal information-based products and services
	tax professionals, accountants	RIA Creative Solutions	tax and accounting information-based products and services
	business professionals	Dialog NewsEdge	online databases of business information and current and archival news
Thomson Learning	professors, students, business professionals	Wadsworth	textbooks and electronic course materials in the humanities and social sciences
		South-Western	textbooks and electronic course materials in business and economics
	libraries, corporations, reference centers	Gale	printed and electronic reference materials, electronic databases of magazine, newspaper and periodical content, microfilm collections and encyclopedias
	corporations, government agencies	Prometric	technology-based test delivery and assessment services including test preparation, test results processing and certification program creation
		NETg	online and instructor-led information technology and business skills training
Thomson Financial	portfolio managers, research analysts	First Call I/B/E/S	online databases of financial information including brokerage research, forecast data, market indices data, institutional holdings data, SEC filings and news
	investment bankers	Securities Data	online databases of global information on mergers and acquisitions
	institutional and retail traders, investment advisors	ILX	electronic financial information including real-time market data such as stock quotes and news
Thomson Scientific and Healthcare	pharmaceutical/ biotechnology, chemical and engineering companies, government agencies, research libraries, universities	Derwent World Patent Index	indexed and abstracted databases of patents
		ISI Web of Science	website for research scientists providing access to over 8,500 abstracted and indexed journals, journal article cited references, meetings and conference proceedings
	physicians, health professionals, pharmaceutical companies, hospitals, poison control centers, government agencies	Physicians Desk Reference	database of Food and Drug Administration approved drug monographs, delivered in print and electronic formats
		Micromedex	drug, clinical, toxicological and environmental database products
	pharmaceutical companies, physicians	Gardiner-Caldwell Physicians World	continuing medical education training for physicians in connection with new drug launches

Integrated Information Solutions

Based on the particular needs of a customer segment, we combine our products and services to create integrated information solutions. Our integrated information solutions provide our customers with value-added information from one or more sources along with applications and tools that enable them to use it in a manner that suits them best, including by adapting it and combining it with their own information. As customers take advantage of this flexibility, our solutions are increasingly integrated into their workflow. For example, First Call Analyst integrates a range of our products and services and our customers own data on a single delivery platform, allowing investment professionals and analysts to review the research of others and produce their own analysis, utilizing applications that, among other things, enable them to compare estimates of companies earnings with actual results.

Transformation

Since the 1980s, we have been engaged in publishing business and professional information, until recently within a multi-business enterprise. We have now largely completed a strategic transformation through which we divested cyclical, consumer-focused businesses and acquired market-leading information businesses with professional and business customers. Our acquisitions include West Publishing, which became the core of our legal group, Primark and Carson in our financial group and the academic publishing and corporate training businesses of Harcourt and Prometric, the leading provider of computer-based testing, in our learning group.

We believe that as a result of our transformation, each of our market groups has sufficient scale and scope to compete effectively on a global basis and that we have greatly improved our ability to evolve and grow as a provider of integrated information solutions and generate strong financial results.

While effecting our transformation, our EBITDA grew from $1.2 billion, or 17% of revenues from continuing operations, in 1995 to $1.8 billion, or 25% of revenues from continuing operations, in 2001. The following charts illustrate our transformation, showing the replacement of revenues and EBITDA from our former travel and newspaper businesses with revenues and EBITDA, respectively, from our information businesses.

Revenues from Continuing Operations

(in billions)

EBITDA from Continuing Operations

(in billions)

Strategy

Our strategic objective is to be the foremost global provider of integrated information solutions to businesses and professionals in markets with consistent long-term growth prospects. In order to achieve this objective, we apply the following strategy consistently across our market groups.

Creating Value for Customers by Providing Integrated Information Solutions

We provide integrated information solutions that create value for our customers. We supply value-added information and use technology to deliver it faster and in a form that enables our customers to use it flexibly and efficiently. As we meet our customers needs for more and better solutions, we enhance their ability to serve their customers. Our solutions also become integral to our customers workflow and businesses, which is conducive to a high level of customer retention. Accordingly, we seek to grow primarily by expanding our opportunities to serve our customers, in addition to improving our market share. To do so, we will continue to expand the breadth and depth of the integrated information solutions we offer to our customers.

Leveraging Our Technological Platforms and Other Assets and Capabilities to Generate Growth and Expand Margins

We have technological platforms of scale and scope, high quality information, strong brands and skilled senior management and employees. We plan to capitalize on our technological strength and these other assets and capabilities to generate revenue growth and expand our profit margins.

We seek to leverage our investment in technology to lower the cost of developing and marketing new products and services and realize operating efficiencies. Using the systems we now have, we can adapt products and services developed for customers in one sector for those in others. Having designed a technological application to permit one customer to use our information, we can modify that application for utilization of the same or other information by another customer. We are using strong brands in one country such as Westlaw in the United States as the basis of entry into others. We are also building Thomson as a global co-brand to foster the development of our product and service brands. We continue to emphasize the recruitment, training and career development of our people, on whose ability and creativity our business depends. We deploy management across our market groups to broaden work experience, foster cross-fertilization of thinking and encourage a common management approach.

Expanding Electronic Delivery to Improve Scalability

We believe that our focus on electronic delivery allows us to respond more effectively to our customers needs, to provide products and services that have more features and to enhance our customers ability to use our information as it suits them. We also believe that our focus on electronic delivery permits us to expand more readily into new markets. By expanding electronic delivery of products and services, which can generally be done at lower variable costs than those that are print-based, we believe that we will generate revenue growth and expand our profit margins.

Exploiting International Expansion Opportunities

We plan to continue to invest outside of North America, which we expect will enable us to accelerate our overall rate of growth. Our businesses are readily expandable into new geographic markets and we intend to grow them internationally, particularly in Europe, Latin America and Asia-Pacific. Many of our products and services developed originally for North America can be modified and offered internationally. Many of our customers operate internationally, which gives us the opportunity to expand with them. In addition, the scalability and flexibility of our technology platforms allow us to reach customers globally.

Assessing Acquisitions

Within our existing businesses, we have opportunities to evolve and grow and can achieve our strategic objective. We plan to grow by reinvesting in our existing businesses. We will continue to regularly evaluate and make acquisitions that broaden the range of our product and service offerings. We will also continue to assess the acquisition of new businesses that can either improve our ability to serve our existing markets or allow us to enter new markets effectively. We believe that we have demonstrated the ability to identify acquisitions that enhance or complement our business, evaluate them in a disciplined manner and execute acquisition transactions effectively. We also believe that our experience in integrating acquired businesses allows us to eliminate cost redundancies and combine the acquired products and services with our existing offerings, resulting in incremental revenues, expanded profit margins and improved potential for revenue growth.

We also continue to assess strategic alliances and joint ventures, especially when entering new markets. Examples include U21global, our joint venture with 16 leading research universities from around the world to form an online university, and our Omgeo joint venture with The Depository Trust & Clearing Corporation that provides post-trade transaction services to our financial services customers.

Achieving Superior Long-Term Returns and Maintaining Financial Discipline

We manage our businesses and deploy our capital to maximize returns to shareholders over the long term. In growing our businesses, we will continue to rely on our recurring revenues, strong cash flow from our operations and our strong balance sheet.

We make disciplined investment decisions largely on the basis of return on invested capital and other long-term financial measurements such as discounted cash flow and internal rate of return. Since the early 1990s, we have invested to focus ourselves on providing integrated information solutions and to build technology platforms. Having made these investments, we aim to achieve improved returns on invested capital through sustained revenue growth, realizing operating efficiencies and leveraging our technology. We expect that the percentage of our revenues that we spend on technology will decrease, although we plan to continue to invest in technology at significant levels.

We assess each of our businesses on the basis of annual performance targets. In making any tactical acquisitions that complement our existing businesses, we will generally do so on the basis that the acquired business, while adding to our capacity for growth over the long term, will also be expected to increase our return on invested capital and earnings by the second year after it is acquired.

Principal and Registered Offices

Our principal office in the United States is at the Metro Center, One Station Place, Stamford, Connecticut, 06902. Our registered office is at Suite 2706, Toronto Dominion Bank Tower, P.O. Box 24, Toronto-Dominion Centre, Toronto, Ontario, M5K 1A1. Our website address is: www.thomson.com. Information contained on our website shall not be deemed to be part of, or incorporated by reference in, this prospectus. Our website address is included in this document as an inactive textual reference only.

THE OFFERING

Common shares offered by us	14,615,385 common shares
Common shares offered by the selling shareholder	17,435,899 common shares
Common shares to be outstanding after the offering	646,729,359 common shares
Use of proceeds	The net proceeds to us from the offering are estimated to be approximately $439 million. We intend to use the net proceeds for general corporate purposes, including the repayment of indebtedness. See Use of Proceeds. We will not receive any proceeds from the sale of common shares by the selling shareholder.
Proposed New York Stock Exchange and Toronto Stock Exchange symbol	TOC

Unless we specifically state otherwise, the information in this prospectus does not take into account the sale of up to 4,807,693 common shares which the underwriters have the option to purchase from the selling shareholder solely to cover overallotments. In addition, the number of common shares shown in this prospectus as outstanding following the offering excludes 7,061,313 common shares issuable upon exercise of outstanding options issued pursuant to our stock incentive plan.

SUMMARY OF CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table presents our summary historical financial and operating data for the periods indicated. Our summary historical financial and operating data for each of the three years ended December 31, 2001 and at December 31, 2000 and 2001 and for the three months ended March 31, 2001 and March 31, 2002 and at March 31, 2002 are derived from our audited and unaudited consolidated financial statements beginning on page F-1. Historical results are not necessarily indicative of the results that may be expected for any future period. Interim results are not necessarily indicative of results that may be achieved for the entire fiscal year. Results for the three months ended March 31, 2002 reflect a required change in an accounting principle, which is described in note 4 to our unaudited consolidated financial statements for the three months ended March 31, 2002 beginning on page F-47.

Our results for the year ended December 31, 1999 reflect the results of Macmillan Library Reference and Aranzadi from July 1999, in each case the month in which we acquired the business. Our results for the year ended December 31, 2000 reflect the results of Prometric from March 2000, the results of Dialog from May 2000 and the results of Carson and Primark from September 2000, in each case the month in which we acquired the business. Our results for the year ended December 31, 2001 reflect the results of the interest in First Call we previously did not own from June 2001, the results of the acquired businesses of Harcourt from July 2001 and the results of NewsEdge from September 2001, in each case the month in which we acquired the business or interest, and our results for the three months ended March 31, 2002 also reflect the results of these businesses and interest. In addition to the acquisition of these larger businesses and interest, our results also reflect the acquisition and disposition of smaller businesses that occurred in each respective period. As a result of these acquisitions and dispositions, the results in each period are not directly comparable.

The following summary of certain of our historical consolidated financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our audited and unaudited consolidated financial statements and related notes that are included elsewhere in this prospectus. Our consolidated financial statements are prepared in accordance with Canadian GAAP, which differs in certain significant respects from U.S. GAAP. See our reconciliation to U.S. GAAP beginning on page F-34 and note 16 to our unaudited consolidated financial statements for the three months ended March 31, 2002 beginning on page F-47 for a discussion of the principal differences between Canadian GAAP and U.S. GAAP applicable to our consolidated financial statements and a reconciliation of our earnings to those under U.S. GAAP.

	Year ended December 31,			Three months ended March 31,	
	1999	2000	2001	2001	2002
				(unaudited)	
	(in millions, except share related data)				
Canadian GAAP					
Consolidated Income Statement Data:					
Revenues	$5,752	$ 6,514	$ 7,237	$1,497	$ 1,662
Earnings before interest, tax, depreciation, amortization, restructuring charges and Year 2000 costs(1)	1,407	1,534	1,786	227	228
Depreciation	(386)	(416)	(476)	(110)	(119)
Operating profit before amortization, restructuring charges and Year 2000 costs(1)	1,021	1,118	1,310	117	109
Operating profit after amortization, restructuring charges and Year 2000 costs	634	750	836	10	37
Earnings (loss) from continuing operations	409	571	657	151	(34)
Earnings from discontinued operations	123	652	92	16	
Earnings (loss) attributable to common shares	$ 532	$ 1,223	$ 749	$ 167	$ (34)
Basic and diluted earnings (loss) per common share from continuing operations	$ 0.66	$ 0.92	$ 1.05	$ 0.24	$ (0.05)
Other Data:					
Adjusted earnings (loss) from continuing operations (unaudited)(1)(2)	$ 461	$ 468	$ 451	$ 7	$ (32)
Capital expenditures	472	585	684	143	111
Components of revenue (unaudited)(3):					
Electronic delivery based	48%	52%	54%	62%	61%
Advertising based	5	5	4	4	3
Subscription based	60	60	61	66	60
Consolidated Balance Sheet Data (at period end):					
Cash and cash equivalents		$ 337	$ 532		$ 577
Working capital(4)		(260)	(506)		(537)
Total assets		15,699	18,402		17,966
Total debt(5)		3,059	4,982		5,111
Total shareholders equity		7,818	8,220		7,994
U.S. GAAP					
Consolidated Income Statement Data:					
Income (loss) from continuing operations	$ 365	$ 589	$ 543	$ 128	$ (89)
Income from discontinued operations	120	743	9	16	
Net income (loss)	$ 485	$ 1,332	$ 552	$ 144	$ (89)
Basic and diluted earnings (loss) per common share from continuing operations	$ 0.55	$ 0.90	$ 0.82	$ 0.19	$ (0.15)
Other Data:					

Earnings before interest, tax, depreciation, amortization, restructuring charges and Year 2000 costs (unaudited)(1)	$1,377	$ 1,523	$ 1,759	$ 213	$ 227
Depreciation	(386)	(416)	(476)	(110)	(119)
Operating profit before amortization, restructuring charges and Year 2000 costs (unaudited)(1)	$ 991	$ 1,107	$ 1,283	$ 103	$ 108

(footnotes on following page)

(1) Earnings before interest, tax, depreciation, amortization, restructuring charges and Year 2000 costs (EBITDA), and operating profit before amortization, restructuring charges and Year 2000 costs (adjusted operating profit), are used by us to measure our operating performance, including our ability to generate cash flow. Among other things, EBITDA eliminates the differences that arise between businesses due to the manner in which they were acquired, funded or recorded. In particular, EBITDA excludes the effects of amortization of identifiable intangible assets and goodwill, which is a non-cash charge arising from acquisitions accounted for under the purchase method of accounting. Adjusted operating profit reflects depreciation expense but eliminates the effects of amortization of identifiable intangible assets and goodwill, restructuring charges and Year 2000 costs. Because we do not consider these items to be operating costs, we exclude them from the measurement of our operating performance. We also measure our earnings from continuing operations to adjust for non-recurring items (adjusted earnings from continuing operations) to assist in comparing them from one period to another. EBITDA, adjusted operating profit, adjusted earnings from continuing operations and related measures do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable with the calculation of similar measures for other companies, and should not be viewed as alternatives to operating profit, cash flow from operations, net income or other measures of financial performance calculated in accordance with GAAP.

(2) The calculation of adjusted earnings from continuing operations is set out within Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations included elsewhere in this prospectus. As noted above, results for the three months ended March 31, 2002 reflect a required change in an accounting principle as a result of a new accounting standard, adopted January 1, 2002, whereby goodwill and certain intangible assets are no longer amortized. Results for the three months ended March 31, 2001 have been adjusted to include the pro forma effect of the new accounting standard as though this change had been effective for this period to make them comparable to the results for the three months ended March 31, 2002. Results for each of the three years ended December 31, 1999, 2000 and 2001 have not been adjusted for this change, as the results for these three years are comparable to each other as presented.

(3) Represents percentage of revenues from ongoing businesses, which exclude disposals. Disposals consist of results of businesses sold or held for sale which do not qualify as discontinued operations.

(4) Working capital represents current assets less current liabilities of continuing operations, excluding cash, short-term indebtedness and current portion of long-term debt.

(5) Total debt includes short-term indebtedness, current portion of long-term debt and long-term debt, as well as amounts which represent the carrying value of currency swaps related to our debt. Carrying values of currency swaps are included within Other non-current liabilities and Accounts payable and accruals and total \$197 million, \$238 million and \$236 million in our December 31, 2000 and 2001 and March 31, 2002 consolidated balance sheets, respectively.

RISK FACTORS

You should carefully consider the following risk factors as well as the other information included in this prospectus, including our consolidated financial statements and related notes, before making a decision to invest in our common shares. Additional risks not presently known to us or that we currently consider not to be material may also impair our businesses.

Risks Relating to our Businesses

We operate in highly competitive markets, which may adversely affect our market share and our financial results.

We operate in highly competitive markets with significant established competitors such as Pearson plc, Reed Elsevier plc, Wolters Kluwer N.V., Reuters Group plc, Bloomberg L.P. and The McGraw-Hill Companies, Inc. that have substantial financial resources, recognized brands, technological expertise and market experience. Our competitors are continuously enhancing their products and services, developing new products and services and investing in technology to better serve the needs of their existing customers and attract new customers. Some of our competitors are acquiring additional businesses in key sectors which will allow them to offer a broader array of products and services. We may also face competition from businesses that have not traditionally participated in our markets but that could adapt their products and services to meet the demands of our customers or combine with one of our traditional competitors to enhance its products and services. Competition may require us to reduce the price of our products and services or make additional capital investments which would adversely affect our profit margins. If we are unable or unwilling to do so, we may lose market share and our financial results may be adversely affected.

Our significant investments in technology may not increase our revenues or decrease our operating costs, which may adversely affect our financial results.

Over the past several years, we have made significant investments in technology including spending on computer hardware, software, electronic systems, telecommunications infrastructure and digitization of content. We expect our investment in technology to continue at significant levels. We cannot assure you that as a result of these significant investments in technology, we will be able to increase our revenues or decrease our operating costs and this may adversely affect our financial results.

If we are unable to fully derive the anticipated benefits from our acquisitions, our financial results may be adversely affected.

During the past several years we have completed a number of acquisitions and we may acquire other businesses in order to enhance our ability to serve existing markets or enter new markets. Achieving the expected returns and synergies from our past and future acquisitions will depend in part upon our ability to integrate the products and services, technology, administrative functions and personnel of these businesses into our market groups in an efficient and effective manner. We cannot assure you that we will be able to do so or that acquired businesses will perform at anticipated levels. If we are unable to successfully integrate acquired businesses, our anticipated revenues may be lower and our operational costs may be higher.

If we are unable to develop additional products and services to meet our customers needs, attract new customers or expand into new geographic markets, our ability to generate additional revenues may be adversely affected.

Our growth strategy involves developing additional products and services to meet our customers needs for integrated solutions. In addition, we plan to grow by attracting new customers and expanding into new geographic markets. It may take a significant amount of time and expense to develop additional products and services to meet our customers needs, attract new customers or expand into new geographic markets. If we are unable to do so, our ability to generate additional revenues may be adversely affected.

Expansion of our operations outside North America involves special challenges that we may not be able to meet and that may adversely affect our ability to grow.

While our primary markets are in North America, we operate globally and have targeted certain markets outside North America for continued growth. In particular, we are focusing on opportunities in Europe, Latin America and Asia-Pacific for expansion. There are certain risks inherent in doing business in some jurisdictions outside North America, including the following:

- difficulties in penetrating new markets due to established and entrenched competitors,
- difficulties in developing products and services that are tailored to the needs of local customers,
- lack of local acceptance or knowledge of our products and services,
- lack of recognition of our brands,
- unavailability of joint venture partners or local companies for acquisition,
- instability of international economies and governments,
- changes in laws and policies affecting trade and investment in other jurisdictions,
- exposure to varying legal standards, including intellectual property protection laws, in other jurisdictions, and
- foreign currency exchange rates and exchange controls.

These risks could affect our ability to expand successfully outside North America, which may adversely affect our ability to grow.

If we do not continue to recruit and retain high quality management and key employees, we may not be able to execute our strategy.

The implementation and execution of our strategy depends on our ability to continue to recruit and retain high quality management and other employees across all of our businesses. We compete with many businesses that are seeking skilled individuals, including those with advanced technological abilities. We cannot assure you that we will be able to continue to identify or be successful in recruiting or retaining the appropriate qualified personnel for our businesses and this may adversely affect our ability to execute our strategy.

Consolidation of our customers may adversely affect our financial results.

Mergers among our customers in some of our key markets have occurred or are occurring, including among financial services companies, legal and accounting firms and scientific and healthcare research institutions. Consolidation may create larger customers with more bargaining power, which may adversely impact the prices we can charge for our products and services. In some instances following a consolidation, divisions and employees are eliminated. This may result in lower demand for our products and services. Lower demand and lower prices for our products and services may adversely affect our financial results.

Our customers may become more self-sufficient, which may reduce demand for our products and services and adversely affect our financial results.

Our customers may decide to independently develop certain products and services that they currently obtain from us. For example, some of the customers of our financial group have established a consortium to aggregate and disseminate their research reports to their institutional clients. Customers of our corporate training business may develop and implement their own corporate training programs. To the extent that our customers become more self-sufficient, demand for our products and services may be reduced which may adversely affect our financial results.

Increased accessibility to free or relatively inexpensive information sources may reduce demand for our products and services and adversely affect our financial results.

In recent years, more public sources of free or relatively inexpensive information have become available, particularly through the Internet, and we expect this trend to continue. For example, governmental agencies have increased the amount of information they make publicly available for free. Public sources of free or relatively inexpensive information may reduce demand for our products and services. To the extent that our customers choose to use these public sources directly for their information needs, our financial results may be adversely affected.

We may not be willing or able to maintain the availability of information obtained through licensing arrangements or the terms of our licensing arrangements may change, which may reduce our profit margins or our market share.

We obtain significant information through licensing arrangements with content providers. For example, we do not have a proprietary news source and we license all of our news content from various sources. Some content providers may seek to increase licensing fees for providing their proprietary content to us. If we are unable to renegotiate acceptable licensing arrangements with these content providers or find alternative sources of equivalent content, we may be required to reduce our profit margins or experience a reduction in our market share.

Parts of our businesses are affected by changes in the general economy, which may adversely affect our financial results.

The performance of parts of our businesses is dependent on the financial health and strength of our customers, which is in turn dependent on the general economies in our major markets, North America and Europe. For example, customers of our financial group, of our corporate training business in our learning group and of our trademark search business in our legal and regulatory group are particularly affected by fluctuations in the economy. A significant downturn in the economy could lead to cost-cutting measures by these customers. As a result, purchases of our products and services may be reduced. In addition, approximately 4% of our revenues are derived from advertising. During an economic downturn, spending on advertising generally decreases. Cost-cutting by our customers and lower spending on advertising in response to a weak economic climate may adversely affect our financial results.

Our intellectual property rights may not be adequately protected, which may adversely affect our financial results.

Many of our products and services are comprised of information delivered through a variety of media, including books, journals, compact discs, dedicated transmission lines, the Internet and software-based applications. We rely on agreements with our customers and patent, trademark, copyright and other intellectual property laws to establish and protect our proprietary rights in our products and services. Third parties may be able to copy, infringe or otherwise profit from our proprietary rights without our authorization. The lack of specific legislation relating to the protection of intellectual property rights for content delivered through the Internet or other electronic formats creates an additional challenge for us in protecting our proprietary rights in content delivered through these media. We also conduct business in some countries where the extent of effective legal protection for intellectual property rights is uncertain. We cannot assure you that we have adequate protection of our intellectual property rights. If we are not able to protect our intellectual property rights, our financial results may be adversely affected.

Our effective income tax rate may increase significantly, which would have a negative effect on our earnings and our available cash.

We have benefited from a low effective income tax rate in recent years. In 2001, our effective income tax rate was 18.6% of our earnings before income taxes, dividends on our preferred shares and our share of losses on our investments accounted for under the equity method, compared to the statutory corporate income tax rate in Canada of approximately 40%. Our low effective income tax rate was due principally to the lower effective tax rates applicable to our operating and financing subsidiaries in countries outside of Canada. In addition, in the past, we were able to utilize net operating loss carryforwards to reduce our effective income tax rate. Most of our remaining loss carryforwards are in Canada. Our ability to use these loss carryforwards in the future may be limited because our taxable earnings in Canada may be insufficient. We expect our effective income tax rate to increase within the next several years and this increase may be significant. An increase in our effective tax rate could arise as a result of increases in the proportion of our earnings being generated in countries that have higher tax rates than our current effective tax rate, including the United States, the effect of changes in tax legislation and changes in tax treaties that may increase the amount of tax payable by some of our subsidiaries. An increase in our effective income tax rate would have an adverse effect on our earnings and on the amount of cash we have available.

We have significant goodwill and identifiable intangible assets recorded on our balance sheet which may be subject to impairment losses that would reduce our reported assets and earnings.

Identifiable intangible assets and goodwill, arising from acquired businesses, comprise a substantial portion of our total assets. At December 31, 2001, our total assets were approximately $18.4 billion, of which approximately $7.9 billion, or 43%, was goodwill and approximately $4.9 billion, or 27%, was identifiable intangible assets. Economic, legal, regulatory, competitive, contractual and other factors may affect the value of goodwill and identifiable intangible assets. If any of these factors impair the value of these assets, accounting rules require us to reduce their carrying value and recognize an impairment charge, which would reduce our reported assets and earnings in the year the impairment charge is recognized. In accordance with new accounting rules, we have recently completed our initial impairment review and have recognized an impairment charge in the first quarter of 2002 of $67 million, after tax. We anticipate recording an additional impairment charge of up to $100 million in the second quarter of 2002 in connection with the application of the new rule by our equity method investees. These charges will not affect our earnings under Canadian GAAP because they result from a change in accounting principle and will be charged directly to opening retained earnings in our consolidated balance sheet, but under U.S. GAAP these amounts will be charged to our earnings. Further impairment charges may have a material adverse affect on our financial results.

Our businesses rely heavily on electronic delivery systems and the Internet and any failures or disruptions may adversely affect our ability to serve our customers.

We depend heavily on the capacity, reliability and security of our electronic delivery systems and the Internet. Heavy use of our electronic delivery systems and other factors such as loss of service from third parties, operational failures, sabotage, break-ins and similar disruptions from unauthorized tampering, human error, national disasters, power loss and computer viruses could cause our systems to operate slowly or interrupt their availability for periods of time. Our ability to effectively use the Internet may be impaired due to infrastructure failures, service outages at third party Internet providers or increased government regulation. If disruptions, failures or slowdowns of our electronic delivery systems or the Internet occur, our ability to distribute our products and services effectively and to serve our customers may be adversely affected.

Risks Relating to the Offering of Common Shares

We cannot predict whether an active trading market for our common shares will develop in the United States or the market price at which our common shares will trade.

Our common shares are currently traded on the Toronto Stock Exchange and have been approved for listing on the New York Stock Exchange. We cannot assure you that an active trading market in our common shares will develop on the New York Stock Exchange.

You may not be able to resell our common shares at or above the offering price due to changes in our operating performance, our prospects, market conditions or analysts recommendations and estimates of our earnings. In addition, the stock market in general has recently experienced volatility that often has been unrelated to the operating performance of particular companies. The broad market and industry fluctuations may adversely affect the market price of our common shares, regardless of our actual operating performance.

We are controlled by Woodbridge, which is in a position to affect our governance and operations and may sell additional common shares in the future.

Upon completion of the offering, Woodbridge will beneficially own 414,679,889 of our common shares or 64.1% of our outstanding common shares or, if the overallotment option is exercised, 409,872,196 of our common shares or 63.4% of our outstanding common shares. For as long as Woodbridge has a controlling interest in us, it will generally be able to approve any matter submitted to a vote of shareholders without the consent of our other shareholders, including, among other things, the election of our board of directors and the amendment of our articles of incorporation and by-laws. In addition, Woodbridge will be able to exercise a controlling influence over our business and affairs, the selection of our senior management, the acquisition or disposition of assets by us, our access to capital markets, the payment of dividends and any change of control of us, such as a merger or take-over. The effects of this control may be to limit the price that investors are willing to pay for our common shares.

Also, we cannot assure you that Woodbridge will not sell any of our common shares it owns in the future. A sale of our common shares by Woodbridge or perception of the market that a sale may occur may adversely affect the market price of our common shares.

We may issue additional common shares in the future, which may adversely affect the market price of our common shares.

We may issue additional common shares in the future. Under our dividend reinvestment plan, shareholders are entitled to use their dividends to purchase additional common shares which we issue rather than purchase in the open market. Woodbridge has agreed to reinvest, until June 30, 2005, at least 50% of the dividends it and its subsidiaries receive in newly issued shares under our dividend reinvestment plan. In addition, the granting of stock options, which entitle the holder to purchase newly issued common shares, is an integral element of our compensation policies. Additional issuances of common shares by us or a market perception that an issuance may occur may adversely affect the market price of our common shares.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements included or incorporated by reference in this prospectus constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. In addition, the statements in the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations Outlook constitute forward looking statements. When used in this prospectus, the words anticipate, believe, plan, estimate and expect and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect our current expectation concerning future results and events. 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, including the matters discussed under Risk Factors and in other sections of this prospectus, which include, but are not limited to:

- 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,
- failures or disruptions of our electronic delivery systems or the Internet, and
- actions or potential actions that could be taken by Woodbridge.

We caution you not to place undue reliance on these forward-looking statements which reflect our view only as of the date of this prospectus. 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.

USE OF PROCEEDS

The net proceeds to us from the sale of 14,615,385 of our common shares are estimated to be approximately $439 million, after deducting the underwriting commission and estimated offering expenses payable by us. Such commission and expenses will be paid out of our general funds. We will not receive any of the proceeds from the sale of common shares by Woodbridge.

We intend to use the net proceeds from this offering for general corporate purposes, including the repayment of indebtedness.

DIVIDENDS

Policy and Reinvestment Commitment

We presently pay quarterly dividends on our common shares and intend to continue to do so.

Our policy is to pay dividends at a rate that takes into account all factors that our board of directors considers relevant, including our earnings, available free cash flow, financial condition and capital requirements. Our dividend rate also takes into account Woodbridge s agreement to reinvest, until June 30, 2005, at least 50% of the dividends it and its subsidiaries receive in newly issued shares under our dividend reinvestment plan. Woodbridge originally made this commitment in 1989 and it has since been extended, most recently on May 1, 2002.

Our board of directors periodically reviews our dividend policy. The declaration of dividends by our board of directors and the amount of those dividends may be adjusted or eliminated at the discretion of our board of directors.

Payments

During the past twelve months, quarterly dividends of $0.175 per common share were paid on June 15, 2001, September 17, 2001, December 17, 2001 and March 15, 2002 and on May 1, 2002 our board of directors declared a quarterly dividend of $0.175 per common share payable on June 17, 2002. Dividends on our common shares are paid in United States dollars but our common shareholders have the option to receive dividends in equivalent Canadian funds. Some of our common shareholders who are resident in the United Kingdom hold related shares of The Thomson Corporation PLC, a subsidiary of ours, which give them the option to receive dividends from Thomson PLC in equivalent British pounds sterling. We have given notice that we will redeem the related shares of Thomson PLC on June 17, 2002 but will maintain the option for our common shareholders to receive dividends in equivalent British pounds sterling from us. See Description of Share Capital.

Dividend Reinvestment Plan

Under our dividend reinvestment plan, our common shareholders may elect to have their dividends reinvested in additional common shares which are newly issued rather than purchased in the market. The price per common share is calculated by reference to the weighted average price of our common shares on the Toronto Stock Exchange during the five trading days immediately preceding the record date for each dividend payment. No brokerage commissions are payable in connection with the purchase of common shares under our dividend reinvestment plan and all administrative costs are borne by us. Currently, our dividend reinvestment plan is not available to shareholders resident in the United States but we intend to extend it to these shareholders concurrently with our listing on the New York Stock Exchange.

MARKET AND PRICE RANGE OF COMMON SHARES

Our common shares are listed and trade on the Toronto Stock Exchange under the symbol TOC. The following table shows, for the periods indicated, the high and low sale prices of our common shares as reported on the Toronto Stock Exchange.

	High	Low
2002		
First Quarter	Cdn$ 54.00	Cdn$ 44.70
Second Quarter (through June 11, 2002)	57.00	46.05
2001		
First Quarter	Cdn$ 58.00	Cdn$ 48.50
Second Quarter	55.40	50.50
Third Quarter	53.00	41.05
Fourth Quarter	49.75	42.30
2000		
First Quarter	Cdn$ 55.50	Cdn$ 37.00
Second Quarter	55.15	45.60
Third Quarter	62.75	51.00
Fourth Quarter	64.50	53.25

On June 11, 2002, the closing sale price of our common shares as reported on the Toronto Stock Exchange was Cdn$48.06 ($31.24, converted at the noon buying rate in New York for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York which was $0.6501 per Cdn$1.00). On June 11, 2002, there were 632,113,974 common shares issued and outstanding.

CAPITALIZATION

The following table sets out our consolidated capitalization at March 31, 2002, and as adjusted to reflect the offering of common shares and the application of net proceeds as described under Use of Proceeds. The table is based on our unaudited consolidated financial statements at and for the three months ended March 31, 2002. The information in this table should be read in conjunction with the information contained in Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations and our unaudited consolidated financial statements and related notes that are included elsewhere in this prospectus.

	March 31, 2002	
	Actual	As Adjusted
	(unaudited, in millions)	
Short-term debt(1)	$ 581	$ 581
Current portion of long-term debt(1)	654	215
Long-term debt (less current portion)(1)	3,876	3,876
Total debt	$ 5,111	$ 4,672
Shareholders equity:		
Series II, cumulative redeemable preference shares (authorized, issued and outstanding 6,000,000)	$ 110	$ 110
Series V, cumulative redeemable preference shares, no par value (authorized, issued and outstanding 18,000,000)	332	332
Common shares (authorized unlimited; issued and outstanding 632,112,974; as adjusted 646,728,359)(2)	1,796	2,235
Cumulative translation adjustment	(286)	(286)
Retained earnings	6,042	6,042
Total shareholders equity	7,994	8,433
Total capitalization(3)	$13,105	$13,105

(1) Includes amounts which represent the carrying value of currency swaps related to our debt. Carrying values of currency swaps are included within Other non-current liabilities and Accounts payable and accruals in our consolidated balance sheet and are related to the components of debt as follows: short-term debt $(1) million, current portion of long-term debt $60 million, and long-term debt $177 million.

(2) Based on 632,112,974 common shares outstanding at March 31, 2002. Excludes 7,138,013 common shares issuable upon exercise of outstanding options at March 31, 2002 issued pursuant to our stock incentive plan. Included in stated capital is $0.7 million related to the 5,610,766 common shares of Thomson PLC held by holders of the same number of our common shares and the 10,982,764 A ordinary shares of Thomson PLC held by Woodbridge.

(3) Other than as reflected in this table, there has been no material change to our consolidated capitalization since March 31, 2002.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following selected historical consolidated financial and operating data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our audited and unaudited consolidated financial statements and related notes that are included elsewhere in this prospectus. The income statement data for each of the three years ended December 31, 2001 and the balance sheet data at December 31, 2000 and 2001 are derived from our audited consolidated financial statements for the three year period ended December 31, 2001 and at December 31, 2000 and 2001 audited by PricewaterhouseCoopers LLP, independent chartered accountants, beginning on page F-1. The income statement data for the three months ended March 31, 2001 and March 31, 2002 and the balance sheet data at March 31, 2002 are derived from our unaudited consolidated financial statements for the three months ended March 31, 2002 beginning on page F-47. Historical results are not necessarily indicative of future results. Interim results are not necessarily indicative of results that may be achieved for the entire fiscal year. Results for the three months ended March 31, 2002 reflect a required change in an accounting principle, which is described in note 4 to our unaudited consolidated financial statements for the three months ended March 31, 2002 beginning on page F-47.

Our results for the year ended December 31, 1999 reflect the results of Macmillan Library Reference and Aranzadi from July 1999, in each case the month in which we acquired the business. Our results for the year ended December 31, 2000 reflect the results of Prometric from March 2000, the results of Dialog from May 2000, and the results of Carson and Primark from September 2000, in each case the month in which we acquired the business. Our results for the year ended December 31, 2001 reflect the results of the interest in First Call we previously did not own from June 2001, the results of the acquired Harcourt businesses from July 2001 and the results of NewsEdge from September 2001, in each case the month in which we acquired the business or interest, and our results for the three months ended March 31, 2002 also reflect the results of these businesses and interest. In addition to the acquisition of these larger businesses and interest, our results also reflect the acquisition and disposition of smaller businesses that occurred in each respective period. As a result of these acquisitions and dispositions, the results in each period are not directly comparable.

Our consolidated financial statements are prepared in accordance with Canadian GAAP, which differs in certain significant respects from U.S. GAAP. See our reconciliation to U.S. GAAP beginning on page F-34 and note 16 to our unaudited consolidated financial statements for the three months ended March 31, 2002 beginning on page F-47 for a discussion of the principal differences between Canadian GAAP and U.S. GAAP applicable to our consolidated financial statements and a reconciliation of our earnings to those under U.S. GAAP.

Canadian GAAP	Year ended December 31, 1999	Year ended December 31, 2000	Year ended December 31, 2001	Three months ended March 31, 2001	Three months ended March 31, 2002
				(unaudited)	
	(in millions, except share related data)				
Consolidated Income Statement Data:					
Revenues	$5,752	$6,514	$7,237	$1,497	$1,662
Cost of sales, selling, marketing, general and administrative expenses	(4,345)	(4,980)	(5,451)	(1,270)	(1,434)
Earnings before interest, tax, depreciation, amortization, restructuring charges and Year 2000 costs(1)	1,407	1,534	1,786	227	228
Depreciation	(386)	(416)	(476)	(110)	(119)
Operating profit before amortization, restructuring charges and Year 2000 costs(1)	1,021	1,118	1,310	117	109
Amortization	(258)	(327)	(444)	(102)	(66)
Restructuring charges	(38)	(37)	(30)	(5)	(6)
Year 2000 costs	(91)	(4)			
Operating profit after amortization, restructuring charges and Year 2000 costs	634	750	836	10	37
Net gains on disposals of businesses and investments	52	38	302	273	3
Net interest expense and other financing costs	(186)	(204)	(236)	(46)	(72)
Income taxes	(63)	15	(168)	(69)	7
Equity in losses of associates, net of tax			(50)	(10)	(6)
Dividends declared on preference shares	(28)	(28)	(27)	(7)	(3)
Earnings (loss) from continuing operations	409	571	657	151	(34)
Earnings from discontinued operations	123	652	92	16	
Earnings (loss) attributable to common shares	$ 532	$1,223	$ 749	$ 167	$ (34)
Basic and diluted earnings (loss) per common share:					
From continuing operations	$ 0.66	$ 0.92	$ 1.05	$ 0.24	$ (0.05)
From discontinued operations	0.20	1.04	0.14	0.03	
	$ 0.86	$ 1.96	$ 1.19	$ 0.27	$ (0.05)

Weighted average common shares outstanding:					
Basic	618,092,000	623,242,191	627,747,972	625,970,300	630,987,019
Diluted	618,092,000	623,776,305	628,239,466	626,471,876	630,987,019
Other Data:					
Earnings (loss) from continuing operations	$ 409	$ 571	$ 657	$ 151	$ (34)
Effect of new accounting standard(2)				49	
Adjusted earnings (loss) from continuing operations after new accounting standard	409	571	657	200	(34)
Adjustment for one-time items, net of tax, resulting from net (gains) losses on disposals of businesses and investments, restructuring charges and Year 2000 costs	52	2	(206)	(193)	2
One-time tax benefits		(105)			
Adjusted earnings (loss) from continuing operations (unaudited)(1)(3)	$ 461	$ 468	$ 451	$ 7	$ (32)
Adjusted earnings (loss) per common share from continuing operations (unaudited)(1)(3)	$ 0.75	$ 0.75	$ 0.72	$ 0.01	$ (0.05)

(footnotes on following page)

	Year ended December 31,			Three months ended March 31,	
Canadian GAAP	**1999**	**2000**	**2001**	**2001**	**2002**
				(unaudited)	
	(in millions, except share related data)				
Other Data:					
Capital expenditures	$ 472	$ 585	$ 684	$ 143	$ 111
Consolidated Balance Sheet Data (at period end):					
Cash and cash equivalents		$ 337	$ 532		$ 577
Working capital(4)		(260)	(506)		(537)
Total assets		15,699	18,402		17,966
Total debt(5)		3,059	4,982		5,111
Total shareholders equity		7,818	8,220		7,994
U.S. GAAP					
Consolidated Income Statement Data:					
Income (loss) from continuing operations	$ 365	$ 589	$ 543	$ 128	$ (89)
Income from discontinued operations	120	743	9	16	
Net income (loss)	$ 485	$ 1,332	$ 552	$ 144	$ (89)
Basic and diluted earnings (loss) per common share:					
From continuing operations	$ 0.55	$ 0.90	$ 0.82	$0.19	$ (0.15)
From discontinued operations	0.19	1.19	0.02	0.03	
	$ 0.74	$ 2.09	$ 0.84	$0.22	$ (0.15)
Other Data:					
Earnings before interest, tax, depreciation, amortization, restructuring charges and Year 2000 costs (unaudited)(1)	$1,377	$ 1,523	$ 1,759	$213	$ 227
Depreciation	(386)	(416)	(476)	(110)	(119)
Operating profit before amortization, restructuring charges and Year 2000 costs (unaudited)(1)	$ 991	$ 1,107	$ 1,283	$103	$ 108
Consolidated Balance Sheet Data (at period end):					
Total assets		$14,929	$17,672		$17,246
Total shareholders equity		7,312	7,681		7,447
Revenue Data					
Components of revenue (unaudited)(6):					
Electronic delivery based	48%	52%	54%	62%	61%

Advertising based	5	5	4	4	3
Subscription based	60	60	61	66	60
Percentage of revenue by geographic segments (by origin):					
North America	88	86	83	82	83
International	12	14	17	18	17

(1) EBITDA and adjusted operating profit are used by us to measure our operating performance, including our ability to generate cash flow. Among other things, EBITDA eliminates the differences that arise between businesses due to the manner in which they were acquired, funded or recorded. In particular, EBITDA excludes the effects of amortization of identifiable intangible assets and goodwill, which is a non-cash charge arising from acquisitions accounted for under the purchase method of accounting. Adjusted operating profit reflects depreciation expense but eliminates the

effects of amortization of identifiable intangible assets and goodwill, restructuring charges and Year 2000 costs. Because we do not consider these items to be operating costs, we exclude them from the measurement of our operating performance. We also measure adjusted earnings from continuing operations to assist in comparing them from one period to another. EBITDA, adjusted operating profit, adjusted earnings from continuing operations and related measures do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable with the calculation of similar measures for other companies, and should not be viewed as alternatives to operating profit, cash flow from operations, net income or other measures of financial performance calculated in accordance with GAAP.

(2) Represents the pro forma effect on the first quarter of 2001 of a new accounting standard, adopted January 1, 2002, whereby goodwill and certain intangible assets are no longer amortized, to allow comparability with the first quarter of 2002. Results for each of the three years ended December 31, 1999, 2000 and 2001 have not been adjusted for this change, as the results for these three years are comparable to each other as presented.

(3) The calculation of adjusted earnings from continuing operations is set out within Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations included elsewhere in this prospectus.

(4) Working capital represents current assets less current liabilities of continuing operations, excluding cash, short-term indebtedness and current portion of long-term debt.

(5) Total debt includes short-term indebtedness, current portion of long-term debt and long-term debt, as well as amounts which represent the carrying value of currency swaps related to our debt. Carrying values of currency swaps are included within Other non-current liabilities and Accounts payable and accruals and total $197 million, $238 million and $236 million in our December 31, 2000 and 2001 and March 31, 2002 consolidated balance sheets, respectively.

(6) Represents percentage of revenues from ongoing businesses, which exclude disposals. Disposals consist of results of businesses sold or held for sale which do not qualify as discontinued operations.

MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management s discussion and analysis of financial condition and results of operations, or MD&A, for the years ended December 31, 1999, 2000 and 2001 and for the three months ended March 31, 2001 and March 31, 2002 should be read with Selected Consolidated Financial and Operating Data and our consolidated financial statements and related notes that are included elsewhere in this prospectus. Certain information contained in MD&A, particularly under the heading Outlook, are forward-looking statements that are not historical facts but reflect our current expectation concerning future results. Our actual results may differ materially from the results discussed in the forward-looking statements because of a number of risks and uncertainties, including the matters discussed below and elsewhere in this prospectus, particularly under the heading Risk Factors. Our MD&A is based on financial statements prepared in accordance with Canadian GAAP, which differs in certain significant respects from U.S. GAAP. See our reconciliation to U.S. GAAP beginning on page F-34 and note 16 to our unaudited consolidated financial statements for the three months ended March 31, 2002 beginning on page F-47 for a discussion of the principal differences between Canadian GAAP and U.S. GAAP applicable to our consolidated financial statements and a reconciliation of our earnings to those under U.S. GAAP.

Overview

We are a global leader in providing integrated information solutions to business and professional customers. We serve customers in the following sectors: law, tax, accounting, financial services, higher education, reference information, corporate training and assessment, scientific research and healthcare. We believe these sectors are fundamental to economic development globally and consequently have potential for consistent long-term growth. We organize our operations in four market groups that are structured on the basis of the customers they serve:

- Thomson Legal and Regulatory,
- Thomson Learning,
- Thomson Financial, and
- Thomson Scientific and Healthcare.

We report the financial results of our four market groups together with those of our corporate and other reporting category. Corporate and other includes corporate costs, costs associated with our stock appreciation rights, minority interests and the results of Thomson Media, which was previously designated for sale but subsequently retained.

We earn our revenues from sales of subscription-based products, other products and services and advertising. In 2001, approximately 61% of our revenues were generated under subscription agreements, 35% from other products and services and only 4% from advertising. A significant component of our revenues included in the category other is sales of textbooks from our publishing businesses. Our revenues are generally recurring or predictable. Our revenues are also diversified. In addition to having multiple lines of business, we have over 20 million users in approximately 130 countries worldwide and no single customer accounts for more than 2% of our revenues.

Subscription revenues are from sales of products and services that are delivered under contract over a period of time. These revenues are primarily recognized ratably over the term of the subscription. Our subscription arrangements are most often for a term of one year, after which they are renewable at our customers option, and the renewal dates of our subscriptions are spread over the course of the year. In the case of some of our subscription arrangements, additional fees are realized based upon usage. Subscription payments received or receivable in advance of delivery of our products and services are included in our deferred revenue account on our consolidated balance sheet. As subscription-based products and services are delivered to subscribers, the proportionate share of deferred revenue is recognized as revenue in our consolidated statement of earnings and our deferred revenue account is reduced. At December 31, 2001, our deferred revenue account was $882 million, representing approximately 12% of our revenues in 2001.

Our revenues from sales of some products, primarily our textbooks, are recognized after we estimate customer returns. Our textbooks and related products are sold to bookstores on terms that allow them to return the books to us if they are unsold. We continue to pursue opportunities to reduce the number of books returned to us and have introduced programs which utilize incentives to encourage our customers to order an appropriate number of books. Since the introduction of these programs in 1998, our return rates have improved significantly.

We segment our financial results geographically by origin in our financial statements, on the basis of the location of our operations that produce the product or service. The following table presents a summary of our revenues, before intercompany eliminations, segmented geographically for the past three years.

	Year ended December 31,					
	1999		2000		2001	
	(in millions)					
North America	$5,061	88%	$5,644	86%	$6,096	83%
International	691	12	911	14	1,232	17

Many of our products and services developed originally for North America can be modified and offered internationally without excessive customization or translation and represent an opportunity for us to earn incremental revenues. For some of the products and services we sell internationally, we incur additional costs to customize our products and services for the local market and this can result in lower margins where we cannot increase our prices proportionately.

We use a variety of media to deliver our products and services to our customers. Increasingly, our customers are seeking products and services delivered electronically. Information is delivered electronically over the Internet, through dedicated transmission lines, on compact discs and more recently through hand-held wireless devices. In 2001, 54% of our revenues from ongoing businesses were derived from products and services delivered electronically, an increase from 52% in 2000 and 48% in 1999. As we expand electronic delivery of our products and services, we improve our ability to provide additional products and services to our existing customers and to access new customers around the world. This allows us to increase our revenues and expand our margins because products and services delivered electronically generally have lower variable costs then those that are print-based.

Our most significant expense is labor. Labor includes all costs related to our employees, including salaries, bonuses, commissions, benefits and payroll taxes but does not include costs related to our stock appreciation rights. Labor represented over 55% of our cost of sales, selling, marketing, general and administrative expenses (operating costs) in 2001. No other category of expenses accounts for more than 10% of our operating costs.

We make significant investments in technology because it is essential to providing integrated information solutions to our customers and because we intend to maintain the significant competitive advantage we believe we have in this area. Our technology expenditures include spending on computer hardware, software, electronic systems, telecommunications infrastructure, and digitization of content. Our technology spending is capitalized where we can demonstrate future benefits and otherwise expensed when incurred. Over the past three years our total capital expenditures have been $1.7 billion of which approximately 70% was on technology. We expect our investment in technology to continue at significant levels, although we expect the percentage of our revenues that we spend on technology will decrease because we have largely completed our transformation into a provider of integrated information solutions which required a significant initial investment in technology.

Beyond labor costs and technology spending, the operating costs of our market groups and our individual businesses vary widely. The most significant additional cost item is the cost related to the development and production of textbooks for our print businesses, including the costs of paper and the printing and binding of the books. In these businesses, some of our editorial costs are capitalized and depreciated over the expected life of the edition.

During the past three years we completed 88 acquisitions with an aggregate cost of over $5 billion. During this period, acquired businesses generated a significant portion of the growth in our revenue and a lesser portion of the growth in our operating profit. Generally the businesses we have acquired have had lower margins initially than our existing businesses.

The acquisition of Prometric, Primark and Carson in 2000 and the higher education and corporate training businesses of Harcourt in 2001 were large strategic acquisitions which significantly enhanced the scale and scope of the market group to which they were added. Our significant acquisitions have been initially dilutive to our earnings principally as a result of the amortization of goodwill and identifiable intangible assets.

Many of our other acquisitions were tactical acquisitions where we purchased information or products or services that we integrated into our operations to broaden the range of our product and service offerings. As alternatives to the development of new products and services, these acquisitions had the advantages of faster integration into our product and service offerings and cost efficiencies.

When integrating acquired businesses we focus on eliminating cost redundancies and combining the acquired products and services with our existing offerings. Because we often combine the acquired products and services with our existing offerings, it is increasingly difficult for us to determine the contribution acquired businesses make to our revenues and operating profits. In addition, we generally incur costs such as severance payments to terminate employees and contract cancellation fees when we integrate businesses. Prior to 2001, we were able to capitalize many of these costs which spread them over a longer period. Under new accounting rules applicable from January 1, 2001, certain costs that previously had been permitted to be capitalized as part of the purchase price now must be included as operating costs or restructuring costs.

At the time of an acquisition, acquired identifiable intangible assets are recorded at their fair value on our balance sheet. Goodwill represents the excess of the cost of the acquired business over values attributed to underlying net tangible assets and identifiable intangible assets. Prior to July 1, 2001, we were required to amortize all identifiable intangible assets and goodwill over their estimated lives which reduced our earnings. For business combinations consummated on or after July 1, 2001, identifiable intangible assets with indefinite lives and goodwill resulting from these business combinations are not amortized. Effective January 1, 2002, all identifiable intangible assets with indefinite lives and goodwill, including those acquired prior to July 1, 2001, will no longer be amortized. As a result of these changes in accounting standards, we will have lower amortization charges in the future. See Critical Accounting Policies Valuation of Identifiable Intangible Assets and Goodwill.

Our consolidated financial statements are expressed in U.S. dollars but a portion of our business is carried on in currencies other than U.S. dollars. Changes in the exchange rate for such currencies into U.S. dollars can affect our revenues, earnings and the value of our assets and liabilities on our consolidated balance sheet either positively or negatively. For 2001, the effect of changes in exchange rates decreased our revenues by approximately 1% and our operating profit by less than 1%. The translation effects of changes in exchange rates on our consolidated balance sheet are recorded within the cumulative translation adjustment component of our shareholders equity. For 2001, we increased our unrealized cumulative translation losses by $71 million, reflecting changes in exchange rates of currencies compared to the U.S. dollar, partially offset by reductions due to disposals of businesses.

Seasonality

Typically, a much greater portion of our operating profit and operating cash flow arises 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 spread more evenly throughout the year. As a result, our operating margins generally increase as the year progresses. For these reasons, the performance of our business 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 results in the same quarter for the previous year.

Use of EBITDA, Adjusted Operating Profit and Adjusted Earnings from Continuing Operations

Earnings before interest, tax, depreciation, amortization, restructuring charges and Year 2000 costs (EBITDA), and operating profit before amortization, restructuring charges and Year 2000 costs (adjusted operating profit) are used by us to measure our operating performance, including our ability to generate cash flow. Among other things, EBITDA eliminates the differences that arise between businesses due to the manner in which they were acquired, funded or recorded. In particular, EBITDA excludes the effects of amortization of identifiable intangible assets and goodwill, which is a non-cash charge arising from acquisitions accounted for under the purchase method of accounting. Adjusted operating profit reflects depreciation expense but eliminates the effects of amortization of identifiable intangible assets and goodwill, restructuring charges and Year 2000 costs. Because we do not consider these items to be operating costs, we exclude them from the measurement of our operating performance. We also measure our earnings from continuing operations to adjust for non-recurring items (adjusted earnings from continuing operations) to assist in comparing them from one period to another. EBITDA, adjusted operating profit, adjusted earnings from continuing operations and related measures do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable with the calculation of similar measures for other companies, and should not be viewed as alternatives to operating profit, cash flow from operations, net income or other measures of financial performance calculated in accordance with GAAP. EBITDA and adjusted operating profit are included in our income statement which allows you to reconcile them with standard GAAP measures. We reconcile our adjusted earnings from continuing operations to our earnings from continuing operations under GAAP in the table below and in the following discussion.

Results of Operations

Our results from continuing operations exclude the results of our discontinued newspaper operations, discussed under Discontinued Operations below. Our results from ongoing businesses for each of our market groups exclude the results of businesses sold or held for sale which do not qualify as discontinued operations (disposals). The principal businesses included in disposals were The Globe and Mail, Mitchell International and Jane s Information Group in 1999, The Globe and Mail, Mitchell International and Jane s in 2000, Jane s and various businesses in our financial group in 2001 and various businesses in our financial group in the three months ended March 31, 2002.

The following table presents a summary of our segmented and consolidated operating results from continuing operations for the past three years and the three months ended March 31, 2001 and March 31, 2002.

	Year ended December 31,			Three months ended March 31,	
	1999	2000	2001	2001	2002
				(unaudited)	
			(in millions)		
Revenues:					
Legal and Regulatory	$2,346	$2,619	$2,827	$ 623	$ 665
Learning	989	1,388	1,851	241	397
Financial	919	1,201	1,590	396	388
Scientific and Healthcare	611	653	697	157	169
Corporate and other(1)	259	272	242	54	48
Intercompany eliminations		(29)	(32)	(9)	(9)
Ongoing businesses	5,124	6,104	7,175	1,462	1,658
Disposals(2)	628	410	62	35	4
Total revenues	5,752	6,514	7,237	1,497	1,662
EBITDA:					
Legal and Regulatory	$ 709	$ 775	$ 855	$ 129	$ 138
Learning	248	358	406	(10)	(12)
Financial	278	330	405	94	96
Scientific and Healthcare	131	164	176	28	33
Corporate and other(1)	(39)	(98)	(52)	(13)	(26)
Ongoing businesses	1,327	1,529	1,790	228	229
Disposals(2)	80	5	(4)	(1)	(1)
Total EBITDA	1,407	1,534	1,786	227	228
Adjusted operating profit:					
Legal and Regulatory	$ 581	$ 647	$ 708	$ 91	$ 99
Learning	149	234	264	(35)	(41)
Financial	186	220	257	57	57
Scientific and Healthcare	106	140	151	21	27
Corporate and other(1)	(47)	(106)	(60)	(15)	(31)
Ongoing businesses	975	1,135	1,320	119	111
Disposals(2)	46	(17)	(10)	(2)	(2)
Total adjusted operating profit	1,021	1,118	1,310	117	109

	Year ended December 31,			Three months ended March 31,	
	1999	2000	2001	2001	2002
				(unaudited)	
			(in millions)		
Supplemental Information:					
Earnings (loss) from continuing operations	$409	$ 571	$ 657	$ 151	$(34)
Effect of new accounting standard(3)				49	
Adjusted earnings (loss) from continuing operations after new accounting standard	409	571	657	200	(34)
Adjust for one-time items:					
Net (gains) on disposals of businesses and investments	(52)	(38)	(302)	(273)	(3)
Restructuring charges	38	37	30	5	6
Year 2000 costs	91	4			
Tax on above items	(25)	(1)	66	75	(1)
One-time tax benefits		(105)			
Adjusted earnings (loss) from continuing operations	$461	$ 468	$ 451	$ 7	$(32)

(1) Includes the following operating results of Thomson Media: revenues for 1999 $259 million, 2000 $272 million, 2001 $242 million, three months ended March 31, 2001 $54 million, three months ended March 31, 2002 $48 million; EBITDA for 1999 $56 million, 2000 $43 million, 2001 $12 million, three months ended March 31, 2001 $(2) million, three months ended March 31, 2002 $(1) million; adjusted operating profit for 1999 $48 million, 2000 $35 million, 2001 $4 million, three months ended March 31, 2001 $(4) million, three months ended March 31, 2002 $(3) million.

(2) Disposals consists of the results of businesses sold or held for sale which do not qualify as discontinued operations.

(3) Represents the pro forma effect on the first quarter of 2001 of a new accounting standard, adopted January 1, 2002, whereby goodwill and certain intangible assets are no longer amortized, to allow comparability with the first quarter of 2002. Results for each of the three years ended December 31, 1999, 2000 and 2001 have not been adjusted for this change, as the results for these three years are comparable to each other as presented.

Three Months Ended March 31, 2002 Compared to Three Months Ended March 31, 2001

Consolidated Operations

Our total revenues for the three months ended March 31, 2002 increased by 11% to $1,662 million. Revenues from our ongoing businesses in the three months ended March 31, 2002 increased by 13% to $1,658 million. All of our market groups, except our financial group, experienced growth in their existing businesses, while the Harcourt acquisition made a significant contribution to overall growth. In the three months ended March 31, 2002, revenues from products and services delivered electronically accounted for 61% of our revenues, which is comparable to the first three months of 2001 but greater than the 54% for the full year ended December 31, 2001. This percentage is generally higher for the first three months of the year than for the full year primarily because of the seasonality of our learning business. Customer buying patterns in our learning business, which has a higher percentage of print-based revenues than our other market groups, are concentrated in the second half of the year. Therefore, as revenues in our learning business increase throughout the year, the percentage of revenues from products and services delivered electronically would be expected to decrease.

Our EBITDA in the three months ended March 31, 2002 was $228 million, compared with $227 million in 2001, a margin of 13.7%, a decrease from 15.2% in 2001. Our EBITDA from ongoing businesses in the three months ended March 31, 2002 was $229 million, compared to $228 million in 2001, a margin of 13.8%, a decrease from 15.6% in 2001. EBITDA was virtually unchanged as growth from existing businesses was offset by higher expenses incurred in connection with our stock appreciation rights reflecting an increase in the trading price of our common shares during the period. Contributions from acquisitions were reduced by the seasonal loss from the Harcourt academic businesses, as well as certain one-time integration charges related to the Harcourt acquisition. The decrease in our margins was primarily due to the increased expenses incurred in connection with our stock appreciation rights.

Our total adjusted operating profit in the three months ended March 31, 2002 decreased 7% to $109 million, a margin of 6.6%, a decrease from 7.8% in 2001. Adjusted operating profit from ongoing businesses in the three months ended March 31, 2002 decreased 7% to $111 million, a margin of 6.7%, a decrease from 8.1% in 2001. The decreases were primarily attributable to increased depreciation expense and the increased expenses incurred in connection with our stock appreciation rights.

Depreciation in the three months ended March 31, 2002 increased 8% to $119 million as a result of our recent acquisitions and increased capital expenditures in 2001. Amortization in the three months ended March 31, 2002 decreased 35% to $66 million. The decrease was a result of the adoption of a new accounting standard which requires that goodwill and identifiable intangible assets with indefinite useful lives no longer be amortized. Therefore, amortization of those balances is not reflected in the results for the three months ended March 31, 2002, but is included in the results for 2001.

We incurred restructuring charges in the three months ended March 31, 2002 of $6 million, which related to strategic initiatives in our legal and regulatory group and Thomson Media.

Our net gains on disposals of businesses and investments in the three months ended March 31, 2002 was $3 million, compared to $273 million in the three months ended March 31, 2001. The net gain in 2001 related primarily to the $307 million gain on the disposal of The Globe and Mail.

Our interest expense in the three months ended March 31, 2002 increased 57% to $72 million. The increase reflects increased borrowings to finance our acquisitions, in particular the acquisition of selected Harcourt businesses.

In the three months ended March 31, 2002, we recognized an income tax benefit of $7 million, compared to an expense of $69 million in 2001. The income tax expense recognized in 2001 included a $75 million charge related to the gain on the disposal of The Globe and Mail.

Our loss attributable to common shares in the three months ended March 31, 2002 was $34 million, compared to earnings attributable to common shares of $167 million in 2001. Our loss from continuing operations in the three months ended March 31, 2002, was $34 million, compared to earnings from continuing operations of $151 million in 2001. These results are not directly comparable because of the adoption of the new accounting standard related to goodwill and identifiable intangible assets in 2002. If the new accounting standard had been in effect in 2001, earnings from continuing operations would have been $200 million for the three months ended March 31, 2001. However, these results are still not comparable with the results for the three months ended March 31, 2002 because of certain material transactions that occurred in the first quarter of 2001.

After adjusting for the after-tax effects of restructuring charges and net gains on disposals of businesses and investments in both periods and adjusting the 2001 results as if the new accounting standard related to goodwill and identifiable intangible assets had been in effect during that period, the adjusted loss from continuing operations in the three months ended March 31, 2002 was $32 million, compared to adjusted earnings from continuing operations of $7 million for 2001. This change primarily reflects higher interest and amortization costs as well as one-time integration costs from the acquisition of the Harcourt businesses. Increased expenses in connection with our stock appreciation rights plan arising from an increase in our common share price during the period also contributed to the adjusted loss from continuing operations.

Our capital expenditures in the three months ended March 31, 2002 decreased 22% to $111 million. Higher capital expenditures in 2001 reflected certain one-time expenditures in our legal and regulatory and financial groups.

Thomson Legal and Regulatory

Revenues from our ongoing businesses for the three months ended March 31, 2002 increased 7% to $665 million. The increase in revenues was primarily attributable to increased sales of Westlaw, which grew by 8% in the United States, improved customer retention rates within certain tax and accounting businesses and the contributions from recent acquisitions. These increases were partially offset by adverse currency translation effects and reduced demand for trademark searches as a result of the continuing weak economic climate.

EBITDA from our ongoing businesses in the three months ended March 31, 2002 increased 7% to $138 million and our adjusted operating profit from ongoing businesses in the three months ended March 31, 2002 increased 9% to $99 million. Our EBITDA margin in the three months ended March 31, 2002 was 20.8% compared to 20.7% in 2001 and our adjusted operating profit margin in the three months ended March 31, 2002 increased to 14.9% compared to 14.6% in 2001. These margin improvements were the result of increased revenues and effective cost-control efforts across the group.

Our capital expenditures in the three months ended March 31, 2002 decreased 46% to $26 million. Higher capital expenditures in 2001 reflected one-time expenditures on a new enterprise resource planning system at West.

Thomson Learning

Revenues from our ongoing businesses in the three months ended March 31, 2002 increased 65% to $397 million. The increase primarily reflected revenues from the businesses of Harcourt which were acquired in July 2001 and therefore not included in our first quarter results in 2001. Revenues from our existing businesses also grew reflecting higher revenues in our academic publishing business and our international operations.

EBITDA from our ongoing businesses in the three months ended March 31, 2002 was a loss of $12 million, compared to a loss of $10 million in 2001 and our adjusted operating profit from ongoing businesses for the three months ended March 31, 2002 was a loss of $41 million, compared to a loss of $35 million in 2001. Our learning group typically records a loss in the first quarter of each year due to the seasonal nature of the academic publishing business. The acquisition of the Harcourt businesses significantly increased the scale of our academic publishing business, and accordingly, increased the first quarter loss. In addition, the first quarter loss was increased by one-time integration costs related to the Harcourt acquisition.

Our capital expenditures in the three months ended March 31, 2002 increased 50% to $42 million. This increase was a result of spending related to our textbook distribution center and additional spending within the acquired Harcourt businesses.

Thomson Financial

Revenues from our ongoing businesses in the three months ended March 31, 2002 decreased 2% to $388 million. The decrease in revenues was attributable to the continued slowdown in the global financial markets and merger and acquisition activity, which resulted in lower revenues in our investment banking and sales and trading businesses.

EBITDA from our ongoing businesses in the three months ended March 31, 2002 increased 2% to $96 million and our adjusted operating profit from ongoing businesses in the three months ended March 31, 2002 was $57 million, unchanged from 2001. Our EBITDA margin in the three months ended March 31, 2002 increased to 24.7% compared to 23.7% in 2001 and our adjusted operating profit margin in the three months ended March 31, 2002 increased to 14.7% compared to 14.4% in 2001. These margin improvements reflect benefits from the ongoing integration of Primark and Carson which were acquired in 2000.

Our capital expenditures in the three months ended March 31, 2002 decreased 40% to $36 million. Higher capital expenditures in 2001 included one-time expenditures on the group s new headquarters in New York.

Thomson Scientific and Healthcare

Revenues from our ongoing businesses for the three months ended March 31, 2002 increased 8% to $169 million. Revenue growth reflected contribution from Gardiner-Caldwell which was acquired late in 2001, increased drug information subscriptions within Micromedex, increased patent subscriptions at Derwent World Patent Index and increased sales of citation, patent and genetic information through ISI Web of Science. Revenue growth was offset partially by lower sales of the Physicians Desk Reference, as well as lower advertising revenues from our healthcare magazine business.

EBITDA from our ongoing businesses in the three months ended March 31, 2002 increased 18% to $33 million and our adjusted operating profit from ongoing businesses in the three months ended March 31, 2002 increased 29% to $27 million. Our EBITDA margin in the three months ended March 31, 2002 increased to 19.5% compared to 17.8% in 2001 and our adjusted operating profit margin in the three months ended March 31, 2002 increased to 16.0% compared to 13.4% in 2001. The increases in EBITDA and adjusted operating profit and corresponding improvements in related margins were attributable to higher revenues as well as benefits arising from restructuring efforts undertaken in 2001.

Our capital expenditures in the three months ended March 31, 2002 were $6 million, compared to $4 million in 2001.

Corporate and Other

Revenues in the three months ended March 31, 2002, which relate solely to Thomson Media, decreased 11% to $48 million primarily as a result of reduced advertising revenue across our publications.

EBITDA in the three months ended March 31, 2002 was a loss of $26 million, compared to a loss of $13 million in 2001 and our adjusted operating profit in the three months ended March 31, 2002 was a loss of $31 million, compared to a loss of $15 million in 2001. These decreases were primarily attributable to increased expenses incurred in connection with our stock appreciation rights resulting from the increase in the trading price of our common shares during the period.

Year ended December 31, 2001 Compared to Year Ended December 31, 2000

Consolidated Operations

Our total revenues in 2001 increased by 11% to $7,237 million. Revenues from our ongoing businesses increased in 2001 by 18% to $7,175 million due to organic growth in each of our market groups, significant contributions from the acquisition of the higher education and corporate training businesses of Harcourt in July 2001, and the inclusion of the full year results of Primark and Carson which we acquired in September 2000. Revenues from electronic products and services accounted for 54% of our revenues from ongoing businesses, a slight increase from 52% in 2000.

Our revenues from North America in 2001, prior to the elimination of intercompany revenues, increased 8% to $6,096 million, accounting for 83% of our total revenues. Our revenues from outside North America increased 35% to $1,232 million, accounting for 17% of our total revenues.

Our EBITDA in 2001 increased 16% to $1,786 million, a margin of 24.7%, an increase from 23.5% in 2000. Our EBITDA from ongoing businesses increased 17% to $1,790 million, a margin of 24.9%, a slight decrease from our 25.0% margin in 2000.

Our total adjusted operating profit in 2001 increased 17% to $1,310 million, a margin of 18.1%, an increase from 17.2% in 2000. Our adjusted operating profit from ongoing businesses in 2001 increased 16% to $1,320 million, a margin of 18.4%, a slight decrease from our 18.6% margin in 2000.

The increases in our EBITDA and our adjusted operating profit resulted primarily from our increased revenues but were also impacted by lower expenses incurred in connection with our stock appreciation rights over the preceding year s. Costs related to our stock appreciation rights are linked to changes in the market price of our common shares and reflected a decrease in the trading price of our common shares during the year. The slight decrease in our margins for our ongoing businesses was primarily the result of integration costs incurred in connection with the acquisition of selected Harcourt businesses.

Depreciation in 2001 increased 14% to $476 million as a result of our recent acquisitions and increased capital expenditures over the preceding year s in three of our four market groups. Amortization in 2001 increased 36% to $444 million also as a result of our recent acquisitions.

We incurred restructuring charges in 2001 of $30 million, of which $20 million related to the integration of the Harcourt businesses, $8 million related to strategic initiatives in our legal and regulatory group commenced in the previous year to improve operational efficiencies and eliminate non-strategic and unprofitable products and $2 million related to the reorganization of certain magazine operations within our scientific and healthcare group to eliminate non-strategic and unprofitable products.

Our net gains on disposals of businesses and investments in 2001 of $302 million on a pre-tax basis related primarily to the $317 million gain on the disposal of The Globe and Mail in January 2001 and the $80 million gain on the disposal of Jane s in April 2001, which were partially offset by a reduction of $100 million in the carrying values of certain investments to reflect their fair market value.

Our interest expense and other financing costs in 2001 increased 16% to $236 million. The increase reflects increased borrowings to finance our acquisitions, in particular the acquisition of selected Harcourt businesses.

Our income tax expense in 2001 of $168 million represents 18.6% of our earnings before income taxes, dividends on our preferred shares and our proportionate share of losses on investments accounted for under the equity method. This compares with an equivalent rate in 2000 of 15.4%, excluding $105 million of tax benefits principally associated with the disposal of The Globe and Mail. Our low effective income tax rate compared to the statutory corporate income tax rate in Canada in 2001 of approximately 40%, was due principally to the lower effective tax rates applicable to our operating and financing subsidiaries in countries outside Canada. In addition, in 2000, we were able to utilize net operating loss carryforwards to reduce our effective income tax rate. We expect our effective income tax rate to increase over the next several years.

Our earnings in 2001 decreased 39% to $749 million principally as a result of the gain we recognized in 2000 on the disposition of substantially all of our newspaper group. Our earnings from continuing operations in 2001 increased 15% to $657 million.

After adjusting for the after-tax effects of restructuring charges, net gains on disposals of businesses and investments and Year 2000 costs, our adjusted earnings from continuing operations in 2001 were $451 million. This represents a decrease of 4% compared to 2000 on the same basis and also after removing the one-time tax benefit recognized in that year. Our adjusted earnings from continuing operations decreased in 2001 because growth from our existing businesses was more than offset by dilution from our recent acquisitions and our proportionate share of net losses of our investments accounted for under the equity method.

Our capital expenditures in 2001 increased 17% to $684 million. Approximately 70% of our capital expenditures related to our continued investment in technology to expand our operations and support the production and delivery of electronic products and services.

Thomson Legal and Regulatory

Revenues from our ongoing businesses in 2001 increased 8% to $2,827 million. The increase reflected a combination of modest growth in our existing businesses as well as contributions from acquisitions. The growth attributable to existing businesses reflected growth in revenues from Westlaw in excess of 10%, including the expansion of Westlaw outside the United States. Expansion in revenues from Westlaw reflected the continuing trend toward increased use of our electronic products and services. In addition, revenues from some of our print-based products, such as legal textbooks, increased. These increases were partially offset by unfavorable changes in currency exchange rates and reduced demand for trademark searches as a result of the weak economic climate. The increase in revenues attributable to acquisitions reflected acquisitions completed in 2001, including non-content businesses such as ProLaw and BAR/BRI, and the inclusion of the first full year of results from acquisitions made in 2000. Revenues from electronic products and services accounted for 52% of the group s revenues from ongoing businesses, unchanged from the previous year.

EBITDA from our ongoing businesses in 2001 increased 10% to $855 million and our adjusted operating profit from ongoing businesses in 2001 increased 9% to $708 million. Our EBITDA margin in 2001 increased to 30.2% compared to 29.6% in 2000 and our adjusted operating profit margin in 2001 increased to 25.0% compared to 24.7% in 2000. Increases in EBITDA and adjusted operating profit reflect the increased revenues discussed above. Margin improvements were the result of increased sales of higher-margin products, the realization of benefits from restructuring efforts in our tax and accounting businesses to eliminate non-strategic and unprofitable products, and cost management programs initiated in response to the weak economic climate.

Our capital expenditures in 2001 increased 10% to $198 million, reflecting recently acquired businesses, new product development, ongoing expenditures on infrastructure to support our online services and internal business systems and a one-time expenditure on a new enterprise resource planning system at West.

Thomson Learning

Revenues from our ongoing businesses in 2001 increased 33% to $1,851 million. While revenues from our existing businesses increased, a substantial portion of the overall increase resulted from the acquisition of the Harcourt businesses in July 2001, and from the inclusion of the first full year of results from acquisitions made in 2000. Our existing academic businesses generated increased revenues as a result of our targeted sales efforts, but this was partially offset by reduced revenues in our lifelong learning business due to a weaker market for information technology training and development. Revenues from electronic products and services accounted for 31% of the group s revenues from ongoing businesses, unchanged from the previous year.

EBITDA from our ongoing businesses in 2001 increased 13% to $406 million and our adjusted operating profit from ongoing businesses in 2001 increased 13% to $264 million. These increases were primarily the result of increased operating efficiencies, higher revenues throughout the group and cost savings resulting from the integration of the Harcourt businesses. Our EBITDA margin in 2001 decreased to 21.9% compared to 25.8% in 2000 and our adjusted operating profit margin in 2001 decreased to 14.3% compared to 16.9% in 2000. These margin decreases primarily resulted from one-time costs related to our acquisition of the Harcourt businesses, as well as lower revenues in our corporate training and testing business.

Our capital expenditures in 2001 increased 21% to $200 million, reflecting our ongoing investment in technology to support new and existing products, our one-time investment to build our new textbook distribution center, and spending related to the newly acquired Harcourt businesses.

Thomson Financial

Revenues from our ongoing businesses in 2001 increased 32% to $1,590 million, primarily as a result of the inclusion of the first full year of results of Primark and Carson, which we acquired in September 2000. The integration of Primark and Carson with our existing businesses allowed us to offer enhanced products to our customers and provided a strong market position in Europe. In our existing businesses, we experienced modest growth despite the negative financial impact of September 11 and weak financial markets, which led to reduced trading volumes, slower merger and acquisition and initial public offering activity, cost-cutting measures by our customers and industry consolidation. Revenues from electronic products and services represented 89% of the group s revenues from ongoing businesses, an increase from 80% in the previous year.

EBITDA from our ongoing businesses in 2001 rose 23% to $405 million and our adjusted operating profit from ongoing businesses in 2001 increased 17% to $257 million. The integration of Primark and Carson with our existing businesses allowed us to increase operating efficiencies because we reduced the number of separate databases we maintain and centralized certain administrative functions. Growth in EBITDA and adjusted operating profit from ongoing businesses reflects some of the synergies from this program. Our EBITDA margin in 2001 decreased to 25.5% compared to 27.5% in 2000 and our adjusted operating profit margin in 2001 decreased to 16.2% compared to 18.3% in 2000. The margin decreases relate to the businesses we acquired in 2000 which initially have lower margins than our existing businesses.

Our capital expenditures in 2001 increased 25% to $239 million, primarily reflecting one-time expenditures on the group s new headquarters in New York, ILX s new data center and Omgeo s trade management project.

Thomson Scientific and Healthcare

Revenues from our ongoing businesses in 2001 increased 7% to $697 million. About half of this increase was attributable to existing businesses, primarily within our scientific business. Within our scientific business, revenue increases resulted from the increased sales of the ISI Web of Science and Derwent s patent subscription products and gene sequence database, reflecting enhanced content offerings and the functionality of these products. In our healthcare business, our existing Micromedex drug and clinical information databases generated increased revenues. This was partly offset by a decrease in advertising revenues in our healthcare magazine businesses, as pharmaceutical company promotional spending shifted away from magazines. The remainder of the increase in revenues resulted from the inclusion of the first full year of results of Physicians World, which was acquired in August 2000. Revenues from electronic products and services represented 53% of the group s revenues from ongoing businesses, unchanged from the previous year.

EBITDA from our ongoing businesses in 2001 increased 7% to $176 million and our adjusted operating profit from ongoing businesses in 2001 increased 8% to $151 million. Our EBITDA margin in 2001 increased to 25.3% compared to 25.1% in 2000 and our adjusted operating profit margin in 2001 increased to 21.7% compared to 21.4% in 2000. These increases in EBITDA and adjusted operating profit from ongoing businesses reflected increased sales of higher margin electronic products, cost management initiatives as well as the full year effect of acquisitions completed in 2000. The growth was partially offset by investments in technology in our healthcare business to deploy a common flexible content management system that will improve our ability to customize and combine our products to better meet our customers needs.

Our capital expenditures in 2001 decreased 16% to $26 million. They were made primarily to continue the development of a single content repository in our healthcare business. We also invested in new Internet and intranet system capabilities intended to increase product development and enhance product delivery.

Corporate and Other

Revenues in 2001, which relate solely to Thomson Media, declined 11% to $242 million primarily as a result of reduced advertising revenue across our publications.

EBITDA improved by $46 million to a loss of $52 million in 2001 and our adjusted operating profit in 2001 improved by $46 million to a loss of $60 million. These improvements were primarily the result of lower expenses in connection with stock appreciation rights and minority interests, partially offset by lower profits from Thomson Media.

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Consolidated Operations

Our total revenues increased in 2000 by 13% to $6,514 million. Revenues from our ongoing businesses increased in 2000 by 19% to $6,104 million. About one-third of the increase was generated by growth in our existing businesses and the remainder was the result of the acquisitions of Prometric in March 2000, Dialog in May 2000, and Primark and Carson in September 2000. Revenues from electronic products and services accounted for 52% of our revenues from ongoing businesses, an increase from 48% in 1999.

Our revenues from North America in 2000, prior to the elimination of intercompany revenues, increased 12% to $5,644 million, accounting for 86% of our total revenues. Our revenues from outside North America increased 32% to $911 million, accounting for 14% of our total revenues.

Our EBITDA in 2000 increased 9% to $1,534 million, a margin of 23.5%, a decrease from 24.5% in 1999. Our EBITDA from ongoing businesses increased 15% to $1,529 million, a margin of 25.0%, a decrease from 25.9% in 1999.

Our total adjusted operating profit in 2000 increased 10% to $1,118 million, a margin of 17.2%, a decrease from 17.8% in 1999. Our adjusted operating profit from ongoing businesses in 2000 increased 16% to $1,135 million, reflecting a margin of 18.6%, a decrease from 19.0% in 1999.

The increases in our EBITDA and adjusted operating profit reflected contribution from acquisitions completed during 2000 and 1999 as well as growth in existing businesses. Our EBITDA margins from existing businesses improved in 2000, but this improvement was more than offset by the lower margins in the businesses acquired during the year, additional expenses to support our electronic infrastructure and increased expenses incurred in connection with our stock appreciation rights reflecting an increase in the trading price of our common shares during the year. Our adjusted operating profit margin decreased for the same reasons.

Depreciation in 2000 increased 8% to $416 million as a result of our acquisitions and increased capital expenditures in the preceding years, particularly in technology. Amortization in 2000 increased 27% to $327 million also as a result of our recent acquisitions.

We incurred restructuring charges in 2000 of $37 million, of which $15 million was used to implement a vertical customer segment structure in our financial group, $12 million was used to improve operational efficiencies and to eliminate non-strategic and unprofitable products in our legal and regulatory group and the remaining $10 million related to reduction of personnel and other programs to achieve administrative efficiencies in the learning and scientific and healthcare groups as well as in our corporate center.

Our gains on disposals of businesses and investments in 2000 of $38 million on a pre-tax basis related primarily to the sale of Mitchell International in April 2000 by our scientific and healthcare group, but also include the sale of certain businesses by our financial and learning groups, as well as the sale of certain investments maintained in our corporate and other segment.

Our interest expense and other financing costs in 2000 increased 10% to $204 million. The increase reflects increased borrowings to finance our acquisitions, which borrowings were offset in part by the proceeds received from sales of our newspaper operations in the second half of the year.

Our income tax benefit in 2000 of $15 million reflects the recognition of $105 million of tax benefits principally associated with the disposal of The Globe and Mail in January 2001. Without this tax benefit, our income taxes as a percentage of earnings before income taxes and preference dividends would have been 15.4%. This compares with an equivalent rate of 12.6% in 1999. The effective tax rate differs from the Canadian corporate tax rate in 2000 of approximately 44%, due principally to the effect of lower tax rates in other countries where we have operating and financing subsidiaries, and to the recognition of tax losses.

Our earnings in 2000 increased 130% to $1,223 million principally as a result of the sale of substantially all of our newspaper operations. Our earnings from continuing operations in 2000 increased 40% to $571 million. These earnings increases reflect the one-time tax benefits of $105 million primarily associated with the sale of The Globe and Mail in January 2001.

After adjusting for the effect of the tax benefits and other one-time items, our adjusted earnings from continuing operations in 2000 were $468 million. This represents an increase of 2% compared to 1999 earnings on the same basis. Our adjusted earnings from continuing operations were relatively unchanged in 2000 because increased earnings in our existing businesses were offset by dilution from acquisitions and dispositions as well as increased expense in connection with our stock appreciation rights.

Our capital expenditures in 2000 increased 24% to $585 million. Over 70% of our capital expenditures related to our continued investment in technology.

Thomson Legal and Regulatory

Revenues from our ongoing businesses in 2000 increased 12% to $2,619 million. Approximately one-third of our growth was generated by our existing businesses, reflecting growth in excess of 10% in revenues from Westlaw, the March 2000 launch of Westlaw UK, increased European trademark search activity and increased sales in Canada. Growth in revenues from Westlaw reflected a trend toward increased usage of our electronic product offerings and was driven by sales of web-based Westlaw.com. The remaining growth resulted from acquisitions, including Dialog in May 2000, IOB in July 2000, La Ley in October 2000, and the inclusion of the first full year of results from Aranzadi acquired in July 1999. These increases were partially offset by unfavorable changes in currency exchange rates. Revenues from electronic products and services accounted for 52% of the group s revenues from ongoing businesses, an increase from 49% in 1999.

EBITDA from our ongoing businesses in 2000 increased 9% to $775 million and our adjusted operating profit from ongoing businesses in 2000 increased 11% to $647 million. Our EBITDA margin in 2000 decreased to 29.6% compared to 30.2% in 1999 and our adjusted operating profit margin in 2000 decreased to 24.7% compared to 24.8% in 1999. Increases in EBITDA and adjusted operating profit from ongoing businesses reflect the increased revenues discussed above, as well as improved operating efficiencies in our businesses in Canada and the Asia-Pacific region and at RIA, our largest North American tax and accounting business. These improvements were partially offset by lower margins in the businesses recently acquired and continued investment in global expansion of our Westlaw platform.

Capital expenditures in 2000 increased 10% to $180 million, primarily reflecting recently acquired businesses and continued investments in product development and infrastructure for online offerings.

Thomson Learning

Revenues from our ongoing businesses in 2000 increased 40% to $1,388 million. We experienced strong growth in our existing businesses. Our academic publishing business benefitted from the release of new products including adoptions for international markets and our lifelong learning business experienced strong sales of computer-based titles. However, our revenues increased primarily as a result of acquisitions completed in 2000, including Prometric in March 2000, Wave Technologies in April 2000 and K.G. Saur in September 2000. Revenues from electronic products and services accounted for 31% of the group s revenues from ongoing businesses, an increase from 7% in 1999.

EBITDA from our ongoing businesses in 2000 increased 44% to $358 million and our adjusted operating profit from ongoing businesses in 2000 increased 57% to $234 million. Our EBITDA margin increased to 25.8% compared to 25.1% in 1999 and our adjusted operating profit margin in 2000 increased to 16.9% compared to 15.1% in 1999. Increases in EBITDA and adjusted operating profit from ongoing businesses primarily reflect the increased revenues discussed above. The margin improvements primarily resulted from increased revenues as well as improved operating efficiencies in our academic publishing and reference business.

Our capital expenditures in 2000 increased 46% to $165 million, primarily reflecting recently acquired businesses and continued investment in electronic infrastructure to support new and existing products.

Thomson Financial

Revenues from our ongoing businesses in 2000 increased 31% to $1,201 million. Revenues from existing businesses increased in excess of 10%, led by businesses benefitting from high transaction volumes, such as BETA Systems and ESG, resulting from record levels of market activity in the United States and Europe. However, more than half of our growth resulted from the acquisitions of Primark and Carson in September 2000. These increases were partially offset by continued consolidation in the investment banking sector.

Revenues from electronic products and services accounted for 80% of the group s revenues from ongoing businesses, an increase from 71% in 1999.

EBITDA from our ongoing businesses in 2000 increased 19% to $330 million and our adjusted operating profit from ongoing businesses in 2001 increased 18% to $220 million. These increases were primarily the result of the acquisitions of Primark and Carson, but were also due to higher revenues from our existing businesses discussed above. Our EBITDA margin in 2000 decreased to 27.5% compared to 30.3% in 1999 and our adjusted operating margin in 2000 decreased to 18.3% compared to 20.2% in 1999. The margin decreases resulted primarily from significant investments in our electronic infrastructure that were expensed on a current basis.

Our capital expenditures in 2000 increased 34% to $191 million, primarily reflecting recently acquired businesses as well as continued investment in electronic infrastructure.

Thomson Scientific and Healthcare

Revenues from our ongoing businesses in 2000 increased 7% to $653 million, with the majority of the increase attributable to existing businesses. Revenues in our existing scientific businesses increased as a result of increased sales of the ISI Web of Science and growth in excess of 10% in online sales of Derwent s patent subscription products and gene sequence database. Revenues in our existing healthcare businesses increased as a result of increased sales of drug and clinical information databases and tools at Micromedex as well as increased sales of Physicians Desk Reference. The increase in revenues attributable to acquired businesses primarily resulted from the acquisition of Physicians World in August 2000. Revenues from electronic products and services accounted for 53% of the group s revenues from ongoing businesses, an increase from 49% in 1999.

EBITDA from our ongoing businesses in 2000 increased 25% to $164 million and our adjusted operating profit from ongoing businesses in 2000 increased 32% to $140 million. Our EBITDA margin in 2000 increased to 25.1% compared to 21.4% in 1999 and our adjusted operating profit margin in 2000 increased to 21.4% compared to 17.3% in 1999. The margin increases were primarily the result of strong performance within our scientific business, where we experienced increased sales of higher margin electronic products and lower costs resulting from improvements in processing patent information. In our healthcare business, margin improvements resulted from revenue increases and cost savings from the integration of our Medical Economics and Micromedex businesses.

Our capital expenditures in 2000 decreased 21% to $31 million. They were made to further develop our technology infrastructure, including spending on computer hardware and software, to increase the pace of our electronic product development and to provide more advanced products and services to our customers.

Corporate and Other

Revenues in 2000, which relate solely to Thomson Media, increased by 5% to $272 million, primarily as a result of strong advertising sales and increased sales to financial institutions and information technology professionals seeking commercial information. EBITDA in 2000 decreased by $59 million to a loss of $98 million and our adjusted operating profit decreased by $59 million to a loss of $106 million. These decreases were primarily a result of increased expenses relating to our stock appreciation rights and lower profits from Thomson Media, where increased sales were offset by increased spending on new product development.

Discontinued Operations

In February 2000, we announced our intention to sell our newspaper group, as part of our strategic decision to focus on integrated information solutions for business and professional customers. The primary activities of this group were the publishing of newspapers and other advertising and specialty publications in the United States and Canada. In addition, this group held a 50% interest in Augusta Newsprint Company, a newsprint mill in Augusta, Georgia. During 2000, we completed the sale of 51 of 54 publications. We sold the remaining assets, including our interest in the newsprint mill, in 2001. Accordingly, our results for the three months ended March 31, 2002 do not contain discontinued operations.

The following table presents a summary of our results from discontinued operations for the past three years and the three months ended March 31, 2001 and March 31, 2002.

	Year ended December 31,			Three months ended March 31,	
	1999	2000	2001	2001	2002
	(in millions)				
Revenues	$817	$592	$135	$ 46	$
Earnings from operations	123	62	15	6	
Net gain on sale		590	77	10	
Earnings	123	652	92	16	

Liquidity And Capital Resources

Financial Position

Our total assets at March 31, 2002 were $17,966 million, a decrease of 2% from December 31, 2001. The decrease in assets resulted from a reduction in accounts receivable of $307 million, reflecting the seasonality of our businesses, depreciation and amortization, adverse currency translation effects and the reduction of goodwill and identifiable intangible assets resulting from a transitional impairment charge of $76 million, before tax, in connection with the adoption of the new accounting standard related to goodwill and identifiable intangible assets. Our total assets at December 31, 2001 were $18,402 million, an increase of $2,703 million or 17% over our total assets at December 31, 2000, primarily due to the acquisition of the Harcourt businesses.

Our total assets at December 31, 2001 and March 31, 2002 were distributed across our market groups and corporate and other as follows.

	Year ended December 31, 2001		Three months ended March 31, 2002	
	Total Assets	Percentage of Total Assets	Total Assets	Percentage of Total Assets
	(in millions)			
Thomson Legal and Regulatory	$ 7,266	40%	$ 7,085	39%
Thomson Learning	5,216	28	5,030	28
Thomson Financial	3,165	17	3,196	18
Thomson Scientific and Healthcare	930	5	851	5
Corporate and other	1,825	10	1,804	10
	$18,402	100%	$17,966	100%

Our total debt at March 31, 2002 was $4,875 million, compared to $4,744 million at December 31, 2001. Total debt consists of short-term indebtedness, the current portion of long-term debt and long-term debt. After adding $236 million for the total liability for related currency swaps, our total debt was $5,111 million at March 31, 2002.

After deducting cash and cash equivalents of $577 million, our total net debt was $4,534 million at March 31, 2002. At the same date, total shareholders equity, including $442 million of preference share capital redeemable only at our option, was $7,994 million. Our ratio of net debt to shareholders equity at March 31, 2002 was 0.57:1. This compares to a ratio at December 31, 2001 of 0.54:1. The change in the ratio was due to the increase in net debt and the reduction in shareholders equity reflecting the first quarter net loss, changes in currency exchange rates, common dividend payments and the adjustment to opening retained earnings from the recognition of a transitional impairment charge.

Our total debt at December 31, 2001 was $4,744 million. Our total debt in 2001 increased 66%, or $1,882 million, primarily due to our borrowings to fund the acquisition of the Harcourt businesses. After adding $238 million for the total liability for related currency swaps our total debt was $4,982 million.

After deducting cash and cash equivalents of $532 million, our total net debt was $4,450 million at December 31, 2001. At the same date, our total shareholders equity, including $442 million of preference share capital redeemable only at our option, was $8,220 million. Our ratio of net debt to shareholders equity at December 31, 2001 was 0.54:1. This ratio increased from 0.35:1 at December 31, 2000 as a result of increased borrowings during 2001 associated with our acquisitions.

Presently, our long-term debt is rated A3 (stable outlook) by Moodys, A- (negative outlook) by Standard & Poor s and A (low) by Dominion Bond Rating Service. Our short-term debt is rated R-1 (low) by Dominion Bond Rating Service. The maturity dates for our long-term debt are well balanced with no significant concentration in any one year.

Cash Flow

Our principal sources of liquidity have been cash provided by our operations, proceeds from the disposition of non-strategic assets, borrowings under our revolving bank credit facilities and our commercial paper program, the issuance of public debt and the reinvestment of dividends primarily by Woodbridge. Our principal uses of cash have been to finance working capital, debt servicing costs, capital expenditures, acquisitions and dividend payments.

Cash provided by our operating activities in the three months ended March 31, 2002 was $163 million compared to $179 million in the three months ended March 31, 2001. The decrease was primarily attributable to increased interest costs related to higher borrowings. Cash provided by our operating activities in 2001 increased 45% to $1,623 million. This increase was attributable to income tax refunds received in 2001 of $172 million and a higher level of EBITDA which was partially offset by lower earnings from discontinued operations. Cash provided by our operating activities in 2000 decreased 3% to $1,116 million primarily because we had a higher level of working capital at the end of 2000 as a result of investments in working capital relating to acquisitions completed in 2000 and an overpayment of income taxes in late 2000 which was refunded in 2001.

Cash used in our investing activities in the three months ended March 31, 2002 was $178 million, compared to a net use of cash of $303 million in the three months ended March 31, 2001. The decrease was primarily attributable to our lower acquisition activity and lower capital expenditures in the first quarter of 2002 compared to the first quarter of 2001. Cash used in our investing activities in 2001 was $3,015 million. Our primary use of cash in 2001 was the $2,060 million used to acquire the Harcourt businesses. Cash used in our investing activities for 2000 was $1,400 million, which primarily reflects acquisitions completed during that year in the amount of $2,824 million after deducting $64 million in cash in these businesses when they were acquired. This was partially offset by the proceeds from the disposition of our newspaper businesses of $1,868 million.

Cash provided by our financing activities in the three months ended March 31, 2002 was $62 million, compared to a use of cash of $6 million in the three months ended March 31, 2001. The increase reflects lower repayments of debt in the first quarter of 2002 compared to the first quarter of 2001. Cash provided by our financing activities in 2001 was $1,591 million, principally reflecting borrowings to fund the acquisition of the Harcourt businesses which included the issuance of $1,801 million of public debentures. We also raised $250 million in 2001 from Woodbridge from the issuance by a subsidiary of ours of preferred shares. Cash provided by financing activities for 2000 was $294 million primarily from borrowings in 2000 associated with our acquisitions.

Dividends declared on our common shares in the three months ended March 31, 2002 amounted to $110 million. Of this amount, $40 million was reinvested in common shares through our dividend reinvestment plan, primarily by Woodbridge, resulting in common share dividend cash payments of $70 million. Dividends declared on our common shares in 2001 amounted to $439 million. Of this amount,

$160 million was reinvested in common shares through our dividend reinvestment plan, primarily by Woodbridge, resulting in common share dividend cash payments of $279 million. Dividends declared on our common shares in 2000 totaled $427 million. Of this amount, $156 million was reinvested in common shares through our dividend reinvestment plan, primarily by Woodbridge, resulting in common share dividend cash payments of $271 million. We increased the quarterly dividend by 2.9% to $0.175 per common share, which was effective with the dividend paid on December 15, 2000.

In 2001, we increased our commercial paper program in Canada from the Canadian dollar equivalent of $314 million to $628 million, calculated using the exchange rate on December 31, 2001. At March 31, 2002, $580 million of commercial paper was outstanding. Presently, we maintain revolving credit facilities in the amount of $1,400 million which terminate in August 2004. These facilities also support our commercial paper program and therefore the amount available under our revolving credit facilities is reduced to the extent we have commercial paper outstanding. At March 31, 2002, we had outstanding $129 million under these facilities. At December 31, 2001, our credit facilities were supplemented by bridge financing facilities in the amount of $1,500 million used to complete the acquisition of the Harcourt businesses. At December 31, 2001, there were no amounts outstanding under the bridge facilities and they were terminated in January 2002. We also have access to global public capital markets.

At December 31, 2001, our capital commitments to investments and joint ventures totaled $50 million and our existing obligations under operating lease commitments amounted to $937 million. We guarantee certain obligations of our subsidiaries, including borrowings by our subsidiaries under our revolving credit facilities. These guarantees generally require that we maintain a minimum amount of share capital and retained earnings and that our debt-to-equity ratio not exceed 2.0:1.

We expect to generate cash from our operations that is adequate to fund our future cash dividends, debt service, projected capital expenditures and tactical acquisitions that we pursue in the normal course.

Market Risks

We are exposed to potential losses arising from adverse changes in currency exchange and interest rates. We use hedging arrangements in the ordinary course of business to reduce our currency and interest rate exposures. In particular, where we borrow money in currencies other than U.S. dollars, we enter into currency swap arrangements only with counterparties that are significant financial institutions to convert our obligations into U.S. dollar amounts. At March 31, 2002, 98% of our indebtedness was denominated in U.S. dollars or had been swapped into U.S. dollar obligations. We do not enter into speculative positions through the use of derivatives or any other financial instruments.

At March 31, 2002, after taking into account interest rate swap agreements, 81% of our total debt was at fixed rates of interest and the remainder was at floating rates of interest. Using these numbers, a 1% change in interest rates would increase or decrease our full-year interest expense by approximately $10 million.

Based on our 2001 results of operations, a one cent change in either the average exchange rate for British pounds sterling into U.S. dollars or the average exchange rate for Canadian dollars into U.S. dollars would increase or decrease our adjusted operating profit by less than $1 million.

Critical Accounting Policies

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 upon 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 amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions.

Our most 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. A summary of our significant accounting policies, including the critical accounting policies discussed below, is set forth in the notes to our consolidated financial statements included elsewhere in this prospectus.

Revenue Recognition

Revenues from subscription-based products excluding software are primarily recognized ratably over the term of the subscription. Where applicable, usage fees are recognized as earned. Subscription revenue received or receivable in advance of the delivery of products or services is included in deferred revenue. Incremental costs that are directly related to the subscription revenue are deferred and amortized over the subscription period.

Revenues from sales of products such as textbooks that are separate and distinct from any other product and carry no further substantive performance obligations on our part after shipment, are recognized when delivery has occurred and significant risks and rewards of ownership have transferred to the customer, provided that the price is fixed or determinable and ultimate collection is reasonably assured. We recognize revenues from sales of discrete products net of estimated returns. Significant judgment is involved in estimating future returns. Estimates are made after taking into account historical experience and current market conditions. If future returns differ from our estimates, the impact would be recorded against future revenues and profits.

For all accounts receivable, we must make a judgment regarding the ability of our customers to pay and accordingly, we establish an allowance for estimated losses arising from non-payment. We consider customer credit-worthiness, current economic trends and our experience when evaluating the adequacy of this allowance. If future collections differ from our estimates, this would affect our future earnings.

Capitalized Software

A significant portion of our expenditures relates to software that is developed as part of our electronic databases, delivery systems and internal infrastructure, and, to a lesser extent, to software sold directly to customers. During the software development process, our judgment is required to determine which costs may be capitalized, as well as the expected period of benefit over which capitalized costs should be amortized. Due to rapidly changing technology and the uncertainty of the software development process itself, our future results could be affected if our current assessment of our various projects differs from actual performance.

Valuation of Identifiable Intangible Assets and Goodwill

We account for our business acquisitions under the purchase method of accounting. The total cost of an acquisition is allocated to the underlying net assets based on their respective estimated fair values. As part of this allocation process, we must identify and attribute values and estimated lives to the intangible assets acquired. While we may employ an expert to assist us with these matters, such determinations involve considerable judgment, and often involve the use of significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These determinations will affect the amount of amortization expense recognized in future periods.

We review the carrying values of all identifiable intangible assets and goodwill, when certain conditions arise, to determine if any impairment has occurred. Examples of these conditions include:

- significant underperformance relative to historical or expected future operating results,
- significant changes in the manner of our use of the acquired assets or our strategy,
- significant negative industry or economic trends, or
- significant decline in our share price or market capitalization.

Prior to January 1, 2002, we determined impairment by comparing the undiscounted amount of expected future operating cash flows with the carrying amounts of such assets. Expected future cash flows are based upon our best estimate given the facts and circumstances at that time. Impairments in the carrying amount of identifiable intangible assets and goodwill are expensed.

Effective January 1, 2002, we adopted the provisions of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3062, Goodwill and Other Intangible Assets. Accordingly, from that date we will test identifiable intangible assets with indefinite useful lives and goodwill by comparing carrying amounts to their fair values at least annually or when the conditions referred to above arise. The determination of fair value involves significant management judgment. Impairments in the carrying amounts of identifiable intangible assets with indefinite lives and goodwill will be expensed, except for impairments arising out of the initial adoption of this new accounting rule which will be treated as a change in accounting principle and charged directly to opening retained earnings in our consolidated balance sheet for fiscal 2002. We have recently completed our initial impairment review and have recognized an impairment charge in the first quarter of 2002 of $67 million, after tax. We anticipate recording an additional impairment charge of up to $100 million in the second quarter of 2002 in connection with the application of the new rule by our equity method investees. These charges will not affect our earnings under Canadian GAAP because they result from a change in accounting principle and will be charged directly to opening retained earnings in our consolidated balance sheet, but under U.S. GAAP these amounts will be charged to our earnings.

As the valuation of identifiable intangible assets and goodwill requires significant estimates and judgment about future performance and fair value, our future results could be affected if our current estimates of future performance and fair value change.

Income Taxes

We are required to estimate our income taxes in each of the jurisdictions in which we operate. This includes estimating a value for our existing net operating losses based on our assessment of our ability to utilize them against future taxable income before they expire. If our assessment of our ability to use our net operating losses proves inaccurate in the future, we might be required to recognize more or less of the net operating losses as assets, which would increase or decrease our income tax expense in the relevant year and this would affect our earnings in that year.

New Accounting Pronouncements

In 2001, CICA issued Handbook Section 3062, Goodwill and Other Intangible Assets. This standard requires that goodwill and identifiable intangible assets with indefinite lives no longer be amortized. Instead, those assets are subject to annual impairment tests. For business combinations occurring before July 1, 2001, amortization continued until December 31, 2001. After that date, carrying amounts of goodwill and identifiable intangible assets with indefinite lives will no longer be amortized. For business combinations occurring on or after July 1, 2001, goodwill and identifiable intangible assets with indefinite lives will not be amortized. See Critical Accounting Policies and note 4 to our unaudited consolidated financial statements for the three months ended March 31, 2002 included elsewhere in this prospectus for a more detailed description of this standard.

In 2001, CICA issued Handbook Section 3870, Stock-Based Compensation and Other Stock-Based Payments, which requires that if an entity does not use the fair value-based method to account for non-direct stock-based transactions with employees, the entity must disclose pro forma net income and earnings per share as if the fair value-based method of accounting was used. Additionally, this standard provides specific rules for accounting for stock appreciation rights and stock-based payments to employees, as well as non-employees. The new section is effective for fiscal periods beginning on or after January 1, 2002. We do not use the fair value-based method and, therefore, will disclose the required pro forma information in our financial statements beginning in 2002.

In 2001, CICA issued Accounting Guideline AcG13, Hedging Relationships, which addresses the identification, designation, documentation and effectiveness of hedging relationships and establishes conditions for applying hedge accounting. The guideline applies to hedging relationships in effect in fiscal years beginning on or after July 1, 2002.

In 2001, CICA issued Amended Handbook Section 1650, Foreign Currency Translation, which eliminates the deferral and amortization of foreign currency gains and losses on foreign currency denominated long-term assets and liabilities.

We have determined that the adoption of Handbook Section 1650 will have no material impact on our financial position or results of operations. We have not completed our assessment of the impact of adopting Accounting Guideline AcG13.

Quarterly Information (Unaudited)

The following table presents a summary of our segmented and consolidated operating results from continuing operations for each of the eight quarters ended June 30, 2000 through March 31, 2002.

	Quarter ended							
	June 30,		September 30,		December 31,		March 31,	
	2000	2001	2000	2001	2000	2001	2001	2002
	(unaudited) (in millions, except per share data)							
Revenues:								
Legal and Regulatory	$637	$683	$664	$691	$813	$835	$623	$665
Learning	279	312	489	676	437	622	241	397
Financial	257	405	288	393	406	391	396	388
Scientific and Healthcare	155	161	148	160	204	219	157	169
Corporate and other(1)	79	71	62	54	78	63	54	48