



**Corporate Governance
Guidelines**

**(Approved by the Board of Directors on
February 24, 2006)**

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THE THOMSON CORPORATION
CORPORATE GOVERNANCE GUIDELINES

1. GENERAL

The Board of Directors of The Thomson Corporation believes that sound corporate governance practices are essential to the well-being of the Corporation and the promotion and protection of its shareholders' interests as owners of the Corporation. The Board oversees the functioning of the Corporation's governance system, in part, through the work of the Corporate Governance Committee which it established in 1994.

The Board has adopted these guidelines, which reflect the Corporation's commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the Corporation as required under applicable law and stock exchange rules and requirements.

The fundamental responsibility of the Board is to supervise the management of the business and affairs of the Corporation with a view to sustainable value creation for all shareholders. The Board promotes fair reporting, including financial reporting, to shareholders of the Corporation and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. The Board believes that the Corporation is best served by a board of directors that functions independently of management and that is informed and engaged.

The Corporate Governance Committee will review these guidelines annually, or more often if warranted, and recommend to the Board such changes as it deems necessary and appropriate in light of the Corporation's needs and legal and regulatory developments.

2. BOARD COMPOSITION

(a) Board Membership Criteria

The Corporate Governance Committee is responsible for assessing the need for new directors, the preferred experience and qualifications for new directors, and the skills and competencies that the Board, its committees, individual directors and candidates should possess. The Committee recommends candidates for initial Board membership and Board members for renomination. Recommendations are based on character, integrity, judgment, business experience, record of achievement and any other skills and talents which would enhance the Board and overall management of the business and affairs of the Corporation. Each director must have an understanding of the Corporation's principal operational and financial objectives, plans and strategies, financial position and performance and the performance of the Corporation relative to its principal competitors. Directors must be able to dedicate sufficient time to carry out their duties and not assume responsibilities that would materially interfere with or be incompatible with Board membership. Directors who change their principal occupation are expected to advise the Corporate Governance Committee and, if determined appropriate by the Corporate Governance Committee, resign from the Board.

(b) **Director Independence**

The Board's composition and procedures are designed to permit it to function independently from management and to promote and protect the interests of all shareholders, in particular shareholders other than the Thomson family. The Board believes that, except during periods of temporary vacancies, not less than half of its members should be independent.

The Board determines whether a director is independent. In determining independence, the Board relies on the definition of "independent" as referenced in National Instrument 58-101 "Disclosure of Corporate Governance Practices" and the New York Stock Exchange (NYSE) listing standards. Generally, an independent director means a director who has been affirmatively determined by the Board to have no material relationship with the Corporation, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with the Corporation. A material relationship is a relationship which could, in the Board's determination, reasonably interfere with the exercise of a director's independent judgment.

The Board will review the independence of all directors on an annual basis and will publish its determinations in the management information circular for the Corporation's annual meeting of shareholders. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships that may affect the Board's determination as to their independence.

Five of the directors of the Corporation are executive officers of The Woodbridge Company Limited, a private company that is the primary investment vehicle for Kenneth R. Thomson and other members of the family of the late first Lord Thomson of Fleet, or Woodbridge's affiliates other than the Corporation (David K. R. Thomson, the current Chairman, W. Geoffrey Beattie, the current Deputy Chairman, Kenneth R. Thomson, Peter J. Thomson and John A. Tory). The NYSE listing standards suggest that directors in such a relationship with the Corporation be considered not independent. The Board believes that, given that there are no material relationships between any of them and the Corporation or between Woodbridge and the Corporation which affect their independence, other than Woodbridge's ownership of common shares of the Corporation, Woodbridge's interests as a shareholder of the Corporation are fully aligned with those of the Corporation's other shareholders. Nevertheless, the Board does not classify those directors as independent directors.

The NYSE listing standards require a listed company to have, among other things, a majority of independent directors on its Board. The listing standards permit a "controlled company" to be exempt from these requirements. A "controlled company" is a company of which more than 50% of the voting power is held by an individual, group or another company. The Corporation is controlled by Kenneth R. Thomson. The Board has approved the Corporation's reliance on the controlled company exemption.

(c) **Board Size**

The Board is currently of the view that its optimal size for effective decision-making and committee work is 14 to 16 members, and that it may need to increase beyond that from time to time in anticipation of retirements from the Board.

(d) **Term**

All directors are elected at the annual meeting of shareholders of the Corporation for a term of one year. The Board does not believe it should establish term limits or mandatory retirement ages for its members as such limits may deprive the Corporation and its shareholders of the contributions of members who have been able to develop, over time, valuable insights into the Corporation, its strategy and business operations.

(e) **Board Succession**

The Corporate Governance Committee is responsible for maintaining a Board succession plan that is responsive to the Corporation's needs and the interests of its shareholders.

(f) **Service on Other Boards and Audit Committees**

The Board does not believe that its members should be prohibited from serving on the boards of other public companies so long as these commitments do not materially interfere with and are not incompatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chairman or Deputy Chairman in advance of accepting an invitation to serve on the board of another public company and, as a general rule, directors are not allowed to join a board of another public company on which two or more other directors of the Corporation serve.

Members of the Audit Committee may not serve on the audit committees of more than two other public companies without the prior approval of the Board.

3. BOARD DUTIES AND RESPONSIBILITIES

The directors' primary responsibility is to act in good faith and to exercise their business judgement in what they reasonably believe to be the best interests of the Corporation. In fulfilling its responsibilities, the Board is, among other matters, responsible for the following matters.

(a) **Appointment and Supervision of the Chief Executive Officer and Senior Management**

The Board appoints and supervises the Chief Executive Officer and other members of the Corporation's senior management, approves their compensation and, as permitted by applicable law, delegates to senior management responsibility for the day-to-day operations of the Corporation.

The Board will satisfy itself that a process is in place to provide for the development, evaluation and succession of the Chief Executive Officer and other members of senior management. The Board will establish and maintain a position description for the Chief Executive Officer.

The Board will satisfy itself as to the integrity of the Chief Executive Officer and other members of senior management, including confirming that the Chief Executive Officer and other members of senior management create a culture of integrity throughout the Corporation.

For purposes of these guidelines, references to “senior management” mean executives of the Corporation or its business groups as determined by the Board from time to time.

(b) Strategic Planning and Risk Management

The Board will establish and maintain the Corporation’s mission, values, long-term strategic goals, performance objectives and operational policies. In this regard, the Board will:

- review and approve on an annual basis a business plan developed with management which includes rigorous but realistic goals;
- adopt a strategic planning process and review and approve, on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- approve strategic and operational policies within which management will operate in relation to capital expenditures, acquisitions and dispositions, disclosure and communications, finance and investment, risk management, human resources, internal financial and disclosure controls and management information systems;
- set annual corporate and management performance targets;
- confirm that a system is in place to identify the principal risks facing the Corporation and its businesses and that appropriate procedures and systems are in place to monitor, mitigate and manage such risks; and
- confirm that processes are in place for the Corporation and its businesses to address and comply with applicable legal, regulatory, corporate, securities and other compliance matters.

(c) Financial Reporting and Management

The Board will:

- approve the Corporation’s annual and interim financial statements and related management’s discussion and analysis and review and oversee the integrity of the Corporation with regard to its compliance with applicable audit, accounting and financial reporting requirements;
- approve annual operating and capital budgets;
- confirm the integrity of the Corporation’s internal control and management information systems; and
- review operating and financial performance results relative to established strategies, plans, budgets and objectives.

(d) **Disclosure and Communications**

The Board will satisfy itself that appropriate policies and procedures are in place regarding public disclosure and restricted trading by insiders. In this regard, the Board will approve a corporate disclosure policy for the Corporation and will confirm that a process is in place to disclose all material information in compliance with the Corporation's timely disclosure obligations and to prevent selective disclosure of material information to analysts, institutional investors, market professionals and others.

(e) **Corporate Governance**

The Board will:

- develop the Corporation's approach to corporate governance, including establishing appropriate principles and guidelines relating to corporate governance that are specifically applicable to the Corporation and practices to facilitate the Board's independence;
- establish committees and approve their respective charters and the limits of authority delegated to each committee;
- establish appropriate processes for the regular evaluation of the effectiveness of the Board and its committees;
- approve the nomination of directors;
- review the adequacy and form of directors' compensation to confirm that it realistically reflects the responsibilities and risks involved in being a director;
- arrange for non-management directors to meet at least quarterly without management present and for independent directors to meet at least annually; and
- ensure that sufficient funds are available for its effective operation and that of its committees.

(f) **Approval of Certain Other Matters**

The Board must approve those matters which may not be delegated by the Board under applicable corporate law including, among others, the issuance of securities of the Corporation (except in the manner and on terms authorized by the Board), the declaration of dividends, the repurchase or redemption of shares of the Corporation and the adoption, repeal or amendment of the by-laws of the Corporation. The Board may also reserve to itself the right to approve certain matters notwithstanding the delegation to senior management of the authority to manage the business of the Corporation.

4. CONTROLLING SHAREHOLDER

As of the date hereof, Kenneth R. Thomson, in part through Woodbridge and its subsidiaries, controlled the Corporation through his shareholdings.

Woodbridge's primary investment is its holding of common shares of the Corporation. In its involvement with the Corporation, Woodbridge focuses principally on the following matters:

- corporate governance, including the effectiveness of the Board;
- the appointment of the Chief Executive Officer and other members of senior management and related succession planning;
- the development of the long-term business strategy of the Corporation and assessment of its implementation; and
- capital strategy.

With its expertise in dealing with these matters and its substantial equity investment in the Corporation, Woodbridge monitors the Corporation as an owner to an extent that other shareholders cannot. Woodbridge considers that its interests as a shareholder are fully aligned with those of all other shareholders.

5. CHAIRMAN

The Board will in each year elect from among its members a Chairman who is not the Chief Executive Officer or otherwise a member of the Corporation's management.

The Chairman is principally responsible for overseeing the operations and affairs of the Board.

6. DEPUTY CHAIRMAN

The Board may in each year elect from among its members a Deputy Chairman who is not the Chief Executive Officer or otherwise a member of management.

The Deputy Chairman is responsible for assisting the Chairman in fulfilling his duties and for performing additional duties requested by the Board.

7. SECRETARY TO THE BOARD OF DIRECTORS

The Board will appoint an individual who is not a member of management to act as the Secretary to the Board.

The Secretary to the Board is responsible for assisting the Chairman and the Deputy Chairman in managing the operations and affairs of the Board and for performing additional duties requested by the Chairman, the Deputy Chairman or the Board or any of its committees. The Secretary to the Board reports directly to the Chairman and the Deputy Chairman.

8. BOARD COMMITTEES

(a) General

The Board carries out its responsibilities directly and through the following committees and such other committees as it may establish from time to time: the Audit Committee, the Corporate Governance Committee, the Human Resources Committee and the Finance Committee.

(b) **Composition**

All committees will be comprised solely of directors who are not members of management and who are selected by the Board on the recommendation of the Corporate Governance Committee. The Corporation relies on an exemption available to controlled companies from the NYSE listing standards requiring the Human Resources and Corporate Governance Committees to be composed entirely of independent directors. Members of the Audit Committee must be independent and are subject to the additional requirements that they may not (i) accept directly or indirectly any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), or (ii) be an “affiliated person” of the Corporation or any of its subsidiaries (within the meaning of applicable law). Each member of the Audit Committee will be “financially literate” (within the meaning of applicable law).

(c) **Chair**

The Audit Committee, Corporate Governance Committee and the Human Resources Committee are each chaired by an independent director who is selected by the Board on the recommendation of the Corporate Governance Committee and is responsible for determining the agenda and the frequency and conduct of meetings.

(d) **Charters**

Each committee has its own charter that sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board. On an annual basis, each committee’s charter is reviewed by both the committee itself and the Corporate Governance Committee and is also reviewed and approved by the Board. Copies of each charter are posted on the Corporation’s website.

9. BOARD AND COMMITTEE MEETINGS

(a) **Scheduling**

Board meetings are scheduled in advance at appropriate intervals throughout the year. In addition to regularly scheduled Board meetings, additional Board meetings may be called upon proper notice at any time to address specific needs of the Corporation. The Board may also take action from time to time by unanimous written consent. A Board meeting may be called by the Chairman, the Deputy Chairman, the Chief Executive Officer or any two directors.

Each committee meets as often as it determines is necessary to fulfill its responsibilities. A meeting of any committee may be called by the committee chair, the Chairman, the Deputy Chairman, the Chief Executive Officer or any committee member.

Board meetings are held at a location determined by the Chairman and meetings of each committee are held at a location determined by the committee chair. The Board meets at least once a year at the offices of one of the Corporation’s businesses so that directors

may meet operating management and develop a deeper understanding of a particular business or market group.

(b) **Agenda**

The Chairman establishes the agenda for each Board meeting in consultation with the Deputy Chairman, the other directors, the Secretary to the Board and the Corporation's senior management. Any director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Committee chairs establish the agenda for each committee meeting. Any committee member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any committee meeting raise subjects that are not on the agenda for the meeting.

(c) **Meetings of Non-Management and Independent Directors**

To facilitate the Board's independence, non-management directors meet as a group after each Board meeting without management present. Non-management directors may also meet without management present at such other times as determined by the chairing or presiding director. The Deputy Chairman informs management of the substance of these meetings to the extent that action is required by them. At least annually, independent directors will meet separately. The Chair of the Corporate Governance Committee chairs these meetings and informs the Chairman and the Deputy Chairman of the substance of these meetings to the extent that action is required by them.

(d) **Distribution of Information**

Information that is important to the Board's understanding of the business and its meeting agenda are distributed to the Board before it meets. Sensitive subject matters may be discussed at a meeting without written materials being distributed in advance or at the meeting. The Board periodically receives reports on the operating activities of the Corporation, as well as reports on certain non-operational matters, including corporate governance, insurance, pensions and treasury matters. The Corporation maintains a secure intranet site for directors, which is used to distribute information and to foster communication among directors and between directors and the Corporation's senior management.

(e) **Preparation, Attendance and Participation**

Each director is expected to prepare adequately for and attend all meetings of the Board and any committee of which he or she is a member. A director who is unable to attend a Board or committee meeting in person may participate by telephone or teleconference.

(f) **Procedures**

Procedures for Board meetings are determined by the Chairman unless otherwise determined by the by-laws of the Corporation or a resolution of the Board.

Procedures for committee meetings are determined by the chair of the committee unless otherwise determined by the by-laws of the Corporation or a resolution of the committee or the Board.

10. DIRECTOR COMPENSATION

The Board believes that compensation for directors should be competitive with the compensation paid to directors of businesses of comparable size and in comparable markets. The Board reviews directors' compensation annually with these criteria in mind.

Non-management directors (except for the Chairman and Deputy Chairman) must receive at least one-third and may receive up to 100% of their annual retainer in common shares of the Corporation or deferred share units. If a director elects to receive shares, the amount (net of withholding taxes) is used to buy shares for the director in the open market. If a director elects to receive deferred share units, units representing the value of the shares are credited to the director's account based on the market value of a share. Deferred share units are paid to the director within one year following termination of Board service. Payment will be made in shares or cash (net of withholding taxes), based on the market value of the shares on the date of payment. Deferred share units also accumulate additional units based on notional equivalents of dividends declared on the Corporation's common shares. The Board believes that this plan further aligns the interests of directors with the interests of other shareholders.

Directors are reimbursed by the Corporation for reasonable travel and out-of-pocket expenses incurred in connection with their duties as directors.

Management directors do not receive compensation for their services as directors. Neither the Chairman nor the Deputy Chairman receives attendance fees.

11. SHARE OWNERSHIP REQUIREMENTS

Directors are required to hold common shares or deferred share units of the Corporation having a value equal to at least five times the amount of their annual retainer for service as a director. Directors have from the later of January 20, 2008 or five years from the date of their election or appointment to the Board to comply with this requirement.

The Chief Executive Officer is required to acquire and hold common shares or deferred share units of the Corporation with a value equal to at least five times his or her annual base salary.

Each of the other executive officers of the Corporation is required to acquire and hold common shares or deferred share units of the Corporation with a value equal to at least his or her annual base salary or, in some instances, with a value equal to at least three times his or her annual base salary, depending on his or her position with the Corporation.

The Chief Executive Officer and the other executive officers of the Corporation do not have a deadline in which to comply with the share ownership requirements. Each of them is expected to retain a specified percentage of the common shares of the Corporation that he or she acquires (after applicable tax withholdings) through option exercises and the vesting of restricted share units until he or she has attained the share ownership requirements. The Chief Executive Officer is currently required to retain 100% of the common shares of the Corporation that he acquires and the other executive officers of the Corporation must retain 50% of the common shares of the Corporation that they acquire, until they attain the share ownership requirements.

12. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

New directors receive orientation materials describing the Corporation's business, its corporate governance structure and related policies and information. New directors also have meetings with the Corporation's Chairman, Deputy Chairman, Chief Executive Officer and Chief Financial Officer and other senior executives, including heads of the Corporation's major business groups. Early in their tenure, new directors are provided with the opportunity to visit major facilities and meet with operating management of the Corporation's market groups.

The Corporate Governance Committee is responsible for confirming that procedures are in place and resources are made available to provide directors with appropriate continuing education opportunities. Directors may attend continuing education programs at the Corporation's expense.

13. BOARD ACCESS TO MANAGEMENT AND ADVISORS

The Board has complete access to members of the Corporation's management and directors are encouraged to raise any questions or concerns directly with management. The Board and its committees may invite any member of management, employee, outside advisor or other person to attend any of their meetings.

In carrying out their duties, the Board and any of its committees may retain an outside advisor at the expense of the Corporation at any time and have the authority to determine the advisor's fees and other retention terms. Individual directors may retain an outside advisor at the expense of the Corporation with the approval of the Corporate Governance Committee.

14. PERFORMANCE ASSESSMENTS OF THE BOARD, DIRECTORS AND COMMITTEES

The Board, acting through the Corporate Governance Committee, annually reviews the effectiveness of the Board, each director and each Board committee in fulfilling their responsibilities and duties, including their effectiveness and contribution. The Corporate Governance Committee subsequently makes recommendations to the Board for appropriate action. The Corporate Governance Committee also evaluates individual directors to assess their suitability for nomination for re-election.

15. CODE OF BUSINESS CONDUCT AND ETHICS

The Board has adopted a Code of Business Conduct and Ethics. The Board expects all directors, officers and employees of the Corporation and its subsidiaries to conduct themselves in accordance with the highest ethical standards and adhere to the Code. Any waiver of the Code for directors or executive officers may only be made by the Board or one of its committees and will be disclosed by the Corporation to the extent required by law, regulation or stock exchange requirement.

16. PROHIBITION ON PERSONAL LOANS

The Corporation will not extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any director or executive officer.

17. INDEMNIFICATION AND INSURANCE

In accordance with the by-laws of the Corporation and applicable Ontario law, present and former directors and officers are each indemnified by the Corporation against all liability and costs arising out of any action or suit against them from the execution of their duties, provided that they have carried out their duties honestly and in good faith with a view to the best interests of the Corporation and have otherwise complied with the provisions of applicable corporate law.

The Corporation maintains insurance or comparable arrangements for the benefit of its directors and officers against any liability incurred by them for which they would be indemnified. The amount and terms of the insurance coverage or comparable arrangements are dependent upon prevailing market conditions and practices with the objective of adequately protecting directors and officers from such liability.

18. CONFLICTS OF INTEREST

Each director is required to inform the Board of any potential or actual conflict of interest he or she may have with the Corporation. If a director has a personal interest in a matter before the Board or a committee, he or she must not participate in any vote on the matter, except where the Board or the committee has expressly determined that it is appropriate for him or her to do so.

To avoid potential conflicts of interest, interlocking directorships will not be allowed. Interlocking directorships occur where a member of senior management of the Corporation serves on the board or as a trustee of a company or institution that employs a director of the Corporation.

19. TO CONTACT THE BOARD AND ITS COMMITTEES

The Board welcomes input and comments from shareholders of the Corporation. You may contact one or more members of the Board or its committees by writing to the Secretary to the Board at:

Board of Directors of The Thomson Corporation
c/o David W. Binet, Secretary to the Board of Directors
The Thomson Corporation
65 Queen Street West, Suite 2400
Toronto, Ontario M5H 2M8
Canada

E-mail: board.secretary@thomson.com