

PEARSON

The Pearson logo consists of the word "PEARSON" in a white, serif, all-caps font. Below the text is a white, curved line that starts under the "P", arches over the "A", "R", and "S", and ends under the "N".

Lehman Brothers

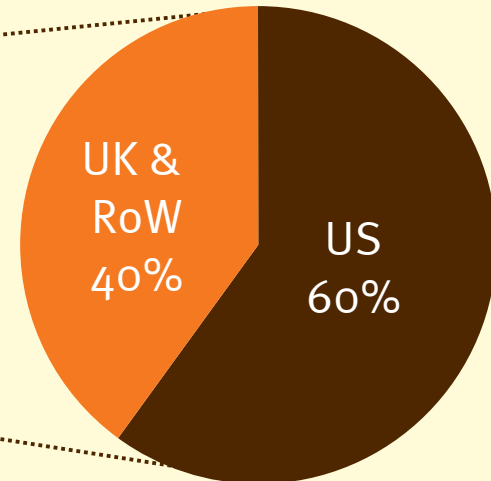
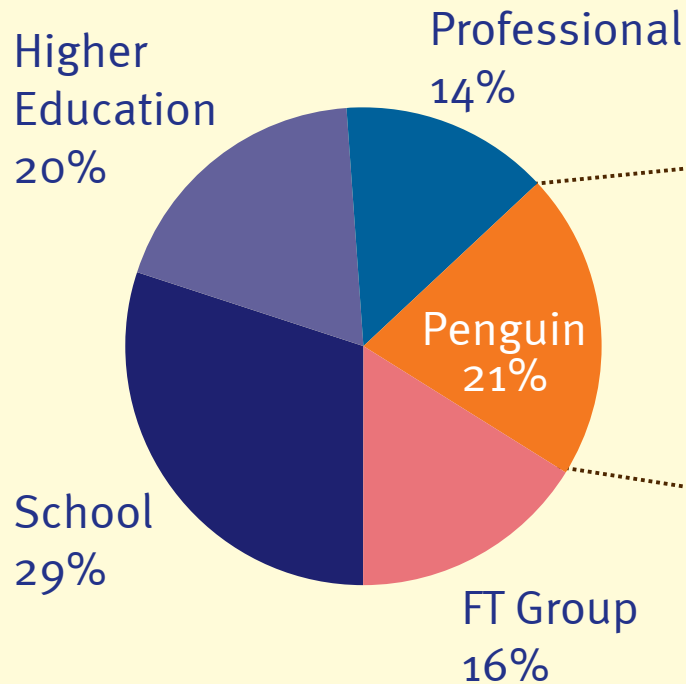
David Shanks
CEO, Penguin Group (US)

15 June 2005

Our shape

Pearson
Sales: \$7,096m
Profits: \$758m

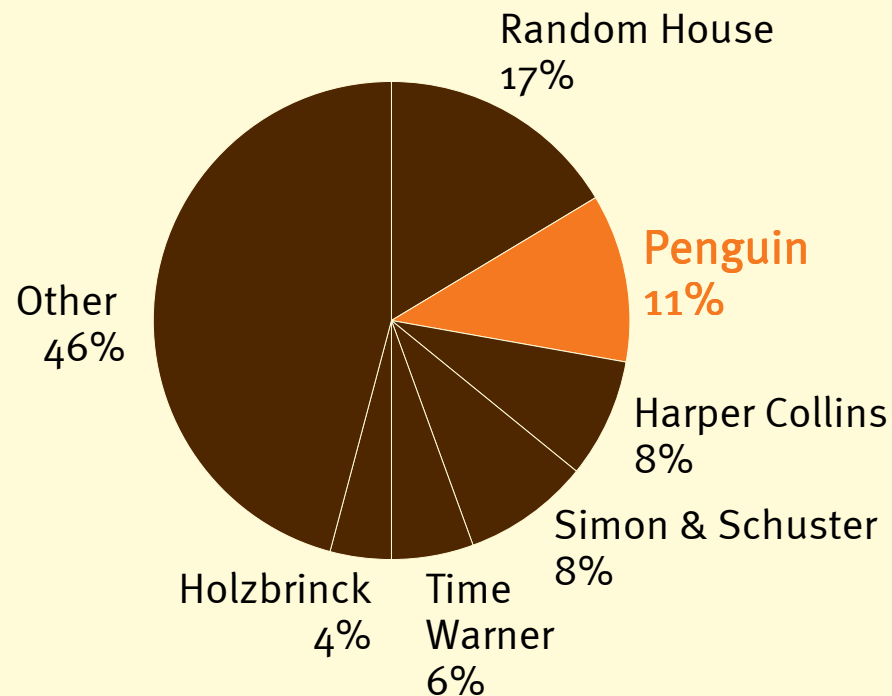
Penguin Group
Sales: \$1,509m
Profits: \$100m



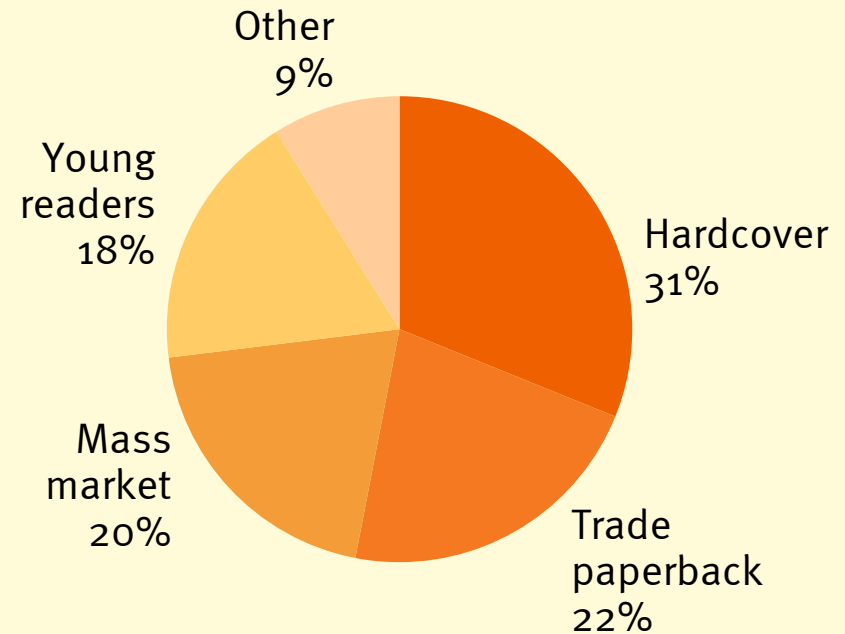
2004 results under IFRS translated at year end rate of £1: \$1.92

The US consumer publishing market

By publisher



By category



A US publishing powerhouse



Strength of brand and backlist

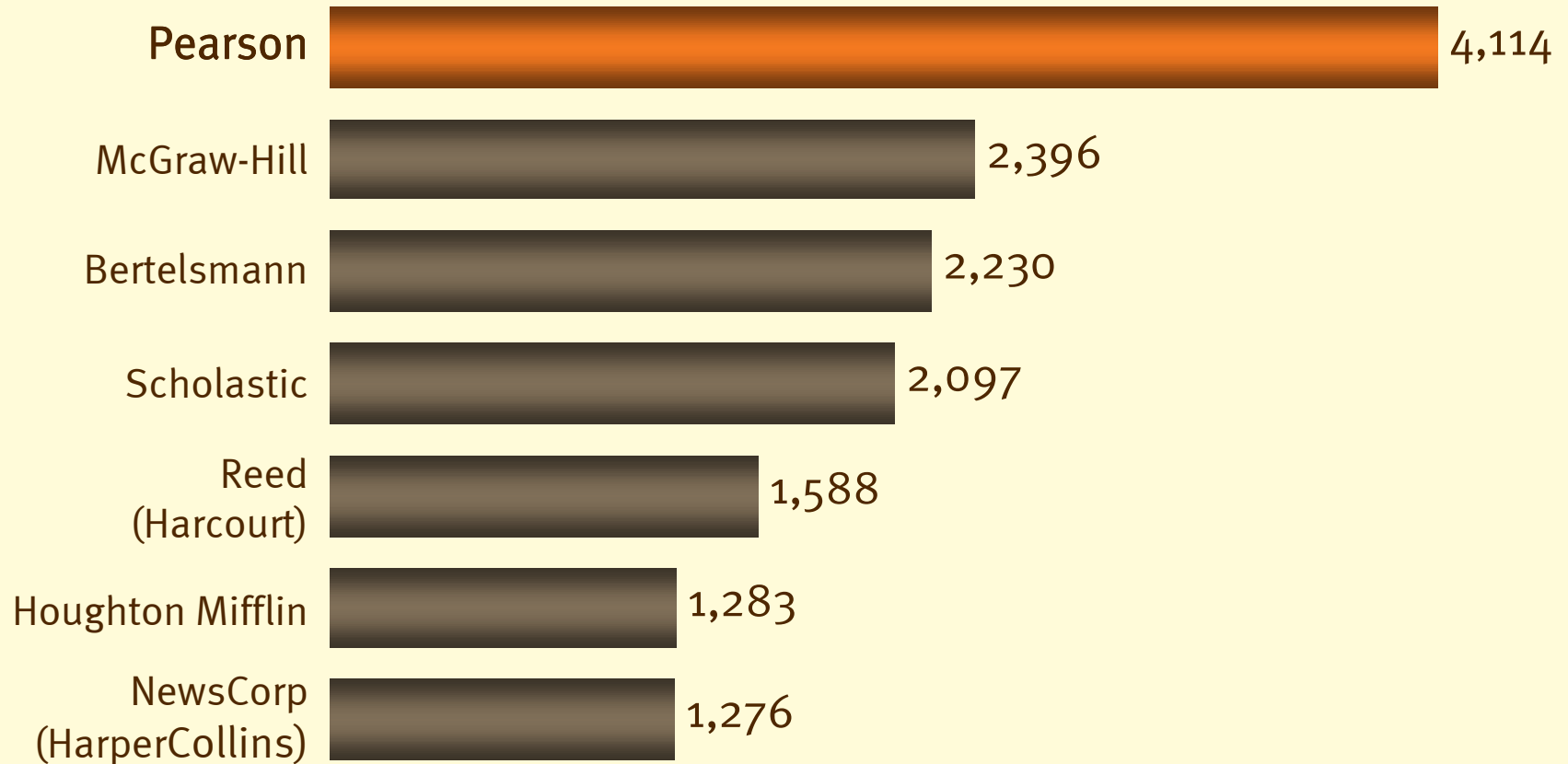


#1 imprint in US

- Breadth of publishing
- A leader in every major English language book market
- Part of the world's largest book company

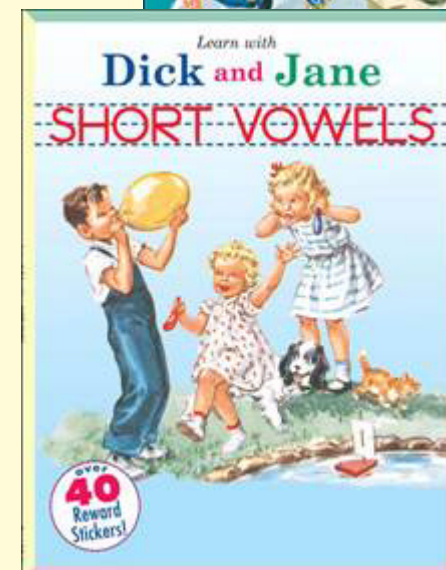
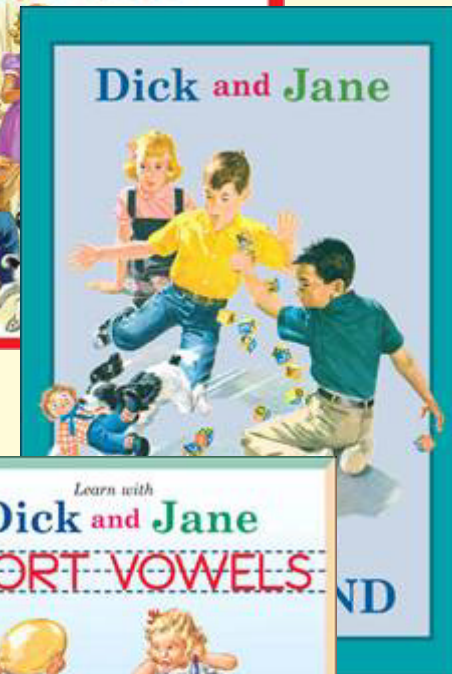
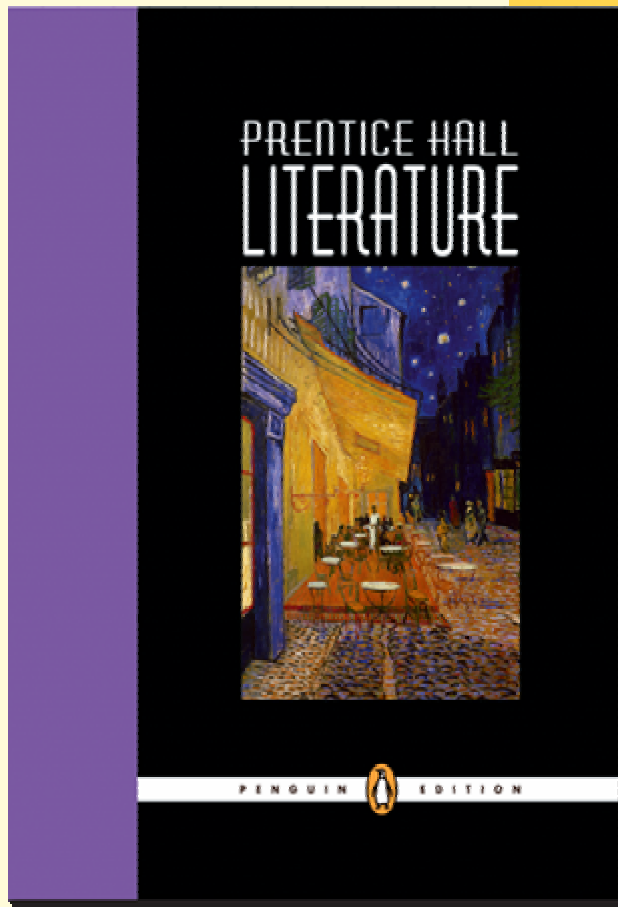
The world's leading book company

Book revenues, \$m

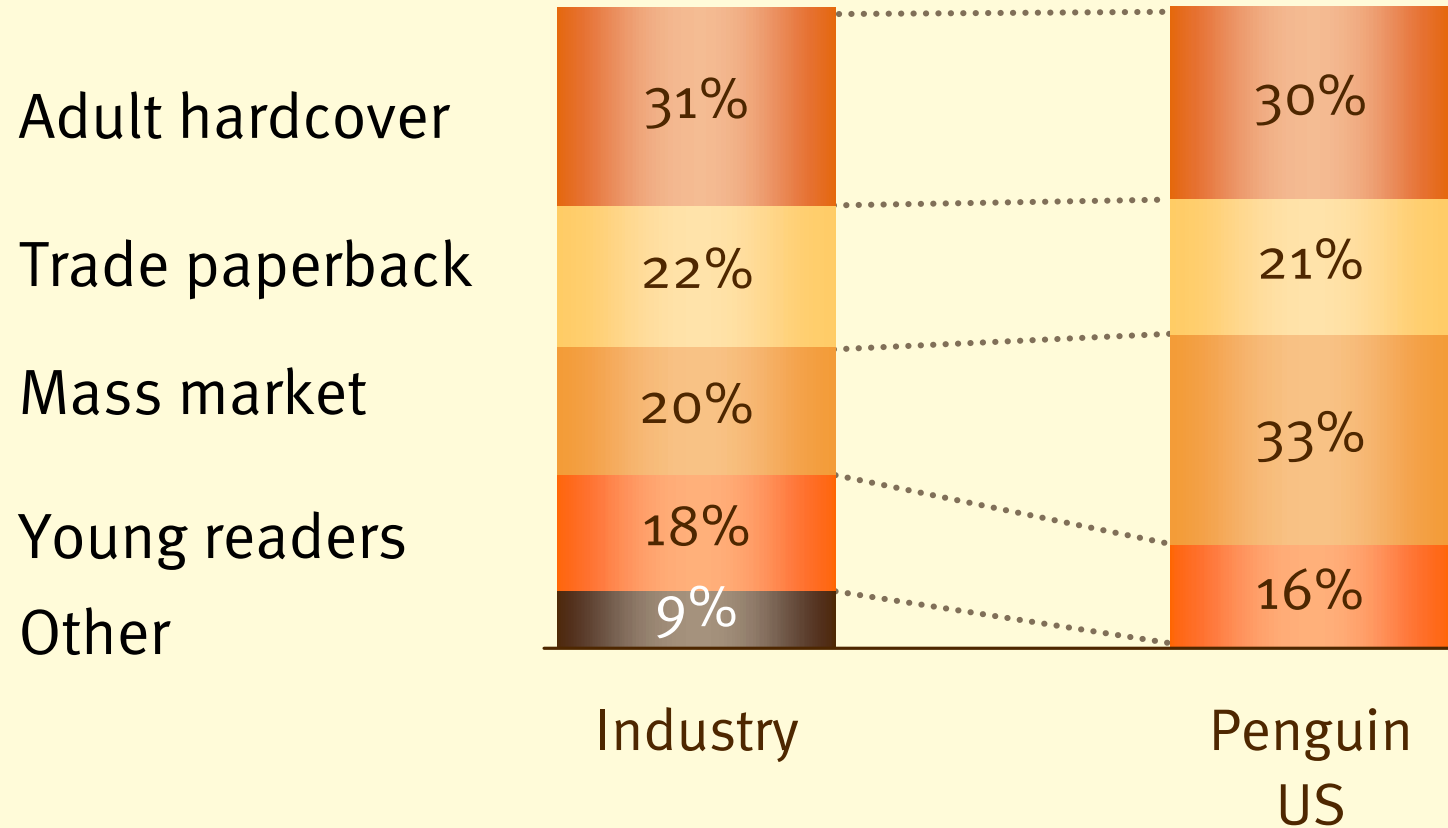


Source: 2004 results

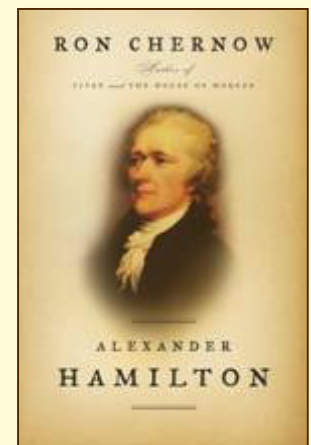
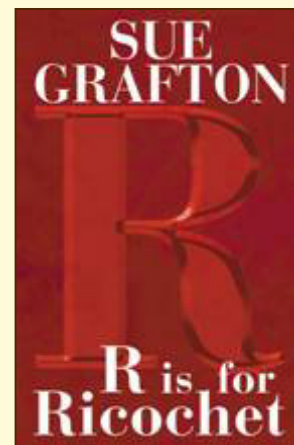
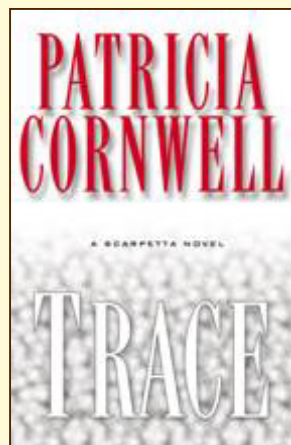
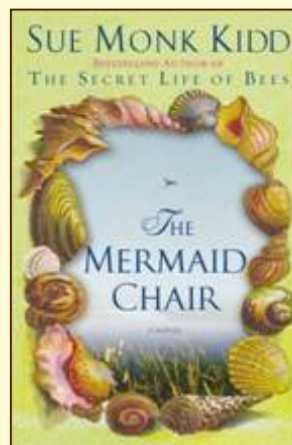
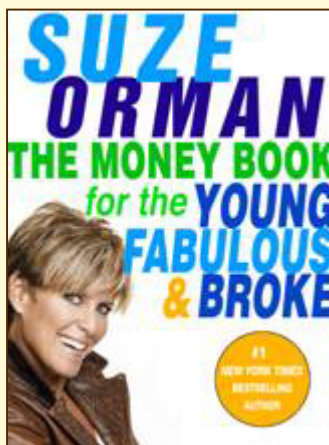
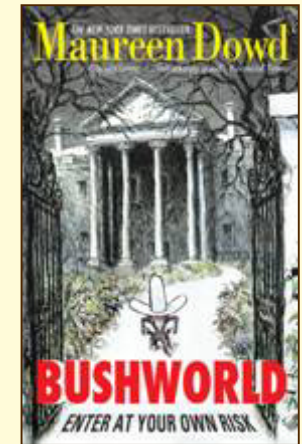
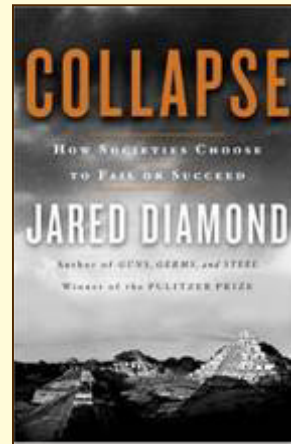
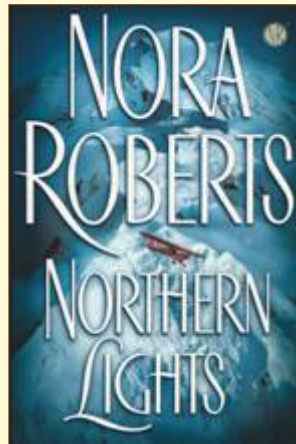
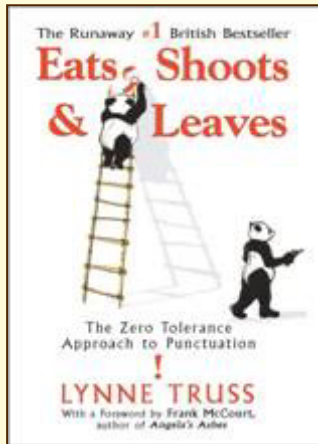
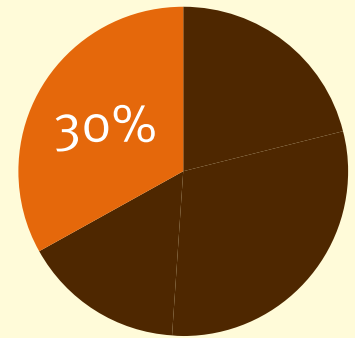
Note: 2004 FY average £1:\$1.83; €1:\$1.25.



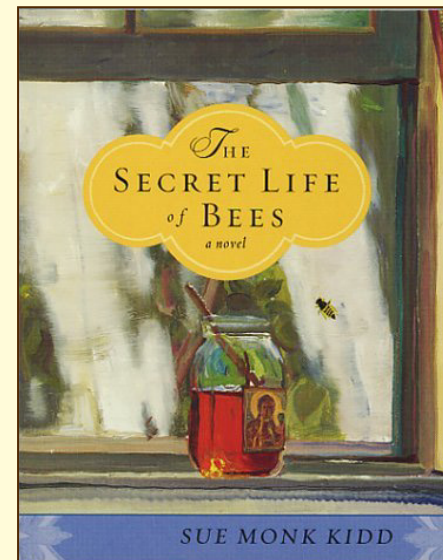
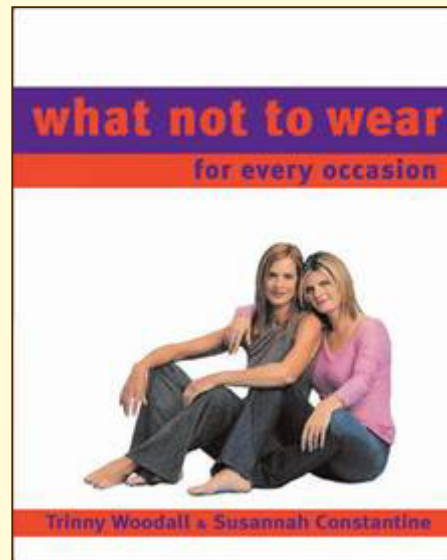
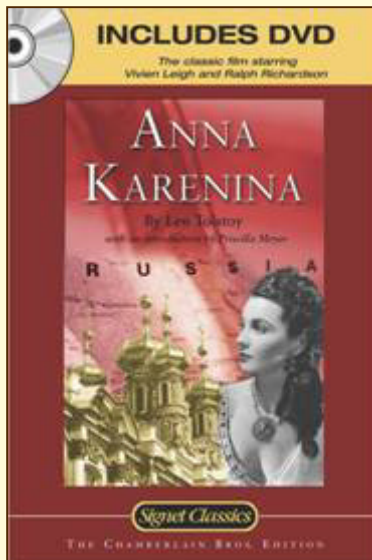
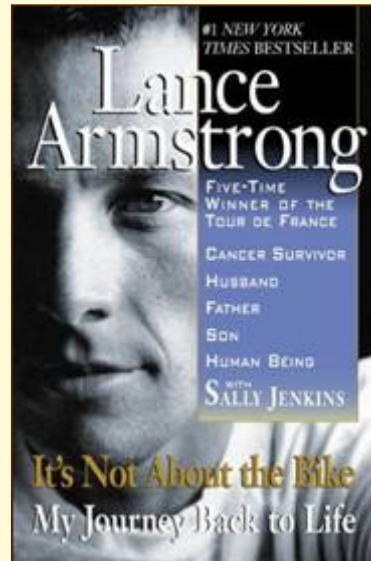
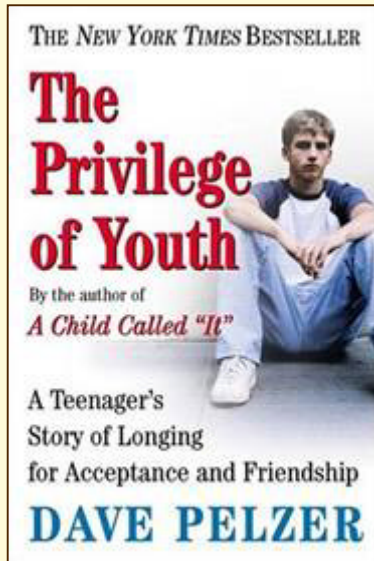
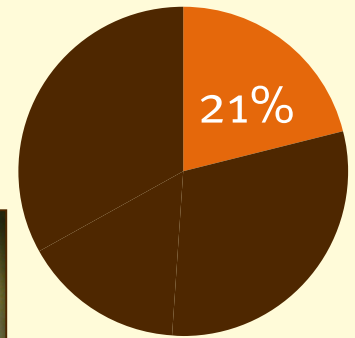
US gross sales by format, 2004



Adult hardcover



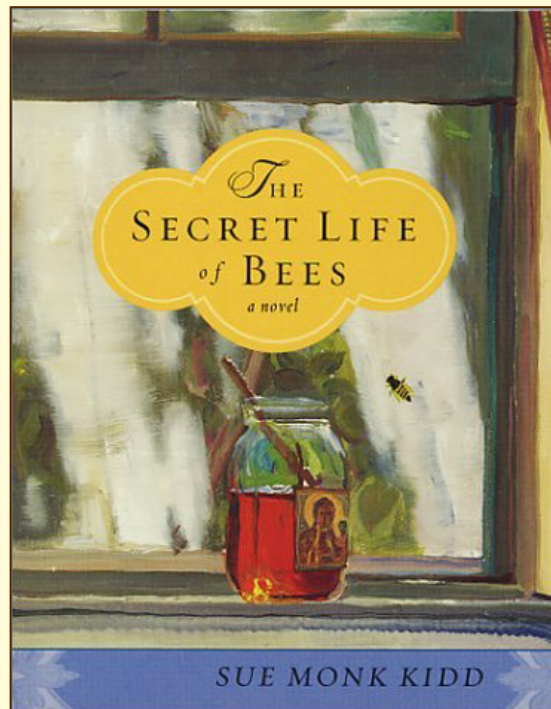
Trade paperback



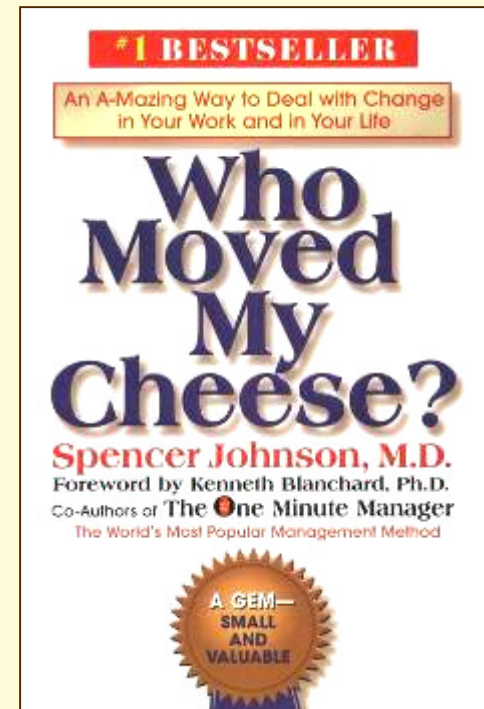
Emergence of multi-million bestsellers



2.2m



3.7m

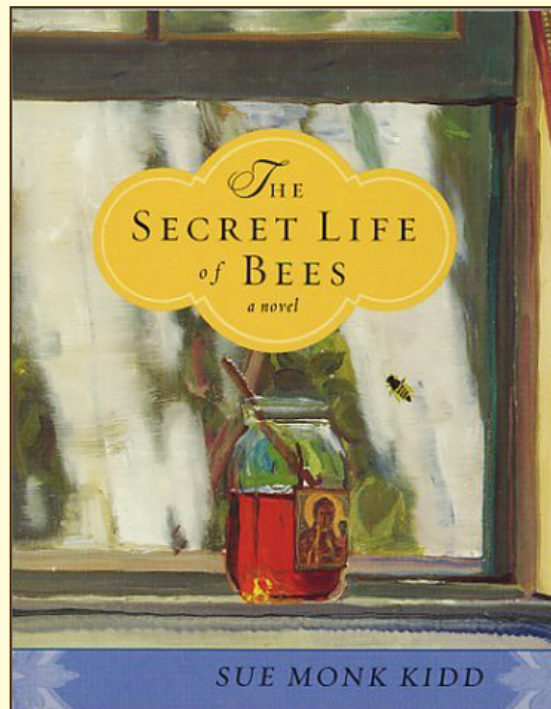


7.2m

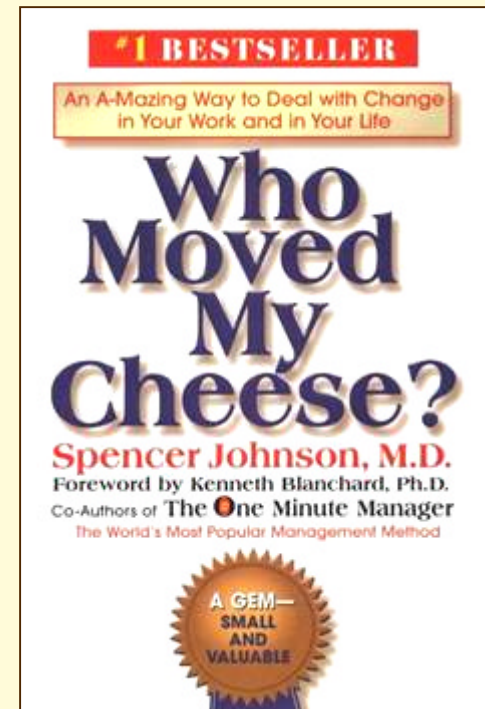
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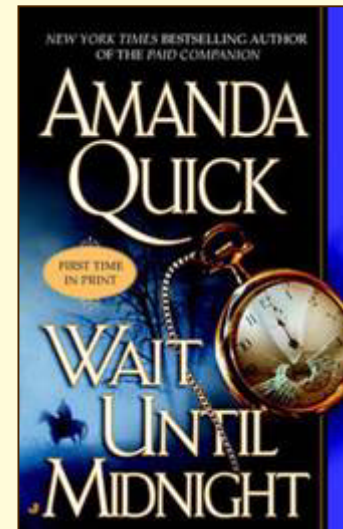
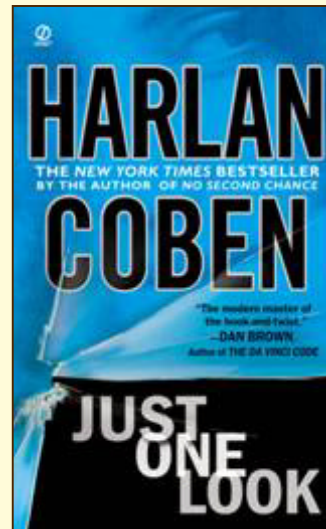
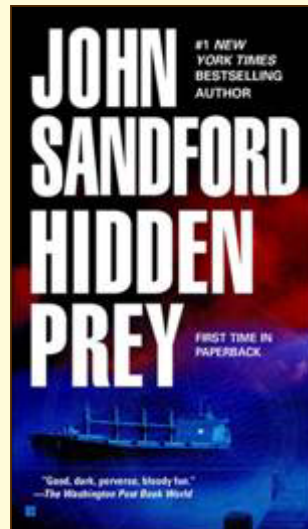
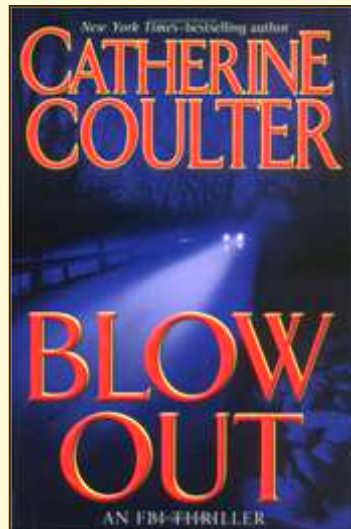
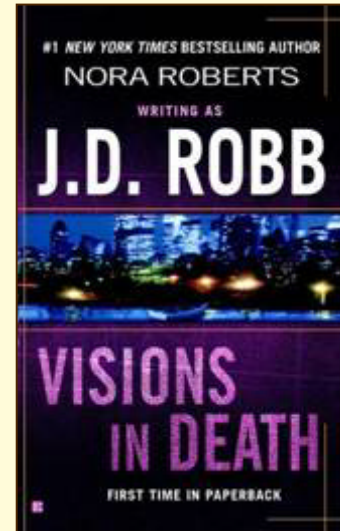
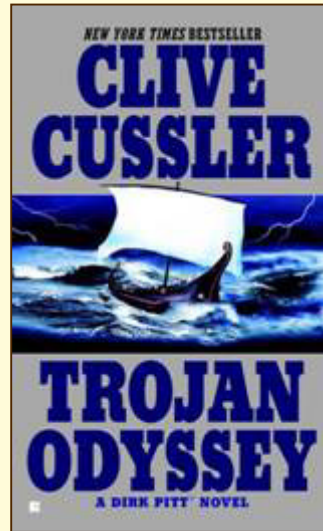
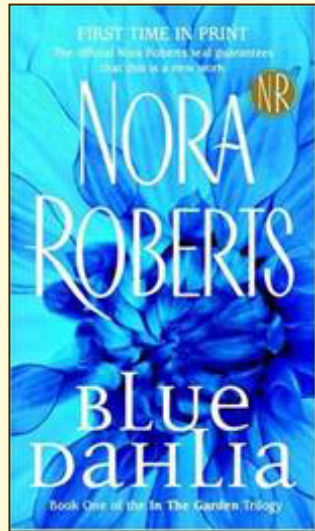
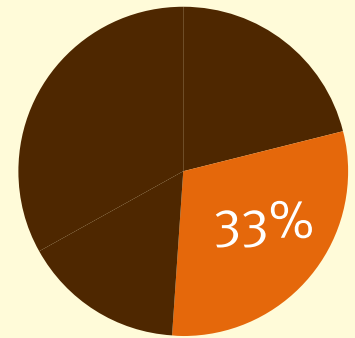


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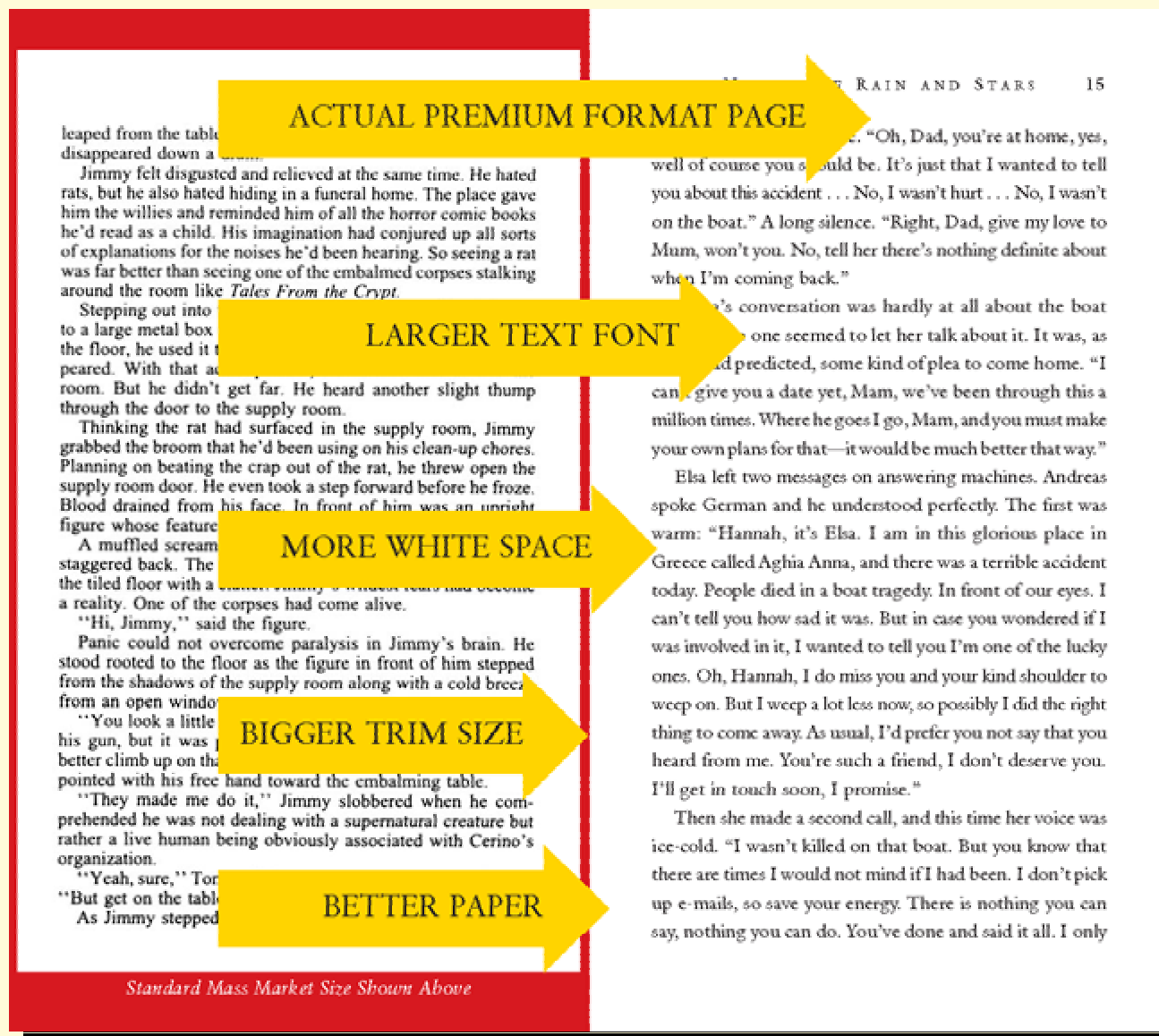
Mass market



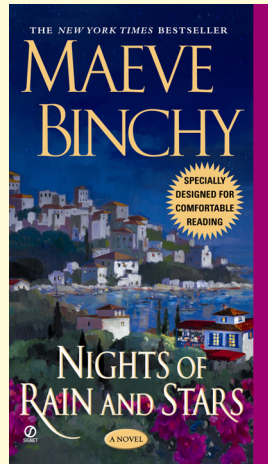
Consumer attitudes to mass market

- 60% of readers over 50 have not bought a book because of legibility
- 82% of readers prefer new premium format to traditional mass market
- 70% of readers over 50 would spend \$2 more on new format

The premium paperback



The premium paperback

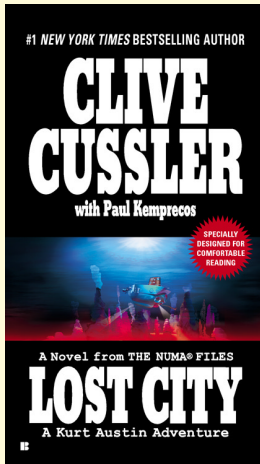


N AND STARS 15

Oh, Dad, you're at home, yes, . . . It's just that I wanted to tell you, I wasn't hurt . . . No, I wasn't hurt. "Right, Dad, give my love to Mom. There's nothing definite about

hardly at all about the boat accident. Let her talk about it. It was, as you said, a kind of plea to come home. "I know, Mom, we've been through this a lot. I go, Mam, and you must make sure it could be much better that way."

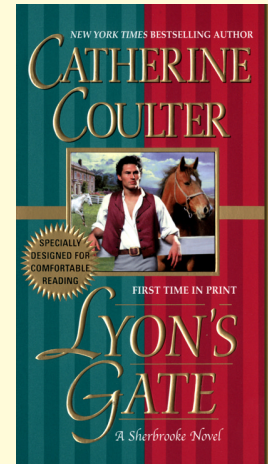
Elsa left two messages on answering machines. Andreas spoke German and he understood perfectly. The first was warm: "Hannah, it's Elsa. I am in this glorious place in Greece called Aghia Anna, and there was a terrible accident today. People died in a boat tragedy. In front of our eyes. I



LOST CITY 3

ys shut with renewed determination. Frost from his goggles and the swirling. The alpine air was as cold as even the most distant detail of the banks of saw-toothed mountains. The horizon, and miniature villages in the alpine valleys. Fluffy white clouds of newly picked cotton. The blue intensity. The summer sun was bathed in a soft, glowing sun.

med eyes with the magnificent beauty, as he cocked his car and listened to the exhaust sound produced by the eighty-horsepower, four-stroke Gnome rotary engine that powered the Morane-Saulnier N aircraft. All was well. The engine droned on as it had before his near-fatal nap. Fauchard



LYON'S GATE 3

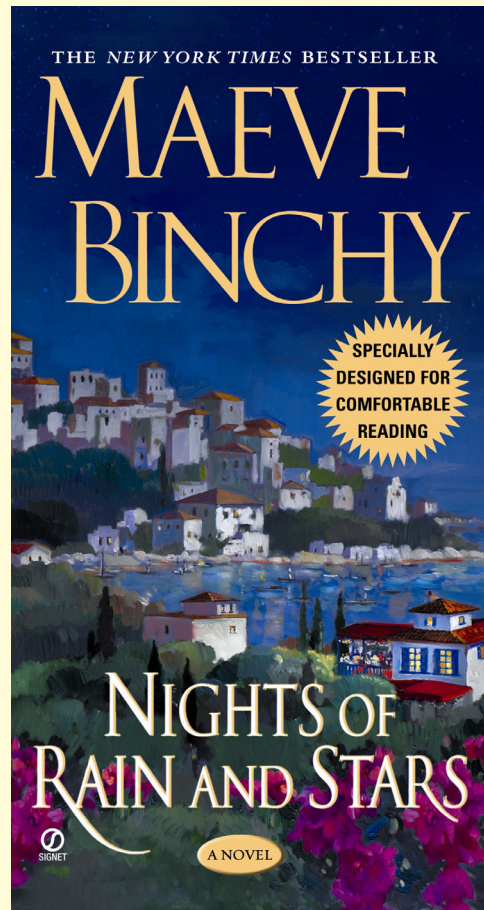
hat's why she usually beats him with skill."

eam said. "Both of you are not the same tired old experience—you have seen me ride before—we're like the wind, so you have your faces. All Jason can do is a slight breeze."

slap to the head, Jason said.

ar-old Constance said. "Although," she added, looking at her mother thoughtfully, "perhaps Mama does weigh a little bit more than I do. But Uncle Jason, you're just like Papa, you're too big to race, you nearly drag the horse down into the dirt. Jockeys have to be small. Even

The premium paperback



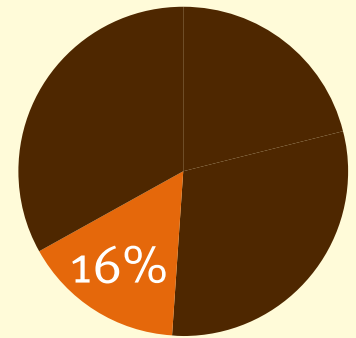
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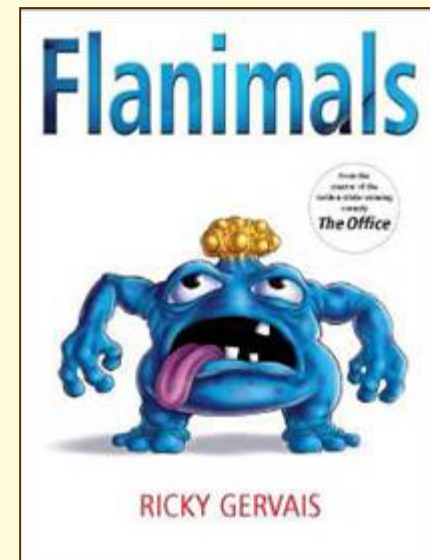
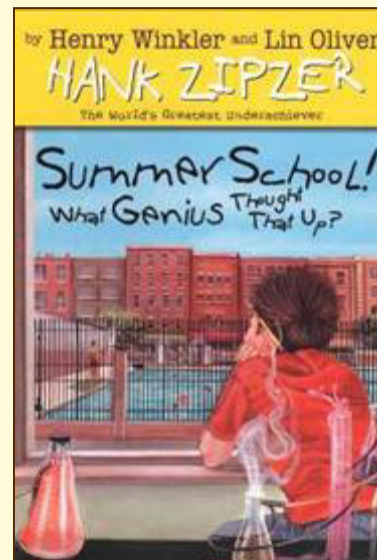
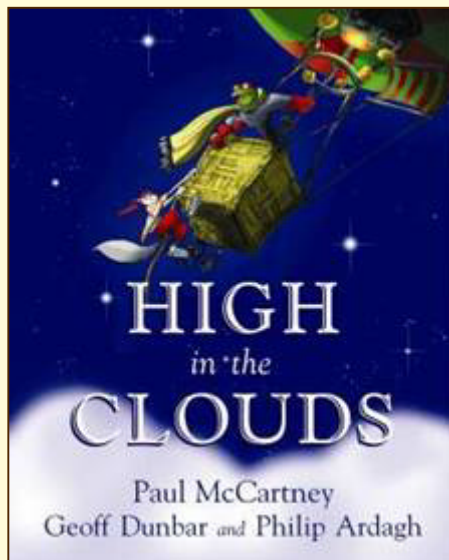
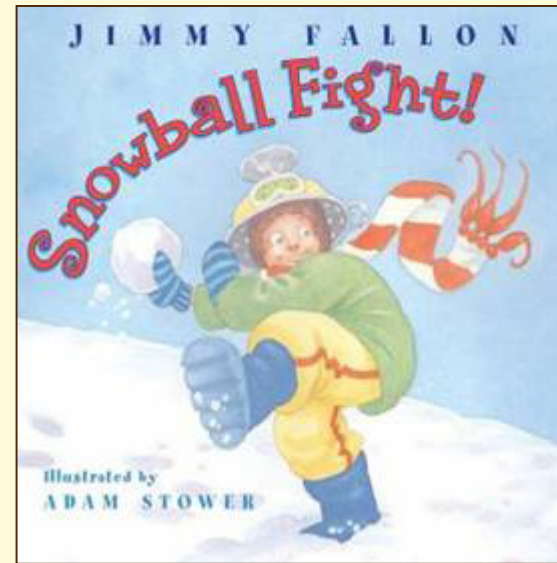
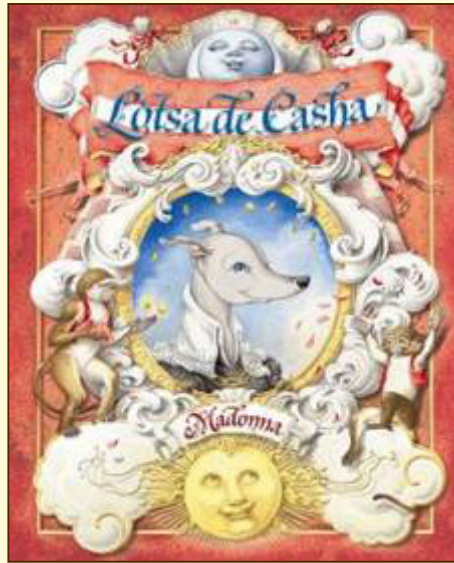
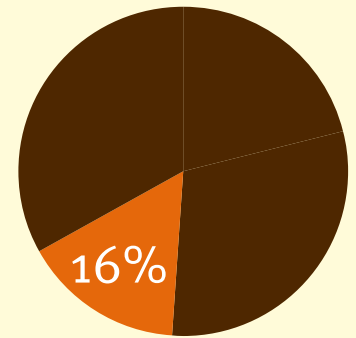
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Young readers



Young readers



Our priorities

- Balancing our investment
- Innovation in formats / channels
- Further cost savings
- Efficiency gains with Pearson Education
- Publishing success

Hot Shots

MEET BERKLEY'S HOT SHOTS

Six Bestselling Authors. Six Quick Reads.

At a price that can't be missed

Nora Roberts, J.D. Robb,
Jayne Castle, Christine Feehan,
Sherilyn Kenyon, Maggie Shayne

Great Value

\$2.99

Great Reads

**HOT SHOTS DISPLAYS:
YOUR BEST BET FOR A HOT DEAL.**

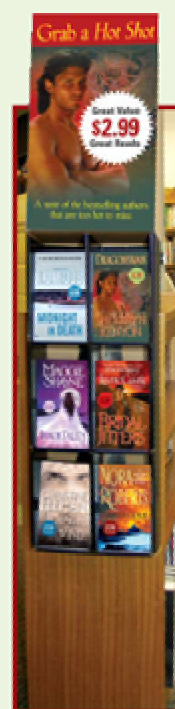


12-copy dipstrip

Both are perfect for cross merchandising in supermarkets,
drug stores, and other venues with pre-existing fixtures

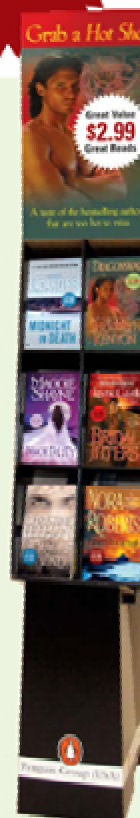


40-copy plastic sleeve strip



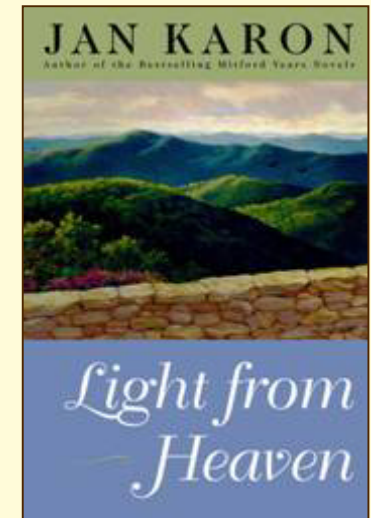
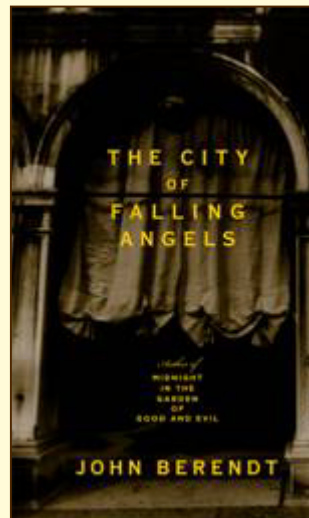
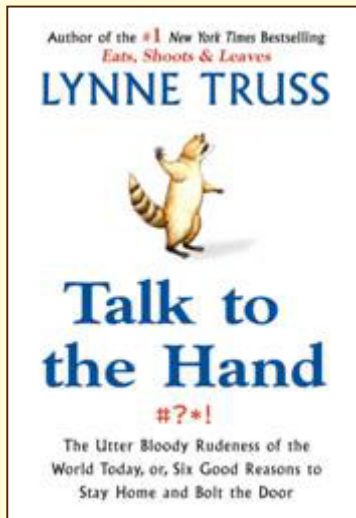
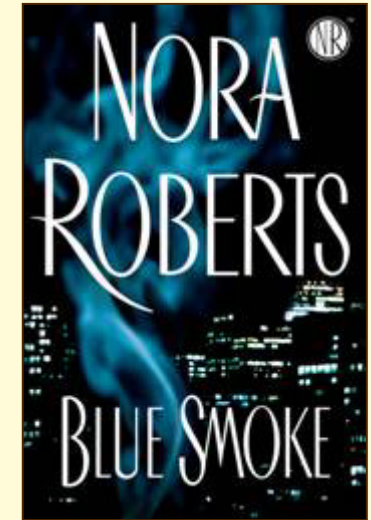
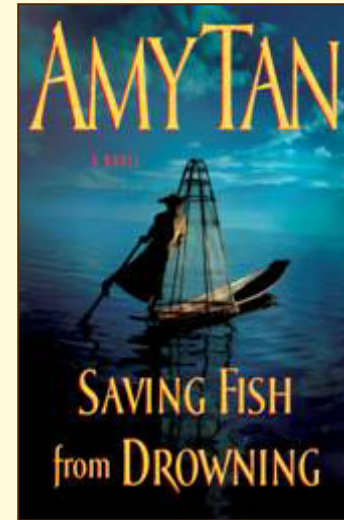
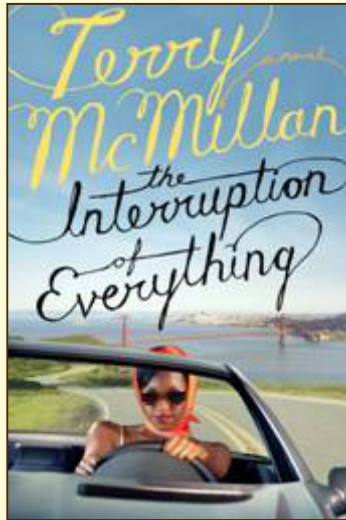
60-copy floor display convertible into a power wing/side-kick

Can be used as a traditional floor display, or can be converted into a
hanging rack—comes with hardware to hang on pre-existing fixtures

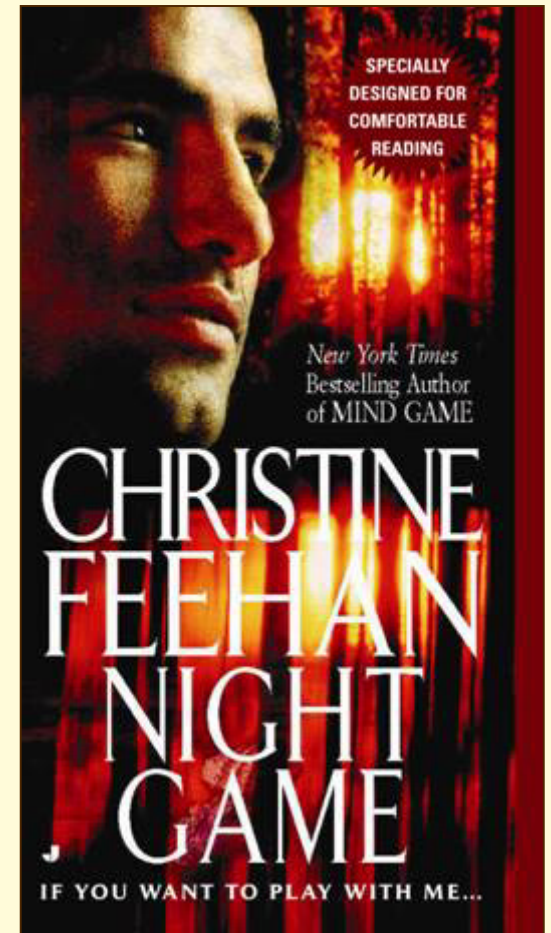
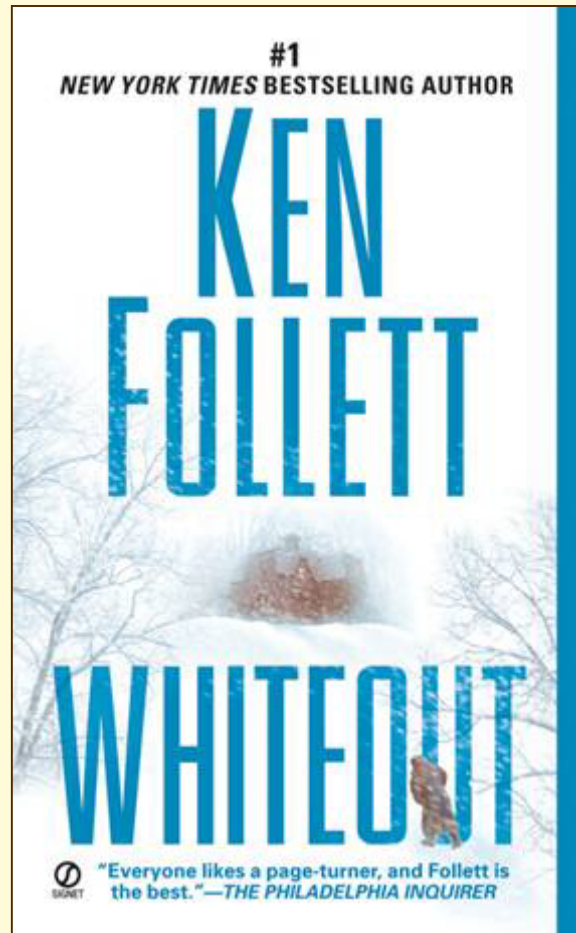
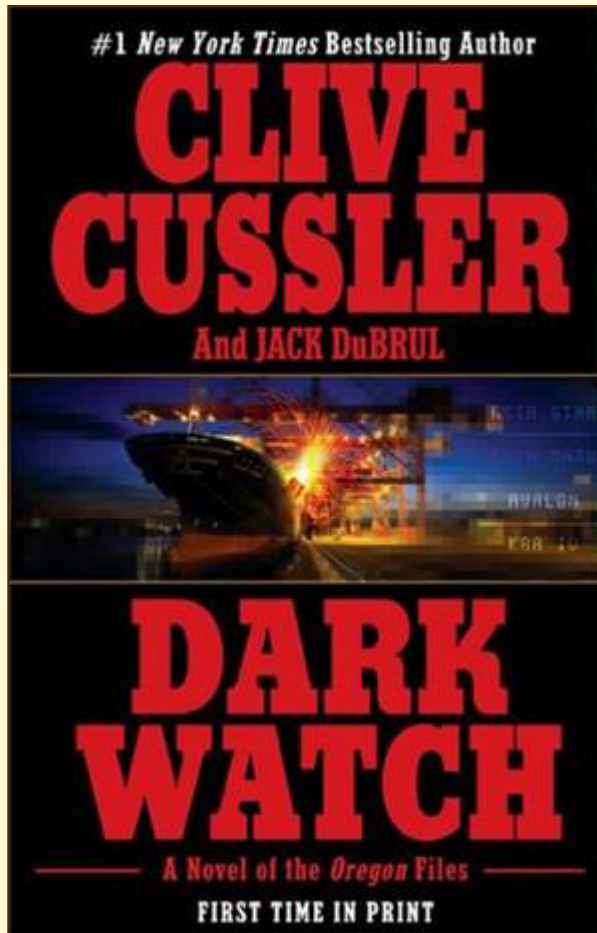


A September 2005 Special Event, On Sale August 30th

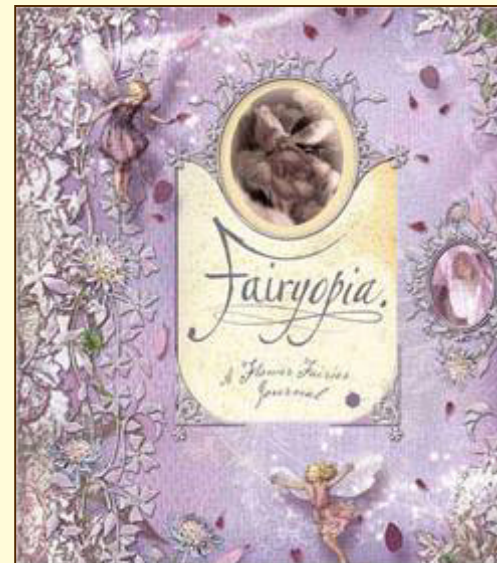
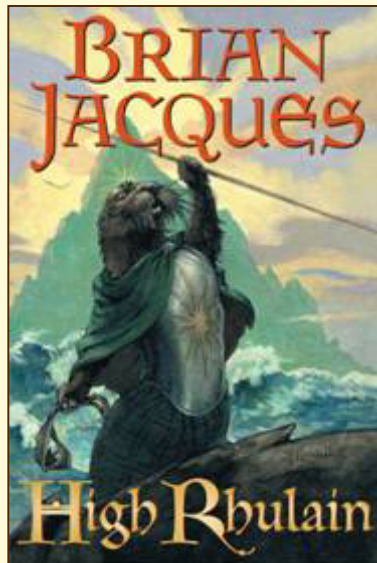
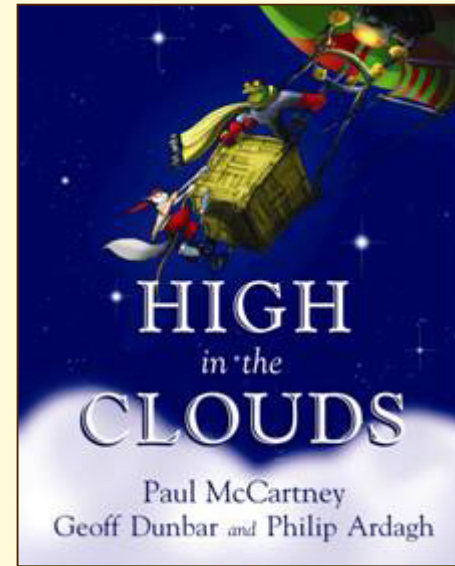
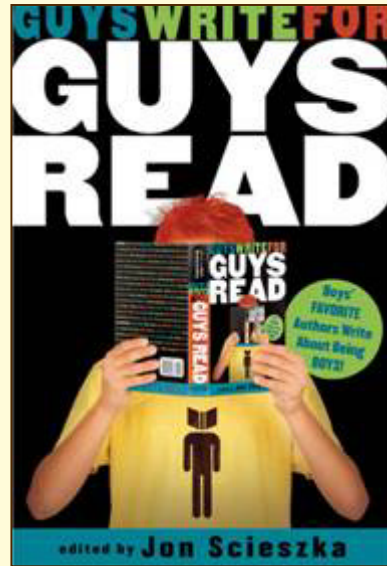
Our outlook



Our outlook



Our outlook



PEARSON

The word "PEARSON" is written in a white, serif, all-caps font. Below the text is a thin, white, upward-curving arc that spans the width of the letters.