

PEARSON

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

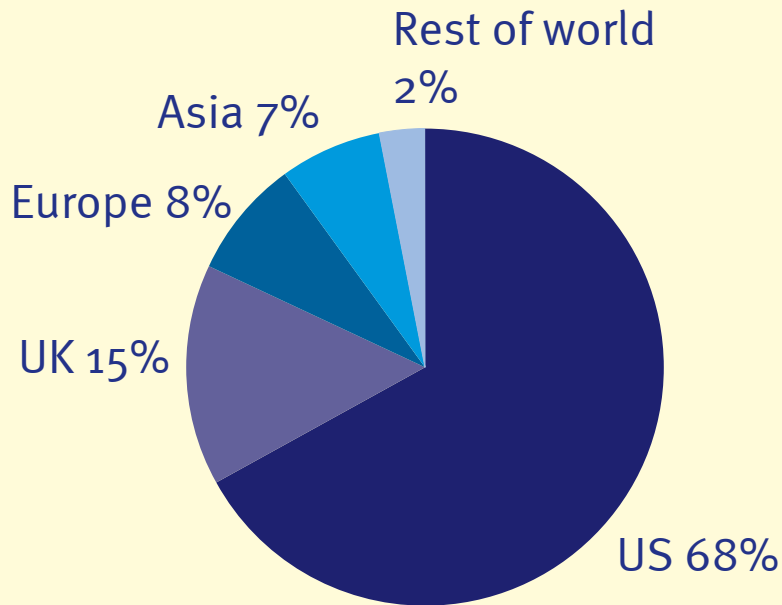
Merrill Lynch
TMT Conference

Rona Fairhead

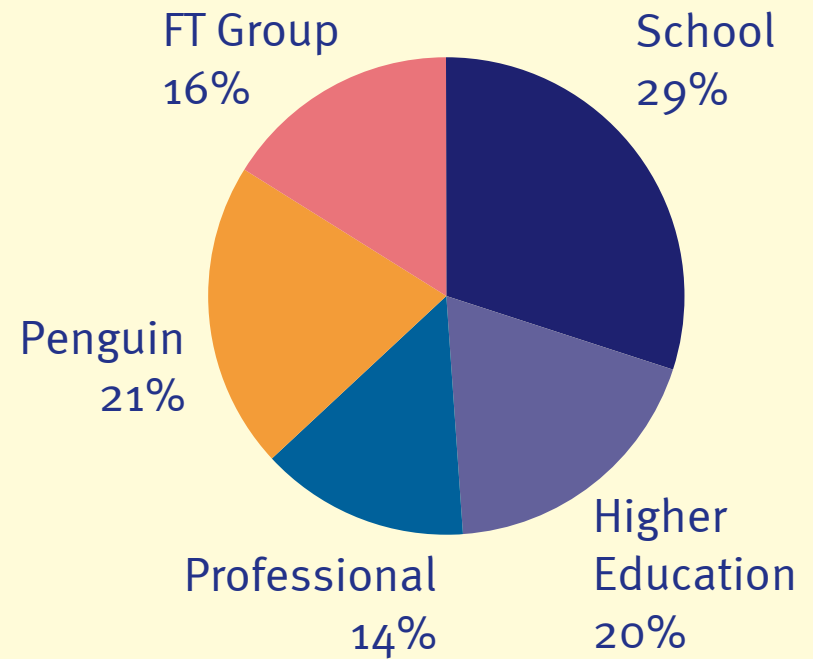
7 June 2005

Pearson today

By region*



By business*



2004 revenues: £3.7bn

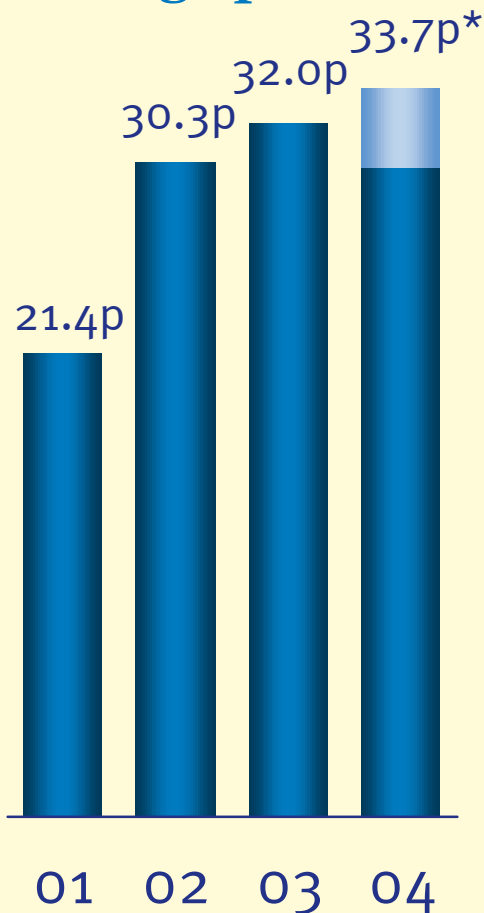
* Shown on an IFRS basis

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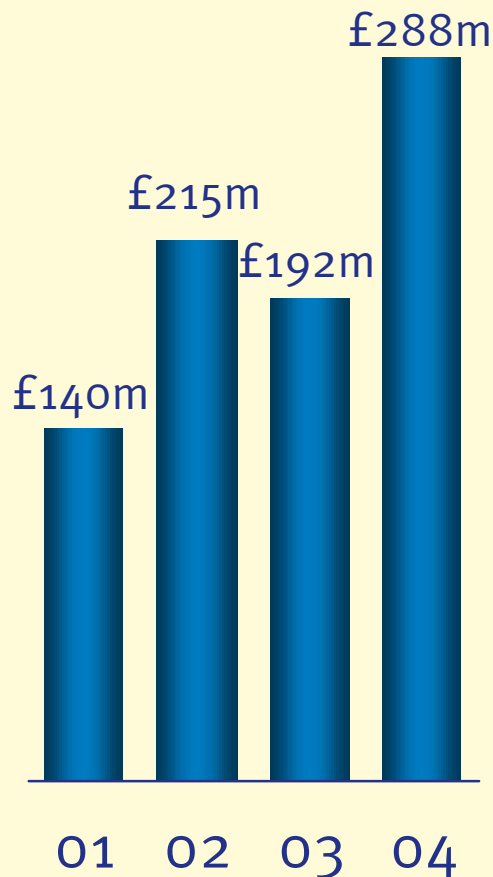
Our financial targets

Our financial progress

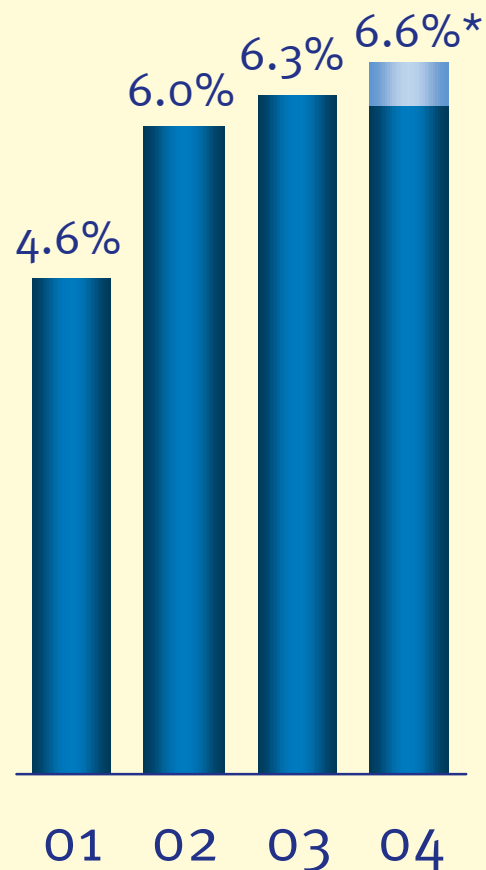
Adjusted earnings per share



Total free cash flow



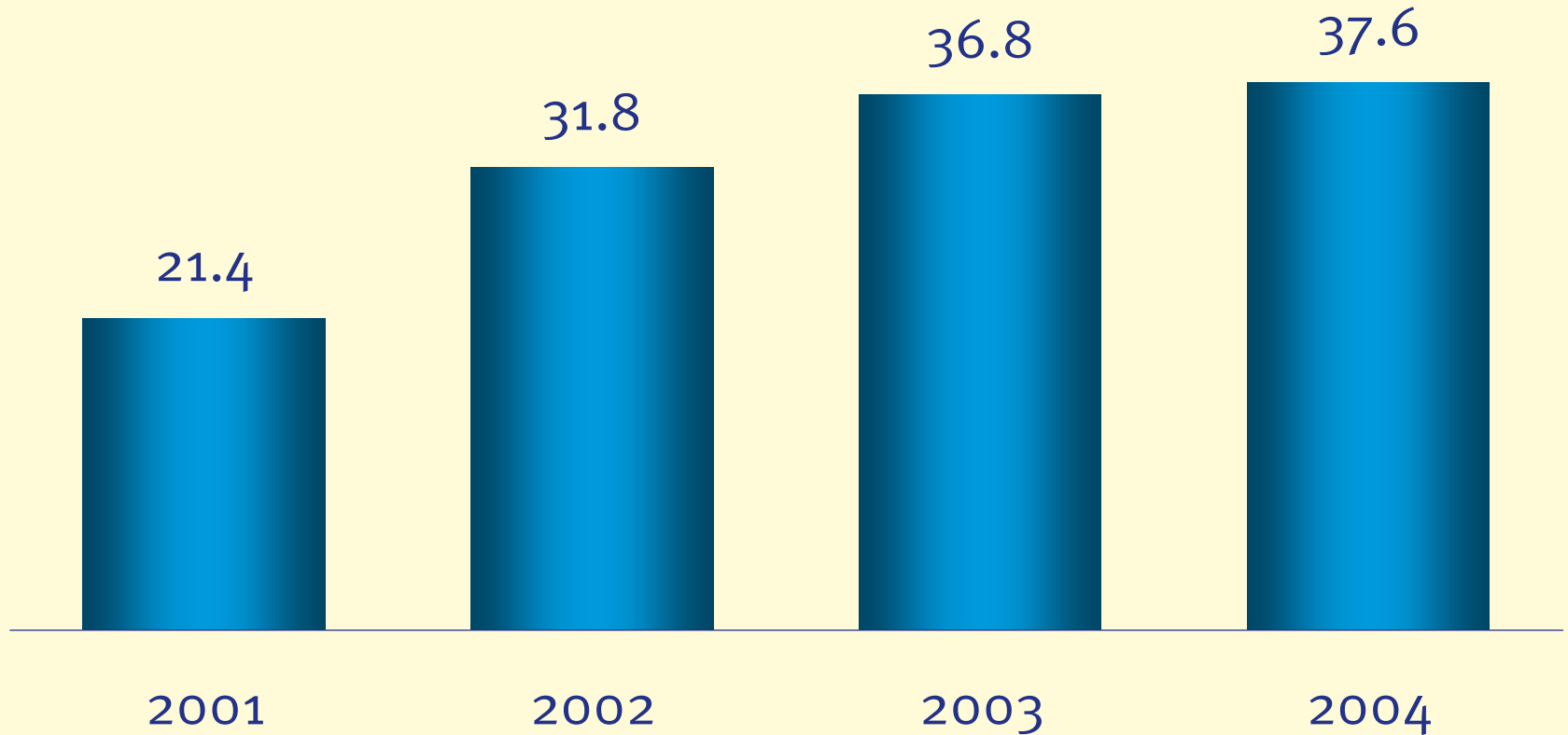
Return on invested capital



*constant currency at 2003 exchange rates under UK GAAP

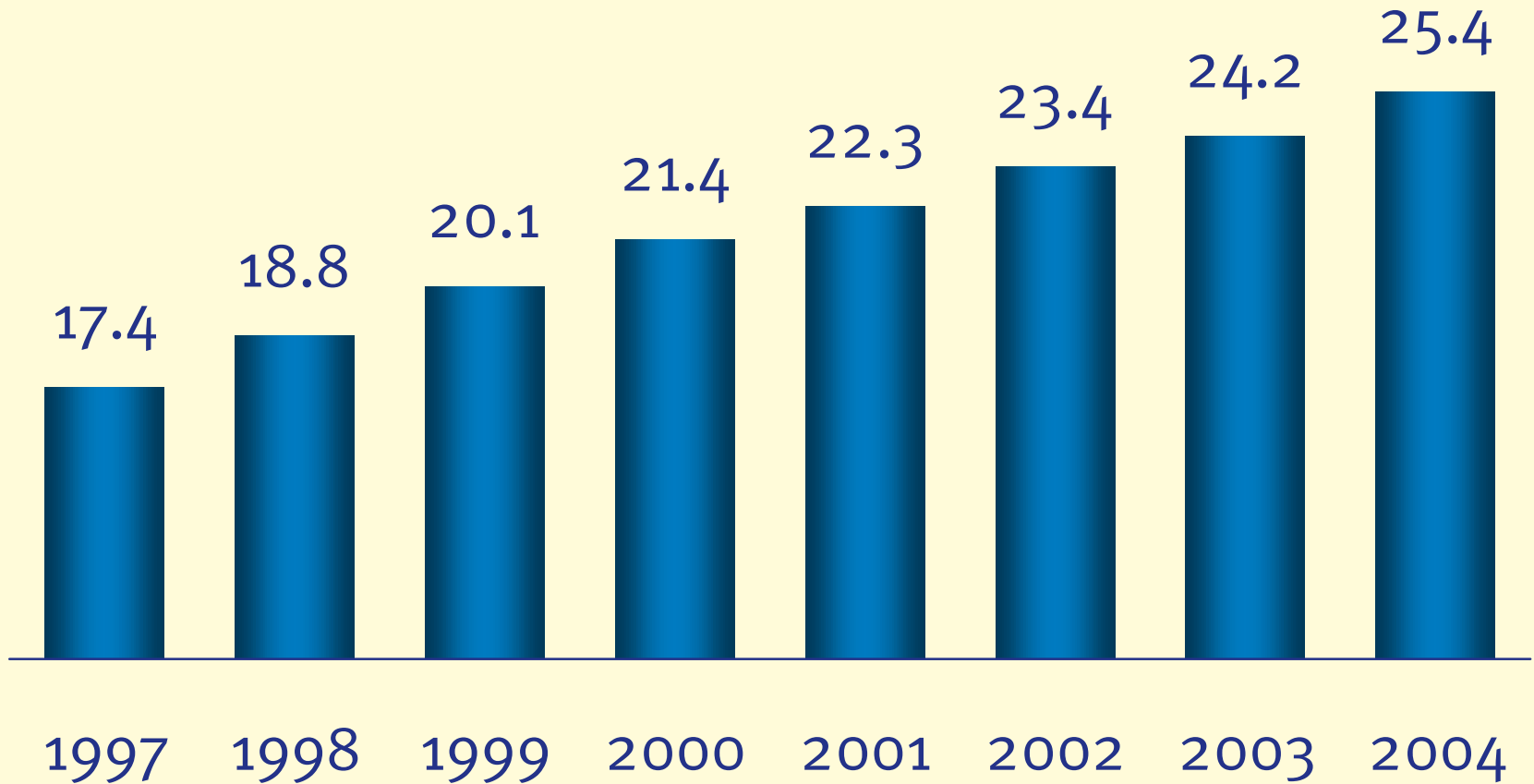
Our financial progress

Adjusted eps at constant 2001 exchange rates, pence



Under UK GAAP

Dividend Pence



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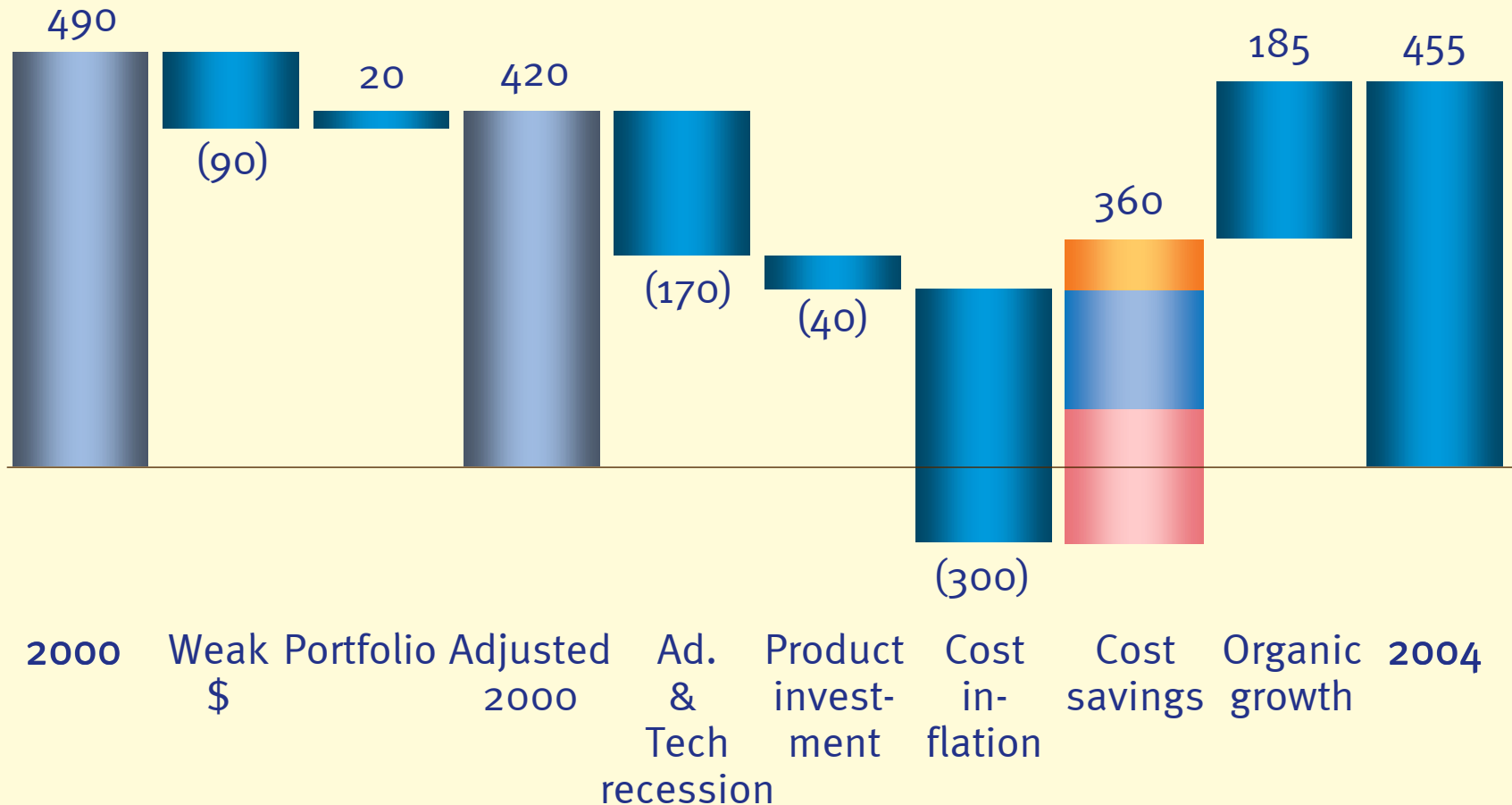
Operational performance

- Leaner operations
- Leading businesses

Growth markets

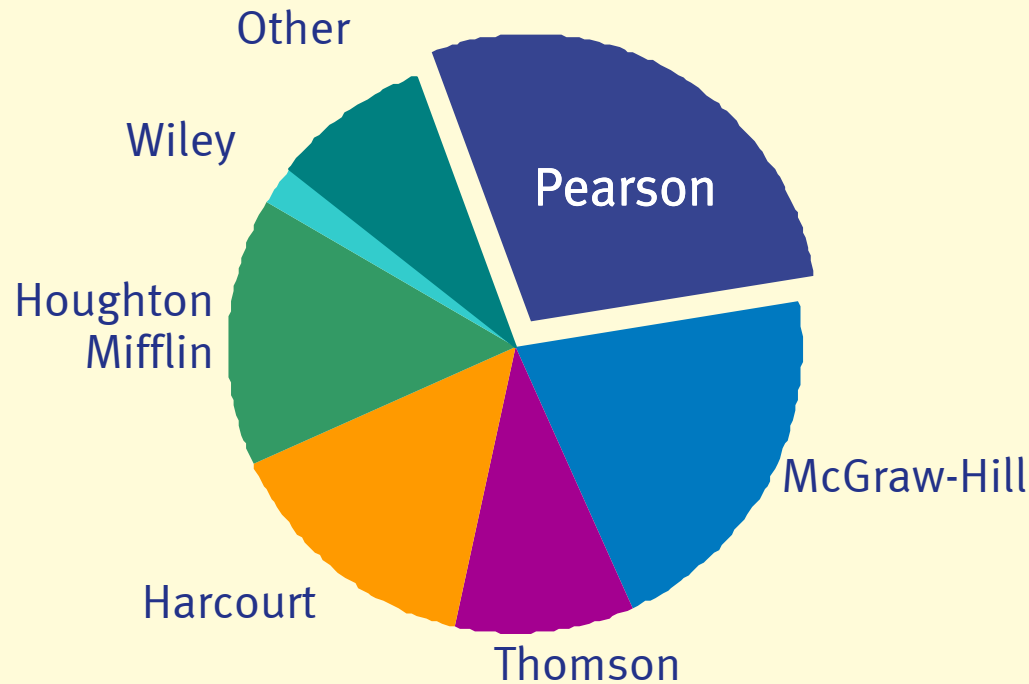
Efficiency and investment

Operating profit, £m



Note: shown on a UK GAAP basis

#1 in US education publishing K-12 and Higher Education Market shares



Total market: \$7 bn*

* Sources: AAP, MIR, Pearson estimates, company accounts

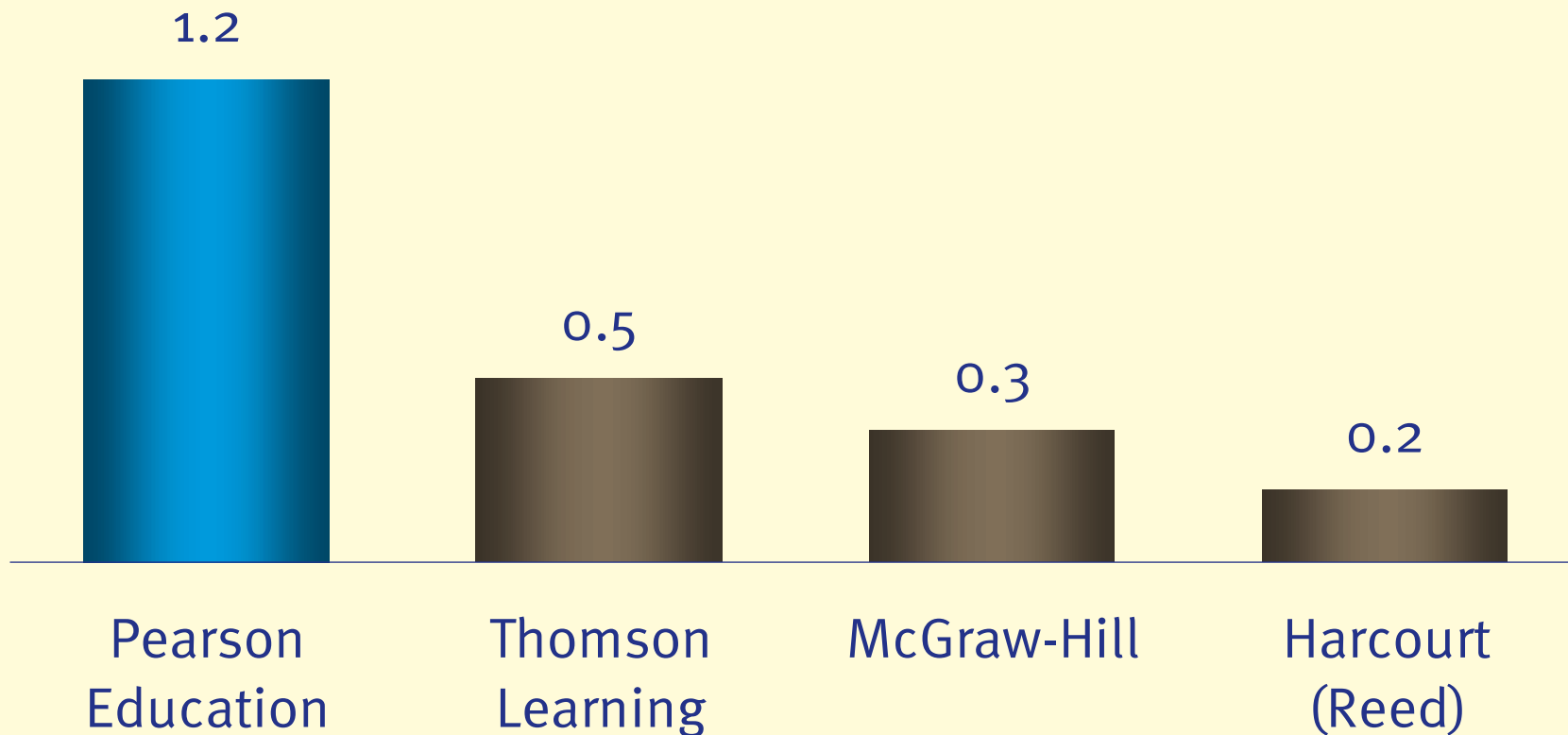
The broadest education company

	Content	Assessment	Reporting	Data/Services	Platform
Pearson	●	●	●	●	●
McGraw Hill	●	●	○		
Harcourt	●	●	○		
Houghton Mifflin	●	●	○		
Plato	●	●	○	○	●
Renaissance	○	●	●		○
America's Choice	●			●	
Compass	●	○	○		●
Riverdeep	●	○	○		●
SchoolNet		●	●		●
Voyager	●	●	○		

● Significant ○ Some

#1 in international education

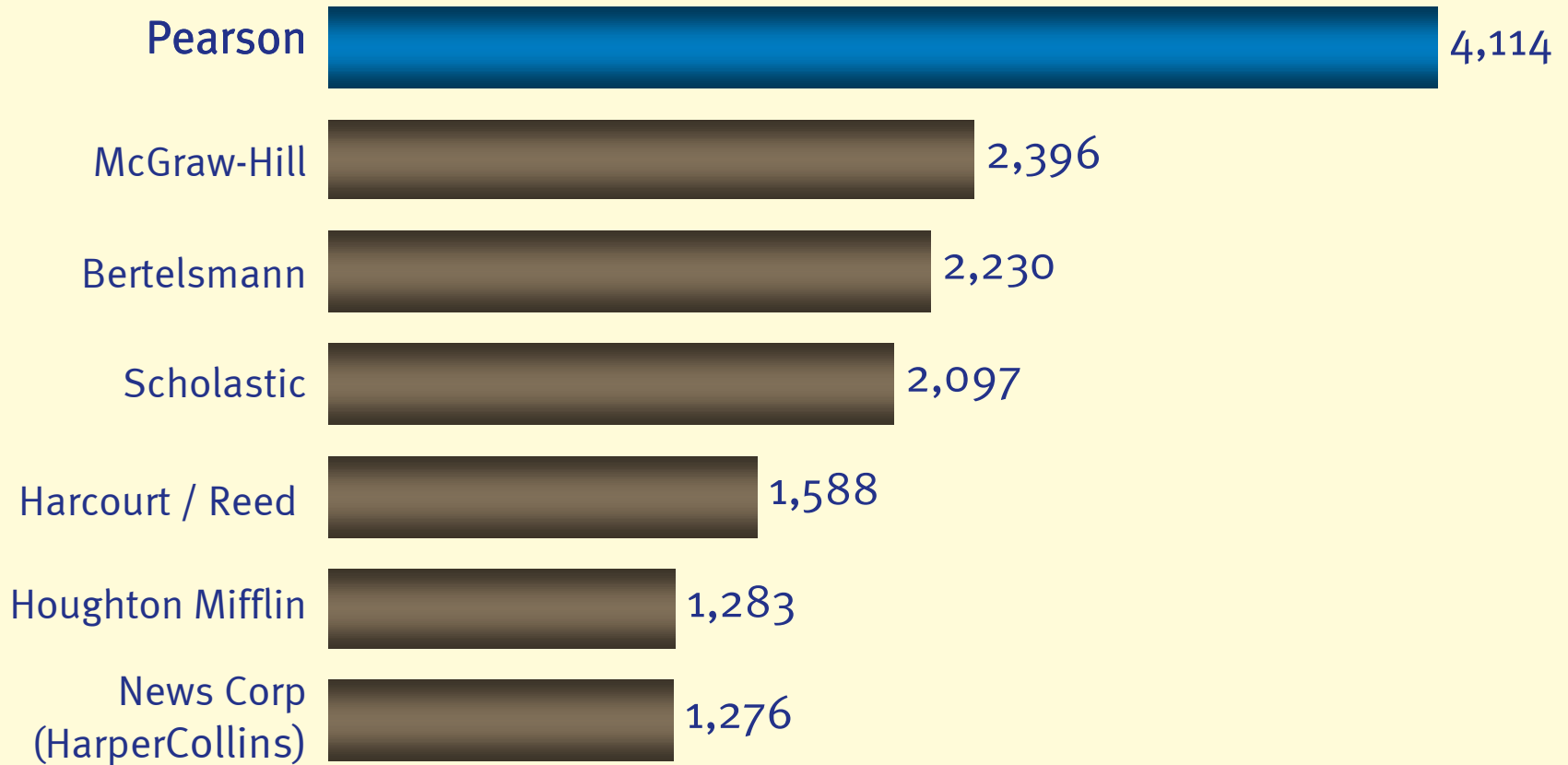
Education revenues outside the US, \$bn



Note: McGraw-Hill and Thomson show \$ revenues for 2003 & 2004 respectively, as reported Pearson and Reed show £ revenues translated into \$ at year end rate of £1:\$1.92 on a UK GAAP basis

#1 in book publishing

Book revenues, \$m



Source: 2004 results

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

#1 in global business news

#1 business title in UK and Europe

Most visited business website in Europe

Highest % of C-suite readers of US major business titles

Rapid growth in Japan, Hong Kong, South Korea and Singapore

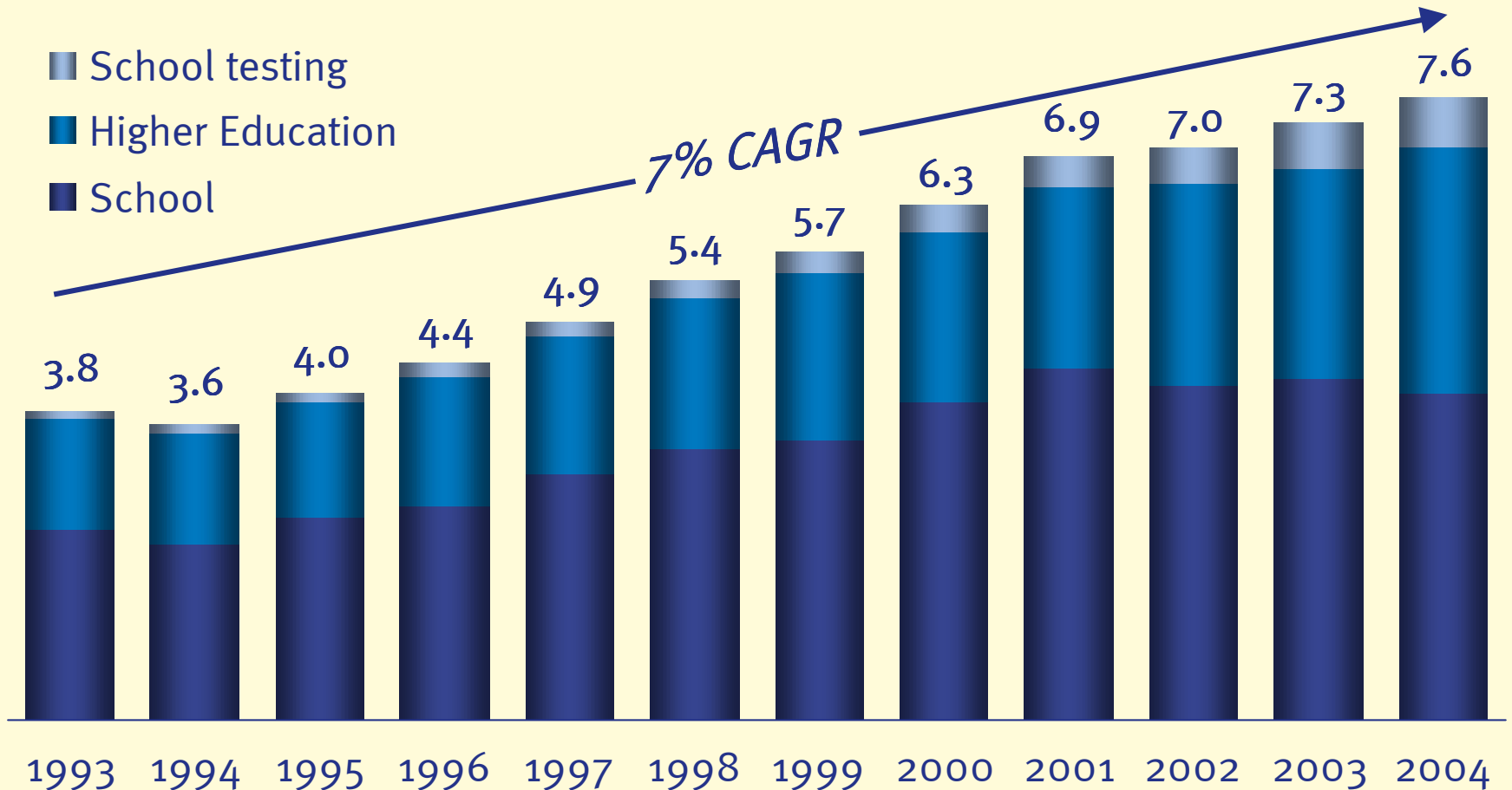
Sources: EBRIS 2004; PICS 2003/4, EBRIS 2004, Europe 2004, Mendelsohn 2004, JBRS 2004; ABRS 2004; PICS 2003/4

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Growth markets

Growth in education

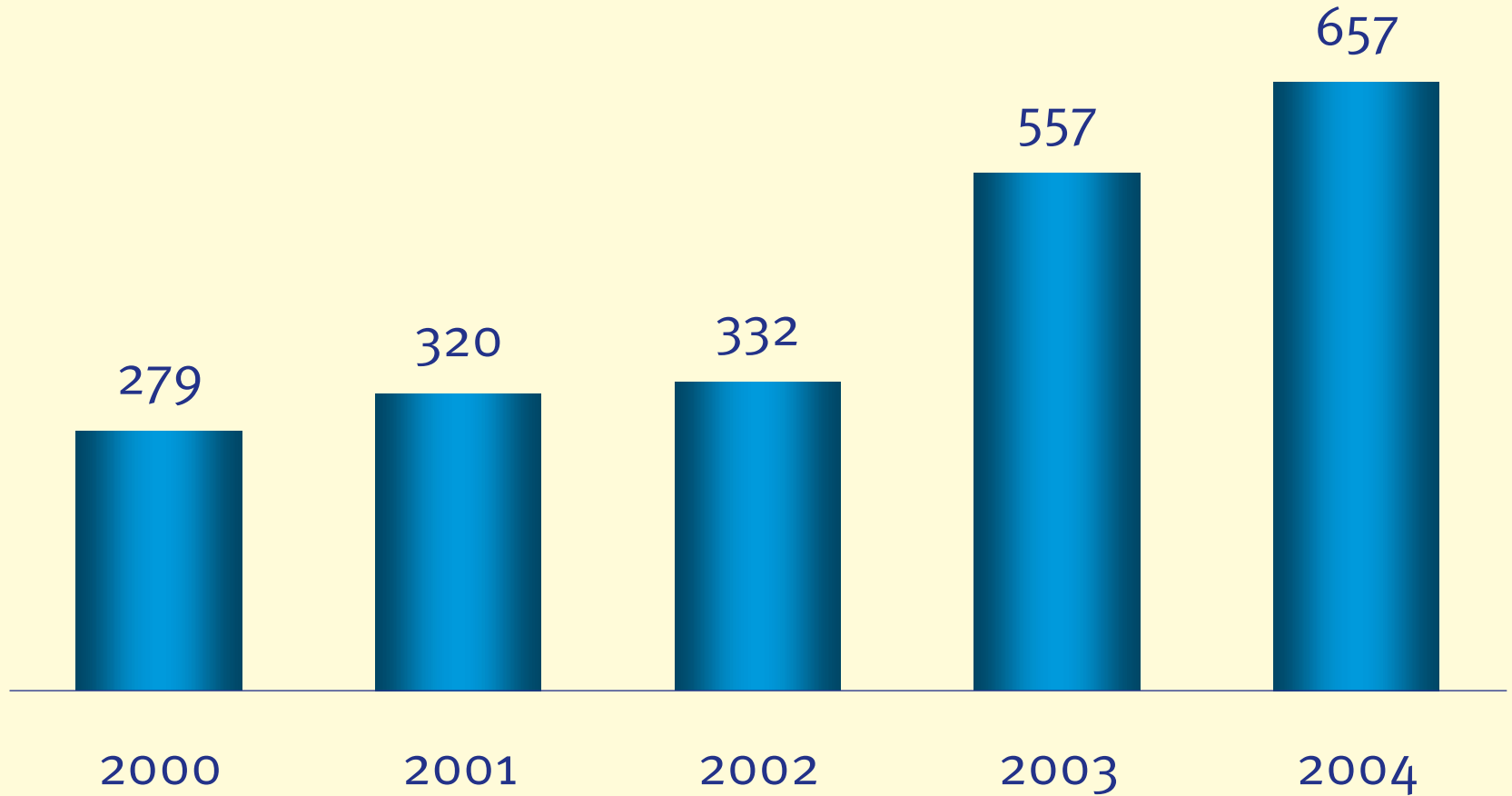
US K-12 & Higher Ed publishing, \$bn



Source: AAP, Management Practice Data, Pearson estimates

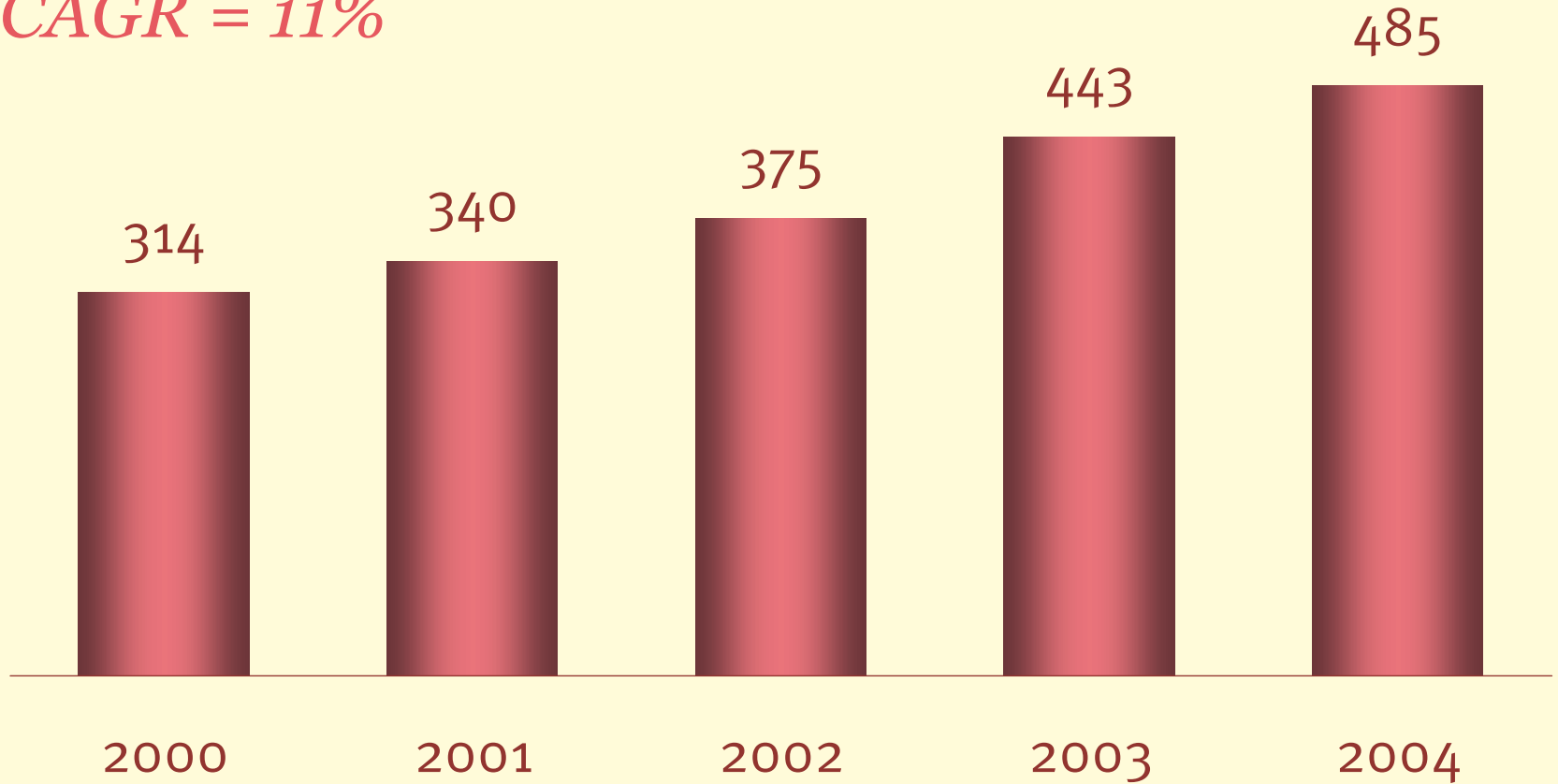
Growth in educational testing

School & Professional testing sales, \$m



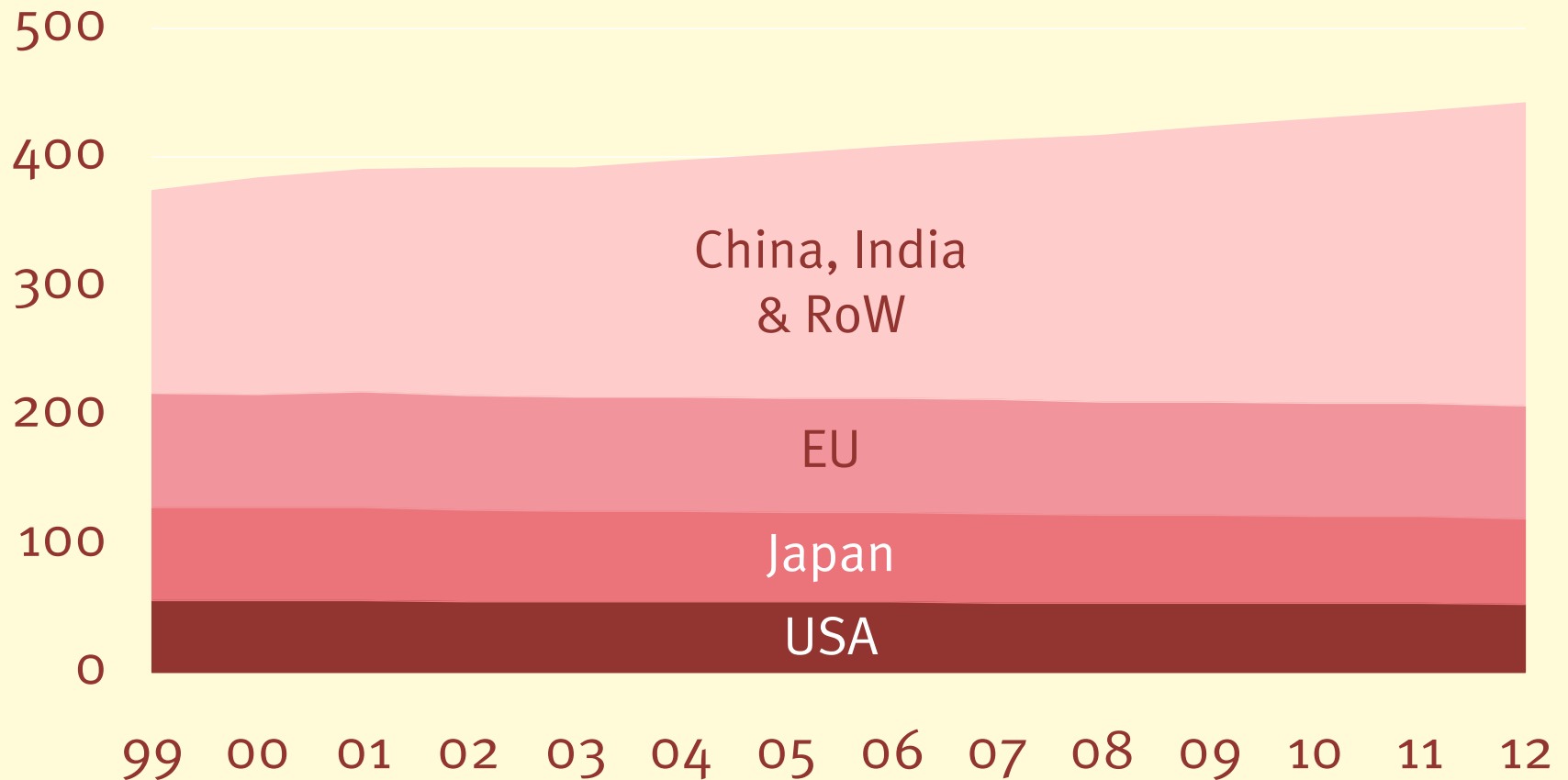
Growth in financial information IDC sales, \$m

CAGR = 11%



Growth in international news

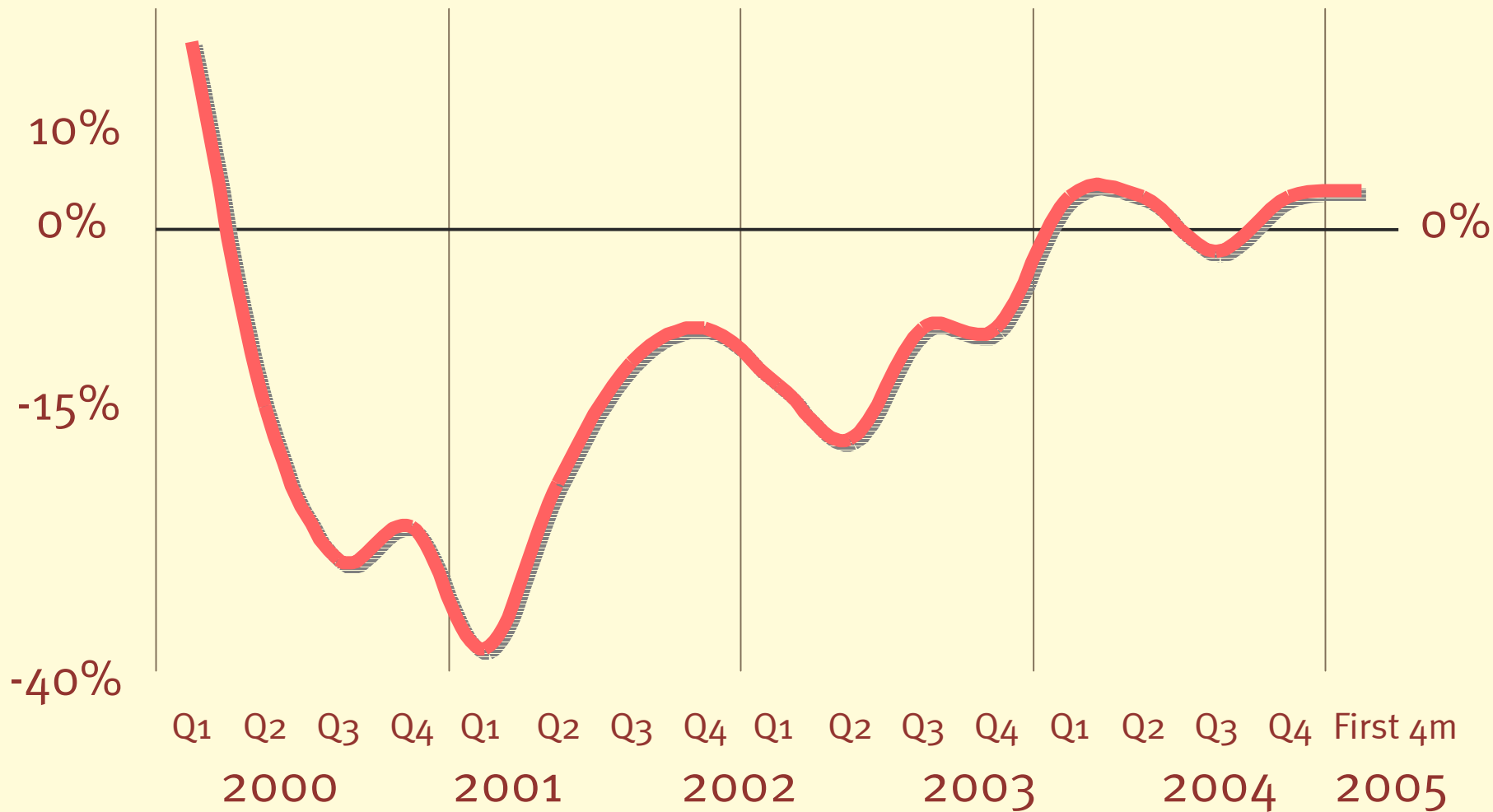
Total circulation, m



Source: World Association of Newspapers / ZenithOptimedia

Business advertising improving

Year-on-year change



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Operational performance

- Leaner operations
- Leading businesses

Growth markets