

PEARSON

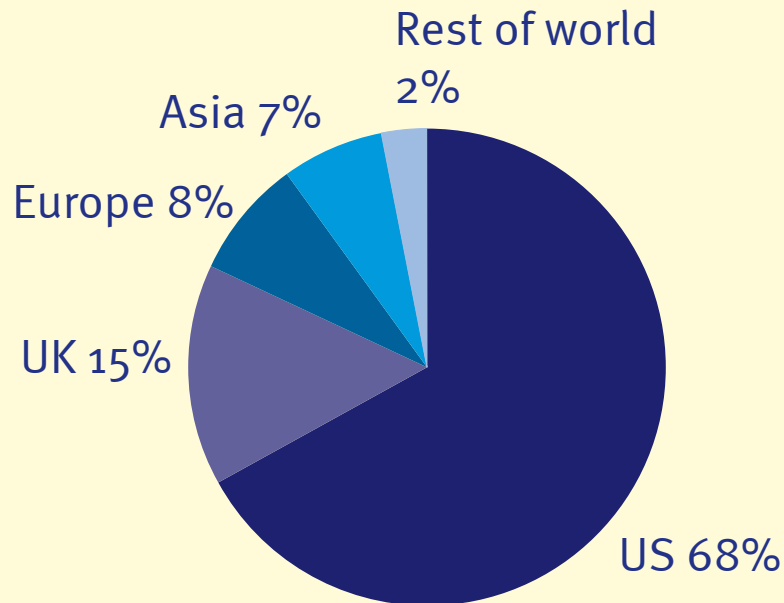
The Pearson logo consists of the word "PEARSON" in a white, serif, all-caps font. Below the text is a thin, white, upward-curving arc that spans the width of the letters.

Citigroup European Media Conference

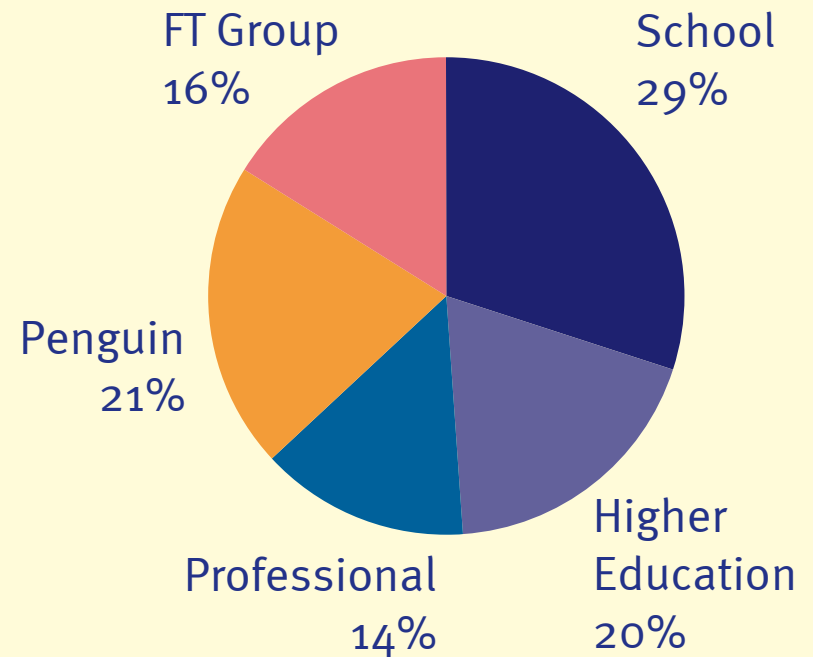
12 September 2005

Pearson today

By region



By business



2004 revenues: £3.7bn















Our advantage

- Growth markets
- Leading brands
- Scale and efficiency
- Steady investment in content and services
- New geographic markets; new market segments

Strong start to 2005

- Sales up 10%; good growth in all parts
- Operating profit up strongly
- Balance sheet stronger
- Continuing dividend growth

Our School advantage

	Content	Assessment	Reporting	Data/Services	Platform
Pearson					
McGraw-Hill					
Harcourt (Reed)					
Houghton Mifflin					

 Significant

 Some

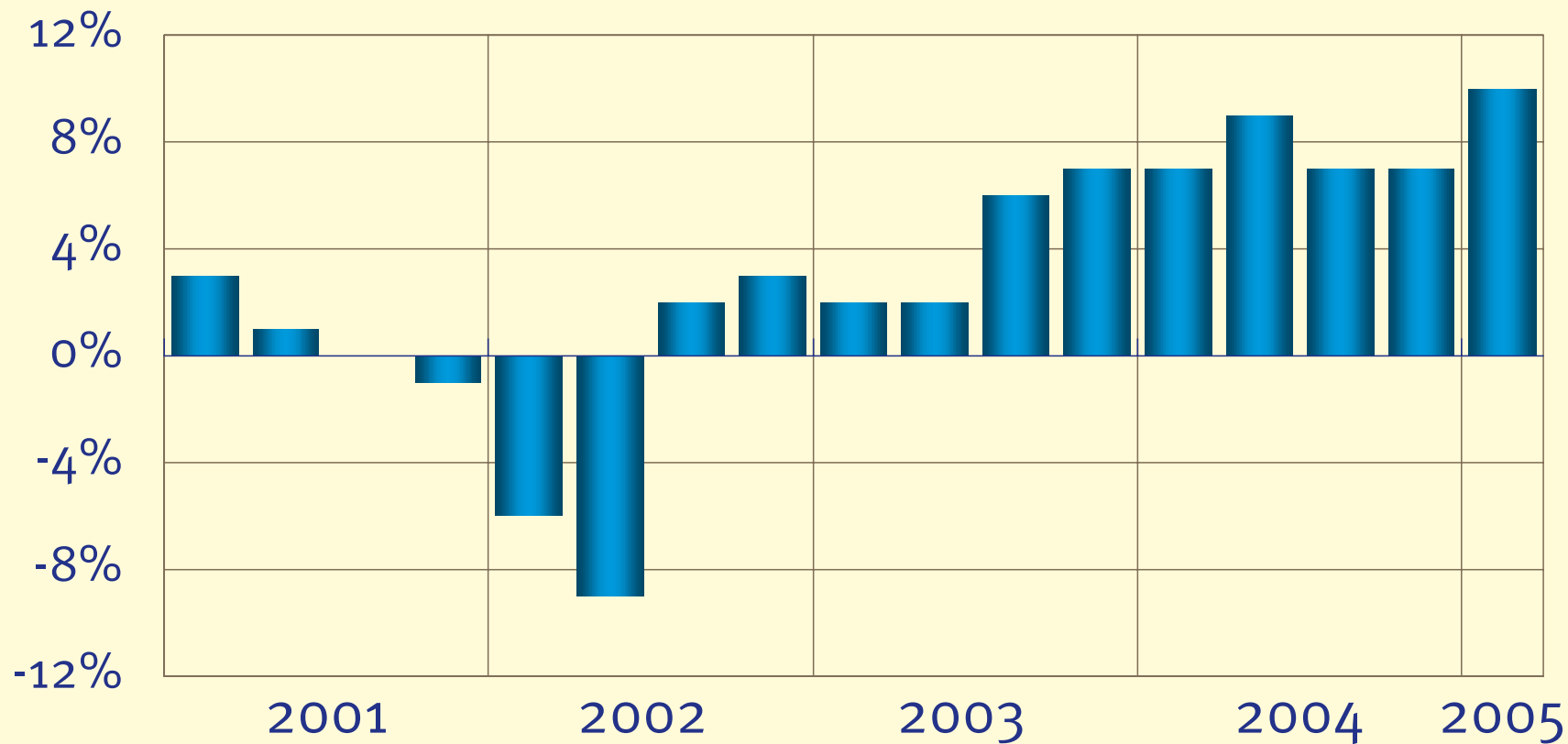
Healthy adoption opportunities 2005-2007

\$m	2004	2005E	2006E	2007E
Reading / literature	100	100	170	160
Math	300	110	40	220
Science	50	100	170	170
Social studies	10	210	170	130
Other	40	380	70	70
Total	500	900	620	750
<i>Pearson participation</i>	<i>90%</i>	<i>75%</i>	<i>90%+</i>	<i>90%+</i>

Source: Pearson estimates

The funding environment

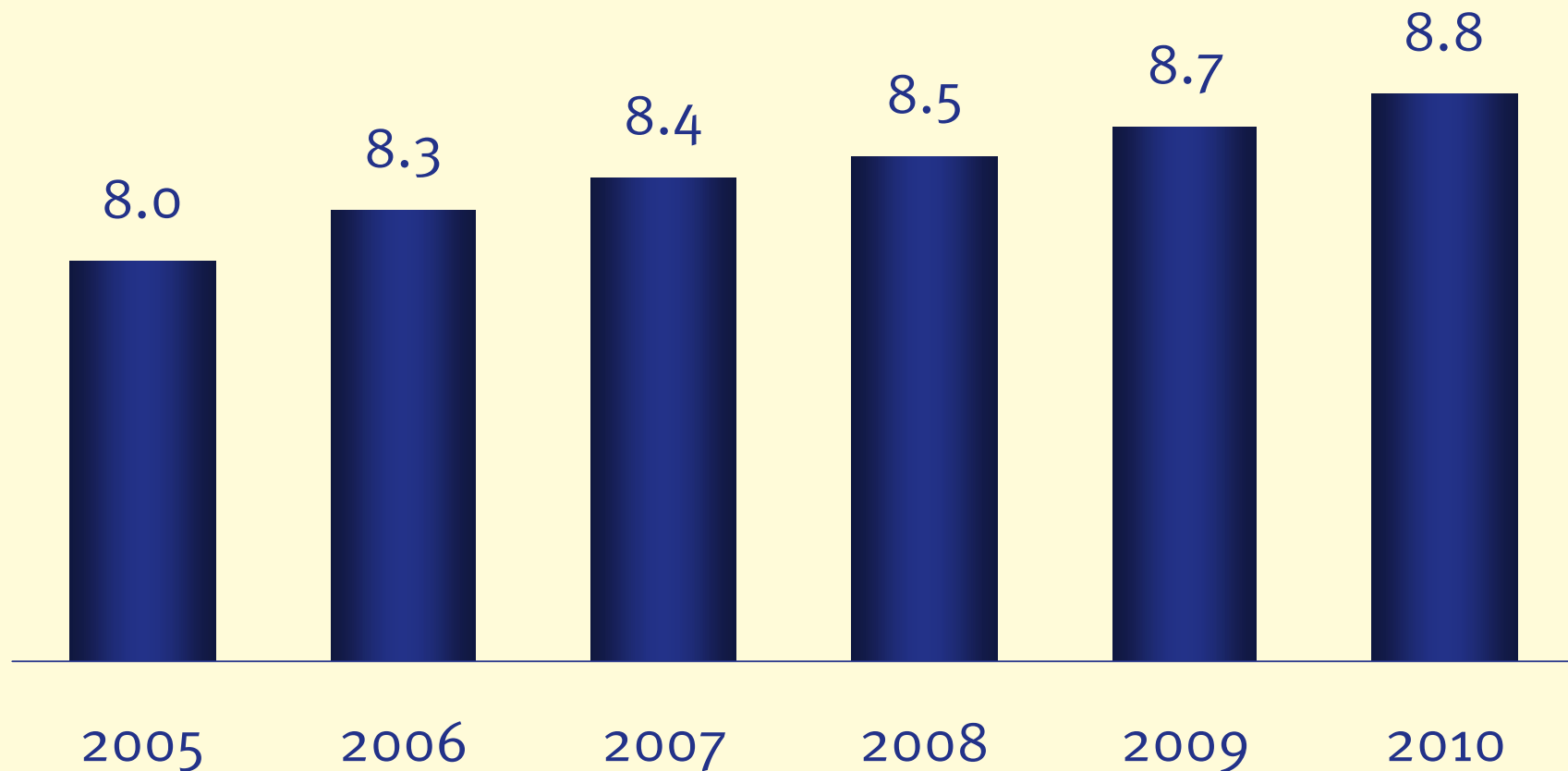
Year-on-year changes in quarterly state tax revenues



Source: US Census Bureau

The funding environment

Annual expenditure per child, \$000s



Source: US Dept of Education, NCES

Note: middle alternative projections as at 2001/02 dollars, not inflation adjusted

The policy environment

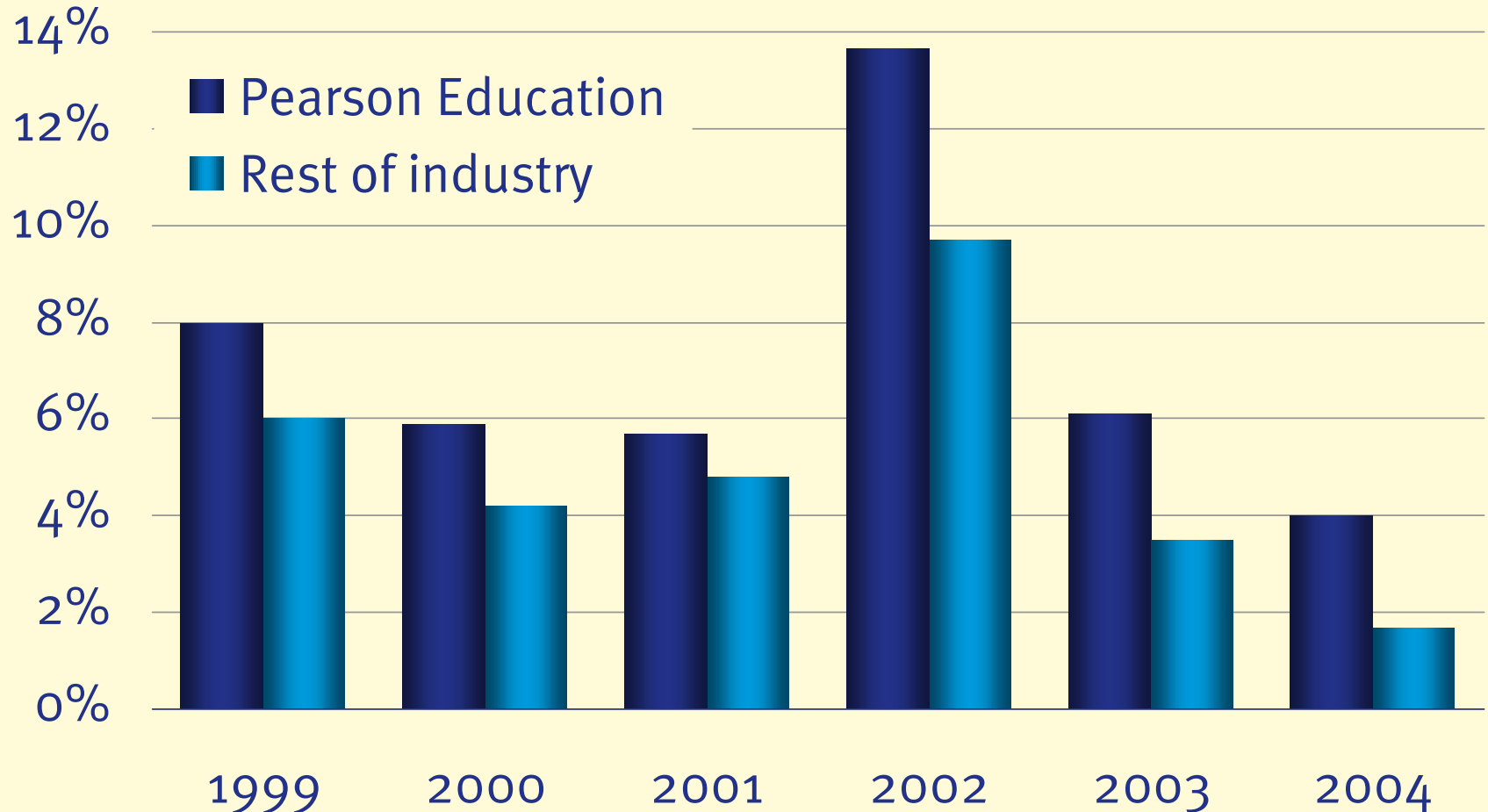
- Standards movement a priority
- Materials and assessment required for achievement
- Schools looking for operational improvements
- Technology taking hold

Outlook

- Adoption cycle strong
- Funding environment healthy
- Policy supports materials, testing and technology

Our college advantage

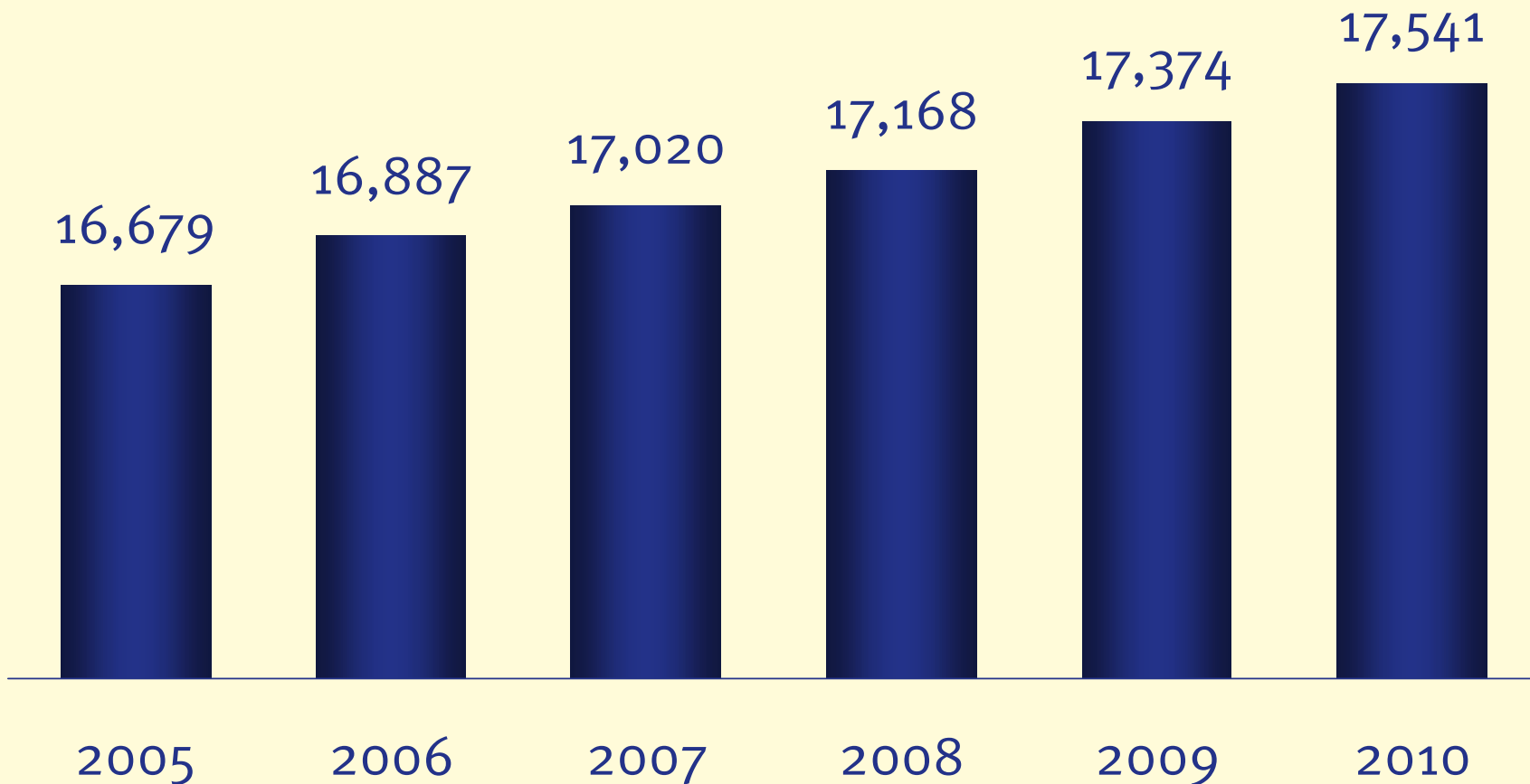
% change in gross sales vs. prior year



Source: Management Practice Data

A growing college population

Total enrolment in all degree-granting institutions
(‘000’s)



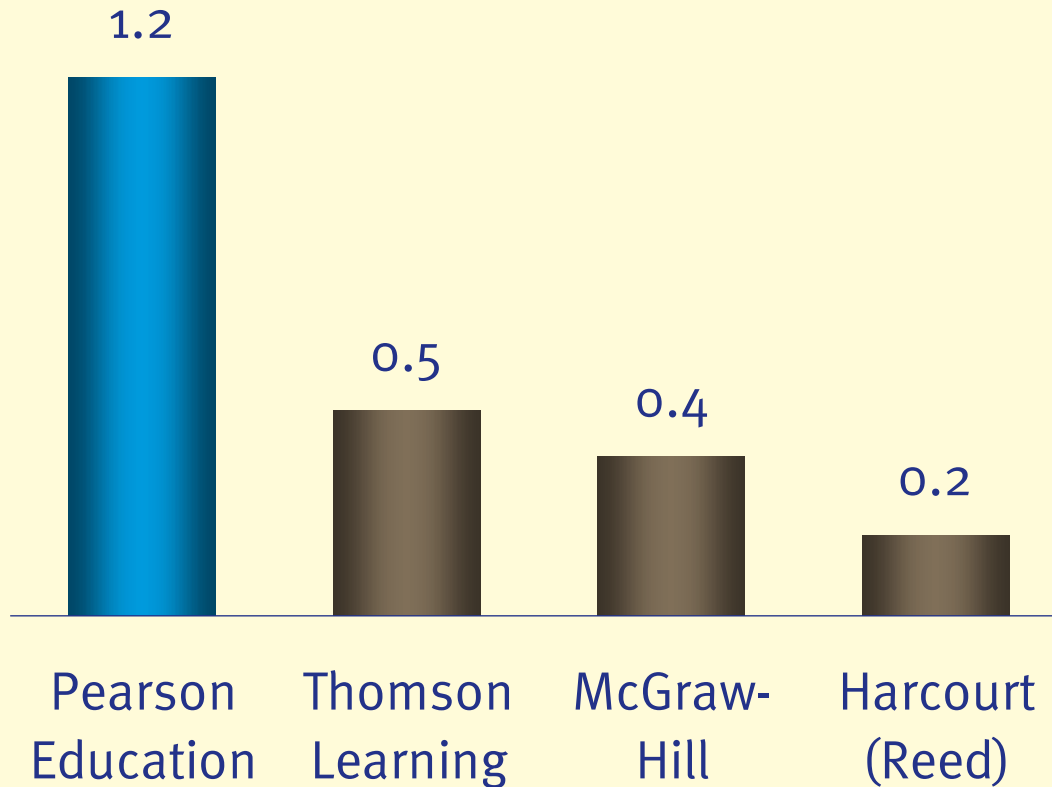
Source: US Department of Education, NCES

Growth in workforce education



Our international advantage

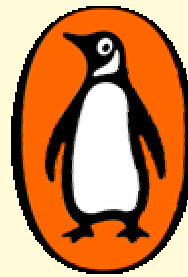
Sales (\$bn)



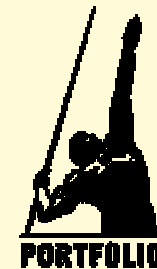
Note: Education revenues from outside the US.



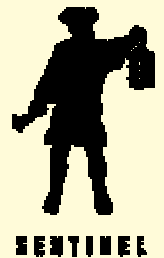
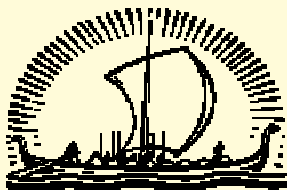
Penguin's advantage



PENGUIN
MICHAEL
JOSEPH

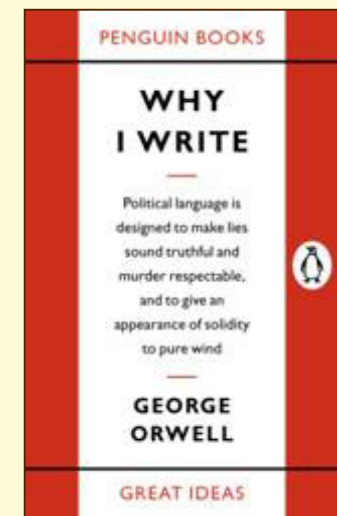
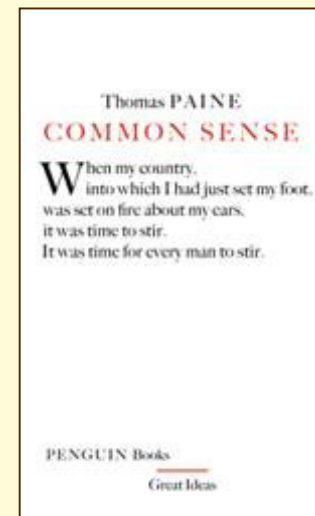
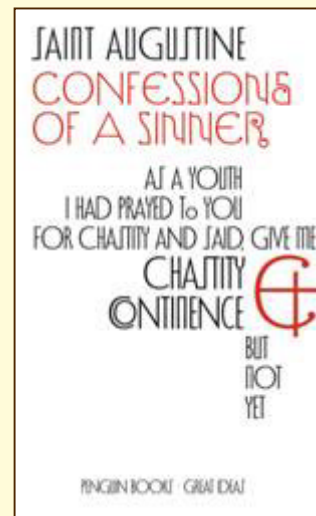
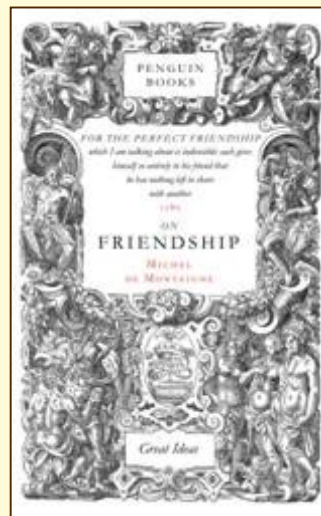
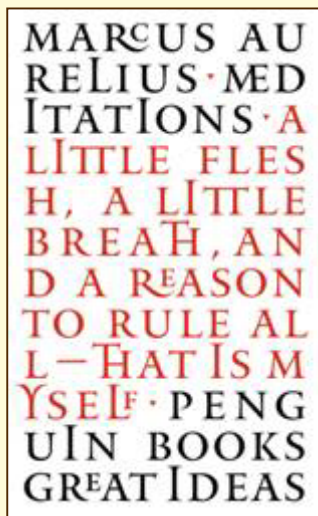
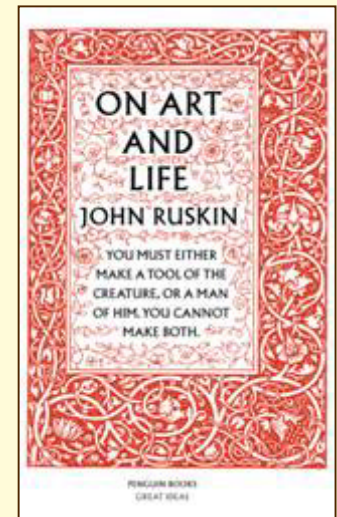
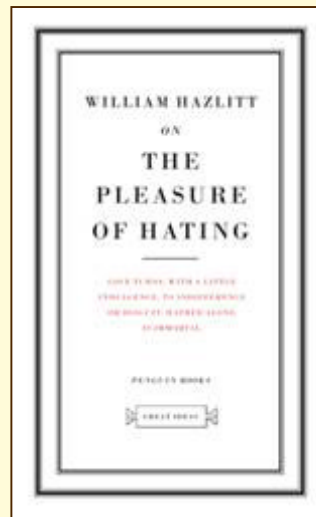
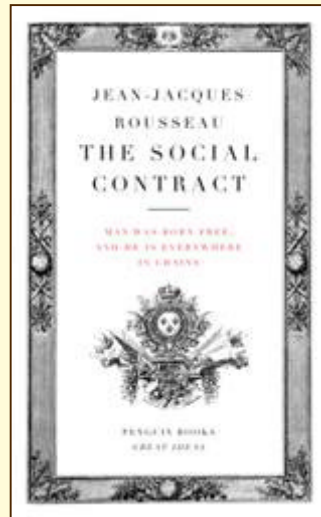
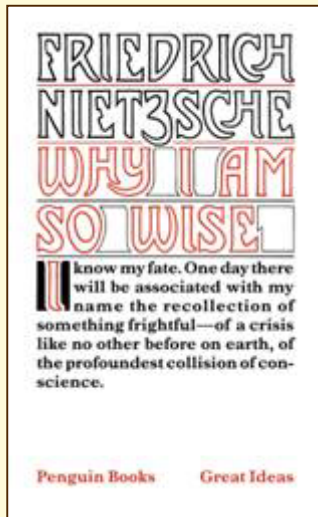


The
Penguin
Press

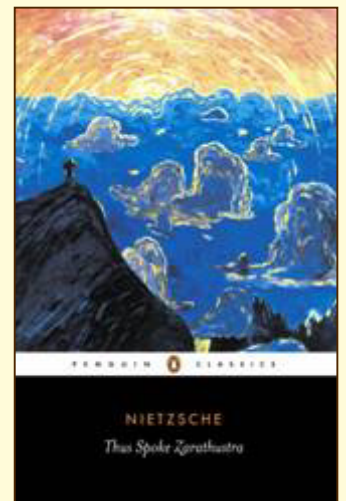
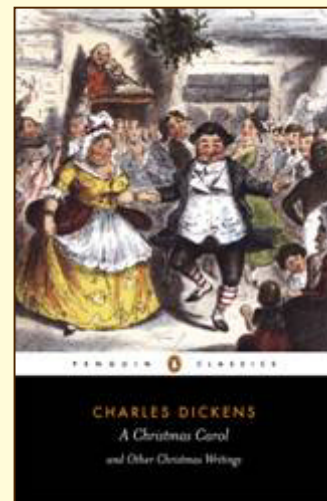
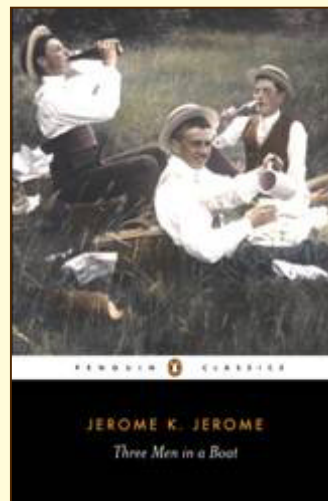
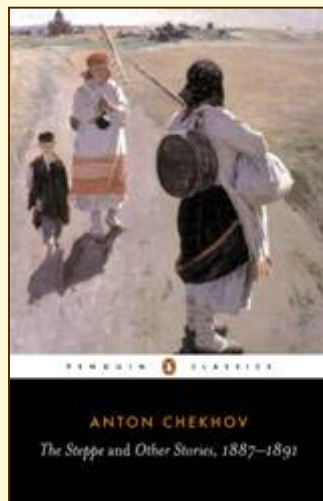
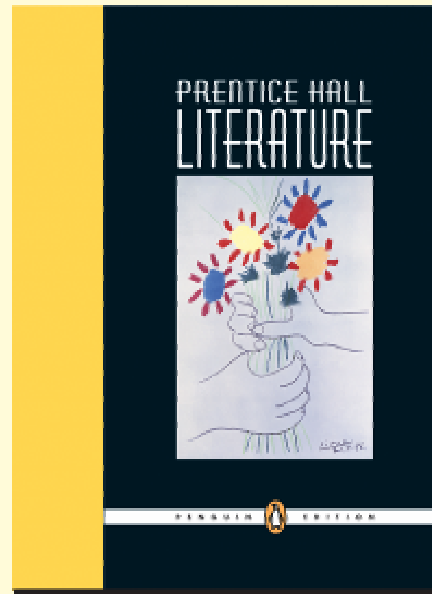
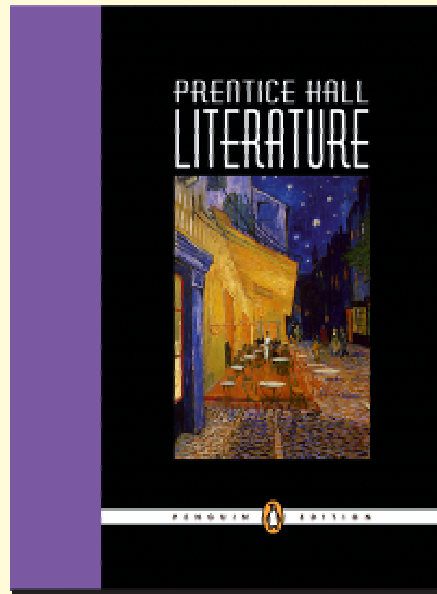


PENGUIN
ALLEN LANE

Penguin's advantage

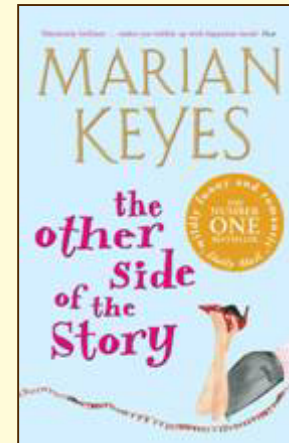
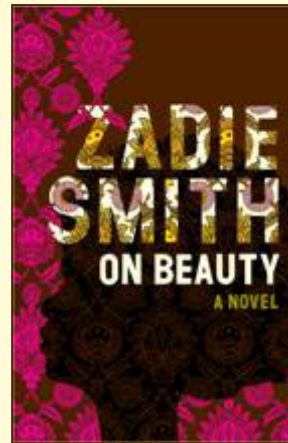
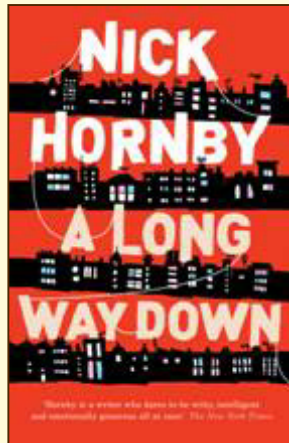
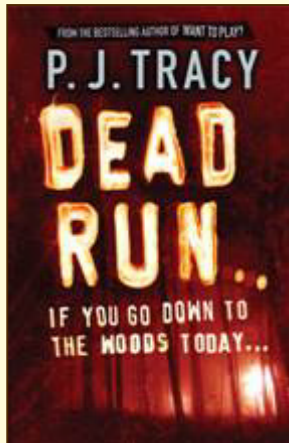


Penguin's advantage



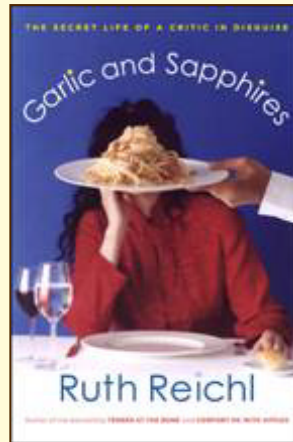
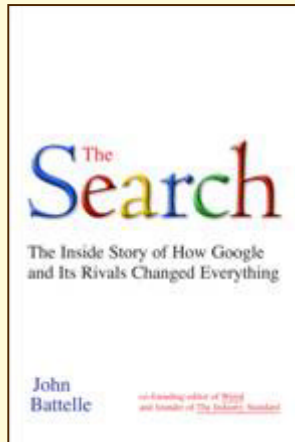
Novel ideas

- Growth in UK commercial fiction



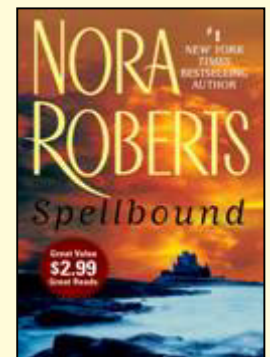
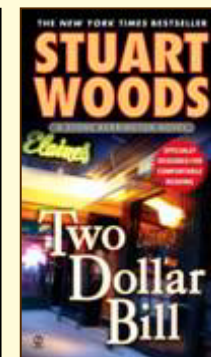
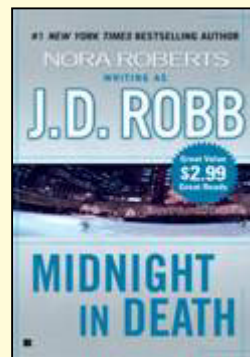
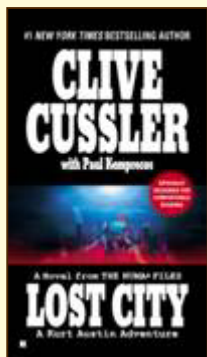
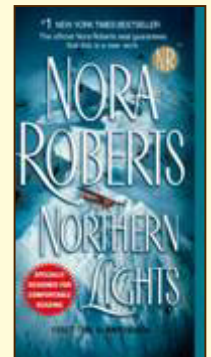
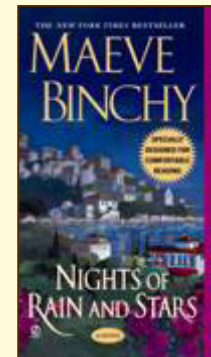
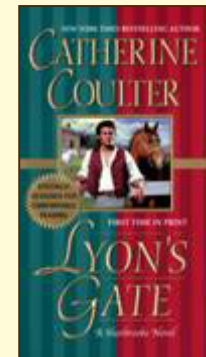
Novel ideas

- Growth in UK commercial fiction
- Successful new imprints



Novel ideas

- Growth in UK commercial fiction
- Successful new imprints
- Mass market innovation

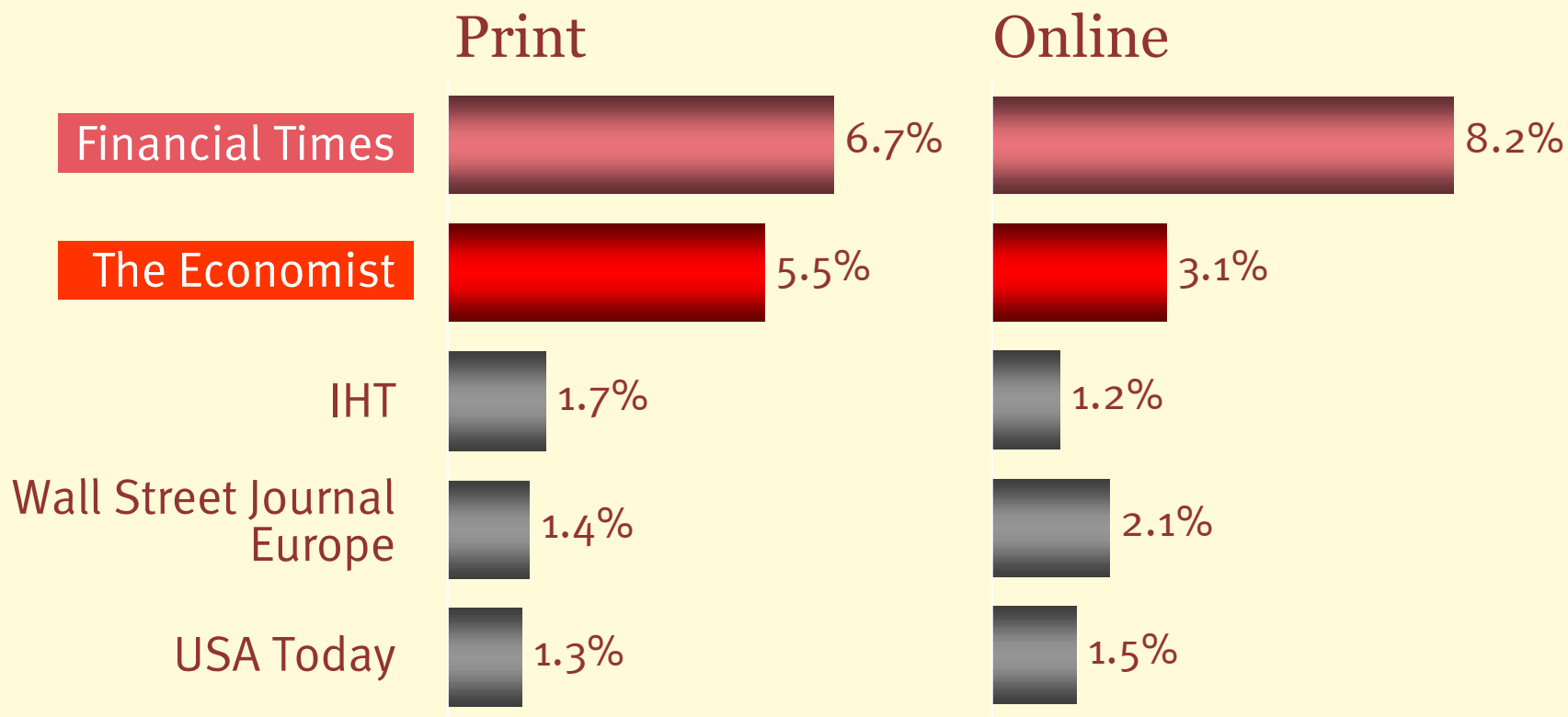


The FT's advantage

- Global brand
- Lower costs
- Premium content
- Niche audience
- Leading online service

Good news: readership

Regular readers in Europe

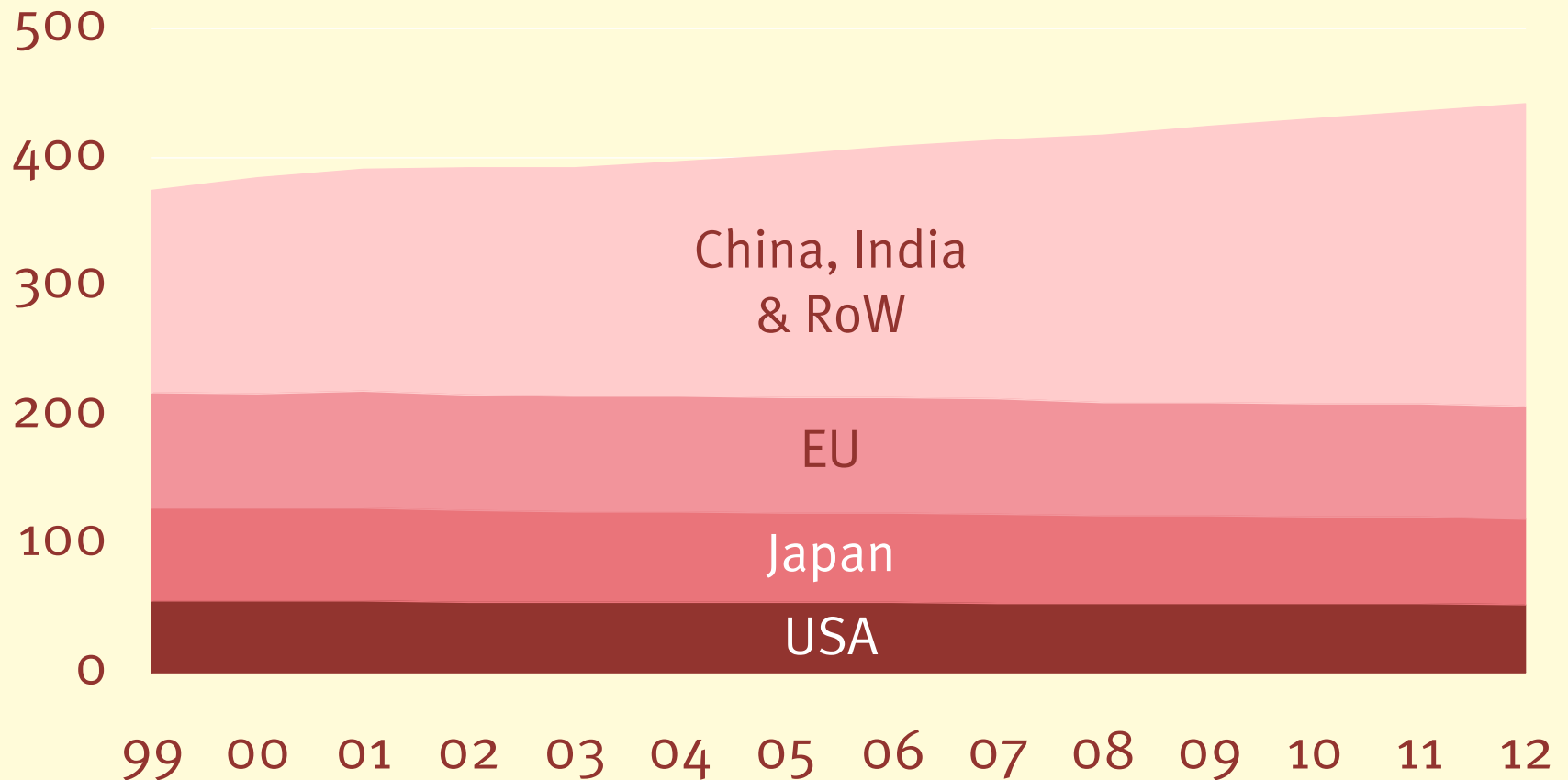


Source: Europe 2005

Universe: 10.157m Sample: 11,002

Growth in international news

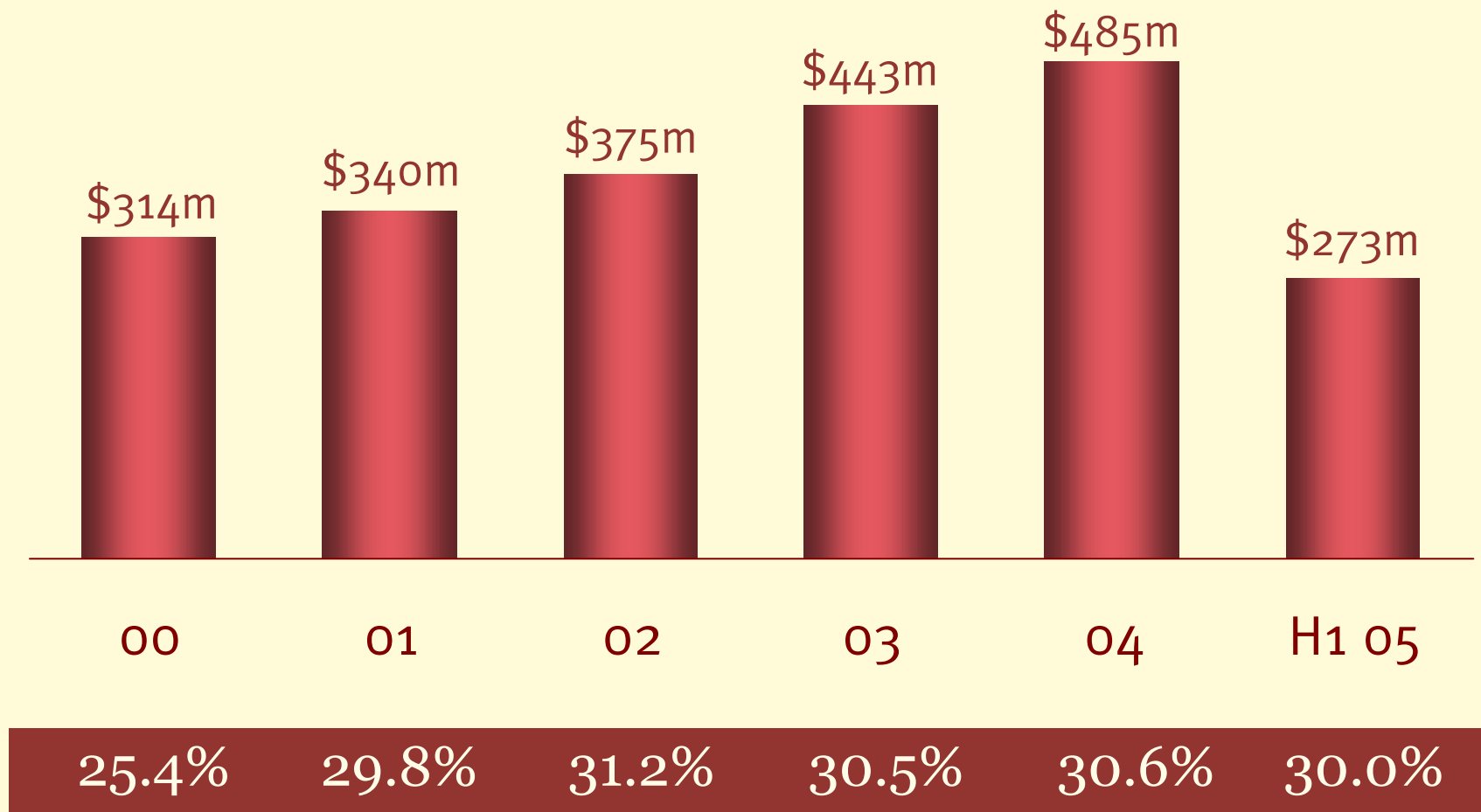
Total circulation, millions



Source: World Association of Newspapers / ZenithOptimedia

IDC'S advantage

Revenues & margins



as reported under US GAAP

PEARSON

