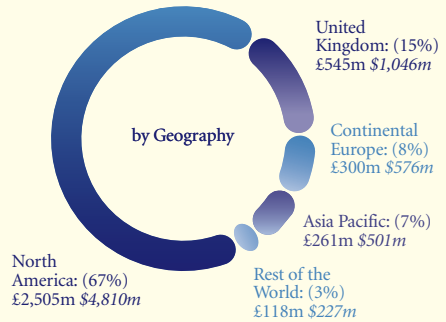
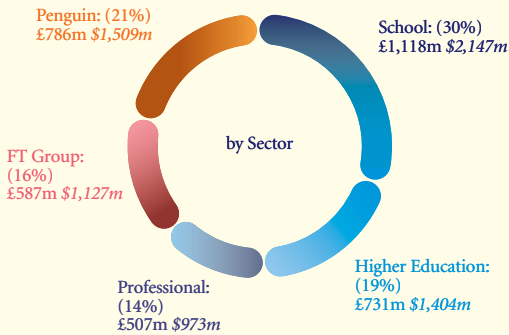
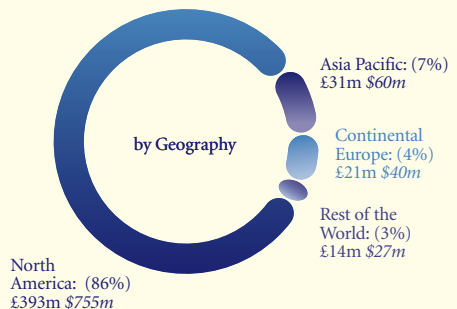
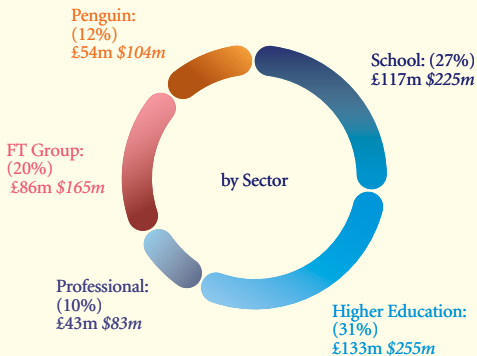


FINANCIAL HIGHLIGHTS

Sales: Total £3,729m \$7,160m*



Adjusted operating profit: Total £433m \$832m*



Note: United Kingdom operating loss excluded = £(26)m \$(50)m.

*Continuing businesses (excluding Recoletos).

	2004 £m	2004 \$m	2003 £m	2003 \$m	Underlying change %
Sales ⁽¹⁾	3,729	7,160	3,879	7,448	3
Business performance					
Adjusted operating profit ^(1,2)	433	832	462	887	7
Adjusted profit before tax ⁽²⁾	386	741	410	787	
Adjusted earnings per share ⁽²⁾	30.0p	57.6¢	32.0p	61.4¢	
Free cash flow ^(1,2)	279	536	188	361	
Return on invested capital	6.2%		6.3%		0.3%pts ⁽³⁾
Statutory results					
Operating profit	231	444	226	434	
Profit before tax	171	328	152	292	
Basic earnings per share	11.1p	21.3¢	6.9p	13.2¢	
Dividends per share	25.4p	48.8¢	24.2p	46.5¢	
Net borrowings	1,206	2,316	1,361	2,613	

⁽¹⁾ Continuing businesses (excluding Recoletos: sales (2004: £190m; 2003: £169m), operating profit (2004: £22m; 2003: £28m)).

⁽²⁾ Before goodwill (2004: £(224)m; 2003: £(264)m) and non-operating items (2004: £9m; 2003: £6m).

⁽³⁾ At constant currency.

BUSINESS HIGHLIGHTS

Pearson Education



Sales

04	£2,356m / \$4,524m
03	£2,451m / \$4,706m
02	£2,756m / \$5,292m
01	£2,604m / \$5,000m
00	£2,090m / \$4,013m

Adjusted operating profit

04	£293m / \$563m
03	£313m / \$601m
02	£326m / \$626m
01	£274m / \$526m
00	£237m / \$455m

The Financial Times Group



Sales

04	£777m / \$1,492m
03	£757m / \$1,453m
02	£726m / \$1,394m
01	£801m / \$1,538m
00	£844m / \$1,620m

Adjusted operating profit

04	£108m / \$207m
03	£86m / \$165m
02	£80m / \$154m
01	£72m / \$138m
00	£98m / \$188m

The Penguin Group



Sales

04	£786m / \$1,509m
03	£840m / \$1,613m
02	£838m / \$1,609m
01	£820m / \$1,574m
00	£755m / \$1,450m

Adjusted operating profit

04	£54m / \$104m
03	£91m / \$175m
02	£87m / \$167m
01	£80m / \$154m
00	£79m / \$152m

Pearson Annual Review 2004
Business Highlights

Pearson Education		2004	2004	2003	2003	Underlying
		£m	\$m	£m	\$m	change %
Sales	School	1,118	2,147	1,176	2,258	–
	Higher Education	731	1,404	772	1,482	4
	Professional	507	973	503	966	12
	Total	2,356	4,524	2,451	4,706	4
Adjusted operating profit	School	117	225	127	244	2
	Higher Education	133	255	148	284	1
	Professional	43	83	38	73	30
	Total	293	563	313	601	5

The Financial Times Group

Sales	Financial Times	208	399	203	390	3
	Other FT publishing	110	211	112	215	5
	IDC	269	517	273	524	3
	Total continuing	587	1,127	588	1,129	3
	Discontinued (Recoletos)	190	365	169	324	15
	Total	777	1,492	757	1,453	6
Adjusted operating profit/(loss)	Financial Times	(9)	(17)	(32)	(62)	72
	Other FT publishing	11	21	6	11	61
	Associates and joint ventures	6	11	3	6	100
	IDC	78	150	81	156	9
	Total continuing	86	165	58	111	69
	Discontinued (Recoletos)	22	42	28	54	(18)
Total	108	207	86	165	39	

The Penguin Group

Sales	Total	786	1,509	840	1,613	–
Adjusted operating profit	Total	54	104	91	175	(24)