

Corporate and Operating Measures

Sales – underlying and constant exchange rate movement

Sales movement excluding the impact of acquisitions and disposals and movements in exchange rates.

All figures in £ millions			2004
	Continuing	Discontinued	Total
Underlying increase	111	25	136
Portfolio changes	41	–	41
Exchange differences	(302)	(4)	(306)
Total sales decrease	(150)	21	(129)
Underlying increase	3%		3%
Constant exchange rate increase	4%		4%

Adjusted operating profit – underlying and constant exchange rate movement

Operating profit movement excluding the impact of acquisitions and disposals and movements in exchange rates.

All figures in £ millions			2004
	Continuing	Discontinued	Total
Underlying decrease	30	(5)	25
Portfolio changes	(8)	–	(8)
Exchange differences	(51)	(1)	(52)
Adjusted operating profit decrease	(29)	(6)	(35)
Underlying increase	7%		5%
Constant exchange rate increase	5%		3%

Free cash flow per share

Operating cash flow less tax, interest and integration costs paid, divided by the weighted average number of shares in issue.

All figures in £ millions	2004
Adjusted operating profit*	455
Cash conversion	93%
Operating cash flow	422
Tax paid on operating profits	(55)
Net interest paid	(85)
Operating free cash flow	282
Non operating tax received	10
Integration costs	(4)
Total free cash flow	288
Weighted average number of shares in issue (millions)	795.6
Operating free cash flow per share	35.4p
Total free cash flow per share	36.2p

*Before goodwill charge and non operating items.

Return on invested capital*

Adjusted operating profit less cash tax expressed as a percentage of gross invested capital.

All figures in £ millions	2004
Adjusted operating profit	455
Cash tax (15%)	(68)
Return	387
Gross goodwill	5,029
Net operating assets	1,196
Invested capital	6,225
Return on invested capital	6.2%

* Before goodwill charge and non operating items.

Shareholder Information

Payment of dividends to mandated accounts

Where shareholders have given instruction for payment to be made direct into a bank or building society, this is done through the Bankers Automated Clearing System (BACS), with the associated tax voucher showing the tax credit attributable to the dividend payment sent direct to the shareholder at the address shown on our register. If you wish the tax voucher to be sent to your bank or building society, please inform our registrar, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA. Telephone 0870 600 3986 or, for those shareholders with hearing difficulties, textphone number 0870 600 3950.

Dividend reinvestment plan (DRIP)

The plan provides the benefit of giving shareholders the right to buy the company's shares on the London stock market with the cash dividend. If you would like further information about the DRIP, please contact Lloyds TSB Registrars. Telephone 0870 241 3018.

Personal Equity Plans (PEPs) and Individual Savings Accounts (ISAs)

The government no longer permits investment to be made in PEPs, although existing PEPs may be continued. Existing Corporate PEP and Single Company PEP holders who require further information about their PEPs should ring the HBOS helpline on 0870 606 6417. Lloyds TSB Registrars offer ISAs in Pearson shares. They can be contacted for information on 0870 242 4244.