

# Financial review



EMMA JAMES • DK, PENGUIN

The sale of our 22% share in the RTL Group was concluded at the end of January 2002 allowing us to pay down our debt to under £1.5bn and marking the beginning of a period of portfolio stability. This also results in the Pearson profit and loss account becoming more straight forward as our significant acquisition and disposal activity and our start-up internet investments are largely behind us. 2002 also marks the end of the integration of our major acquisitions, and the goodwill amortisation arising from those acquisitions will be more predictable.

Our operating profits from continuing operations in 2002 increased from 2001 by 18% to £493m. However, almost entirely as a result of our (non-cash) goodwill amortisation charge, we still show an overall loss for the financial year.

**Goodwill amortisation** • Goodwill is a balance sheet item which represents the difference between the price paid for acquisitions and the fair value of the assets acquired. Pearson amortises goodwill to the profit and loss account over the estimated useful life of the acquisition, or a period of 20 years, whichever is the shorter. The goodwill amortisation charge fell by £45m last year to £330m, mainly due to the disposal of the RTL Group.

**Goodwill impairment** • Goodwill is subject to an impairment review at the end of the first full year following an acquisition and at any other time if events or changes in circumstances indicate that the carrying value may not be recoverable. In 2002, we took a £10m impairment charge relating to a subsidiary of Recoletos in Argentina.

**integration costs** • Integration costs are the one-off costs of integrating significant recent acquisitions into our existing businesses. In 2002, £3m was incurred in integrating Dorling Kindersley into the Penguin Group (compared to £45m in 2001) and £7m related to the integration of NCS into Pearson Education (compared to £29m in 2001). This expenditure was in line with our forecasts at the time of the transactions and there will be no further charges in respect of these acquisitions in 2003. All other restructuring and related costs are expensed through the P&L as part of the ongoing operations of our businesses.

**non operating items** • In 2002, we took a charge of £37m for non-operating items relating to losses on the sale or closure of businesses and fixed assets. The principal items are a profit of £18m relating to the completion of the sale of the RTL Group in January 2002 and a provision of £40m for the loss on sale of our Forum business, which completed in January 2003. This provision largely relates to unamortised goodwill at the balance sheet date. Other items include a loss on sale of PH Direct of £8m, a profit of £3m on finalisation of the sale of *Journal of Commerce* by the Economist and various smaller losses on investments and property.

**amounts written off investments** • In 2002, we continued to review our fixed asset investments and concluded that there have been no further material impairments. This compares to a charge of £92m taken in 2001 relating to the carrying value of Pearson shares held to secure employee share option plans and equity investments in a number of internet businesses.



We're combining forces to grow our bilingual publishing programme. In just four years we've become the leading publisher of bilingual materials for the US elementary school market. We've taken the market-leading position in elementary Spanish reading and we hope to do the same in social studies.

JOANNE DRESNER • PRESIDENT, ELT, PEARSON EDUCATION  
DEBRA HOPKINS • BILINGUAL PRODUCT MANAGER, PEARSON EDUCATION  
MERCEDES MURATORIO • SPANISH PUBLISHING CO-ORDINATOR, PEARSON EDUCATION



**interest** • Net interest charges fell by £75m to £94m, with average net debt decreasing by £748m following the receipt of proceeds from the RTL disposal. Interest was further reduced by the effect of a general fall in interest rates during the year. The weighted average three-month LIBOR rate, reflecting the Group's borrowings in US dollars, euros, and sterling, fell by 160 basis points, or 1.6%. The effect of these falls was mitigated by our existing portfolio of interest rate swaps, which converted over half our variable rate commercial paper and bank debt to a fixed rate basis. As a result, the Group's net interest rate payable averaged approximately 5.0%, falling 1.4% from the previous year. During 2002, we took an additional one-off charge of £37m for cancellation of certain swap contracts and the early repayment of debt following rebalancing of the Group's debt portfolio on the receipt of the RTL proceeds.

**taxation** • The Group recorded a total pre-tax loss of £25m in 2002 but there was a tax charge for the year of £64m. This situation reflects the fact that there is only limited tax relief available for the goodwill amortisation charged in the accounts. The total tax charge was in fact reduced by a non-operating credit of £45m attributable to the resolution of the tax position on the disposal of the Group's remaining interest in BSKyB.

The tax charge reflects the adoption of FRS 19 'Deferred Tax'. FRS 19 requires full provisioning for deferred tax and this has had a significant effect on Pearson's effective tax rate. This is mainly because Pearson has recognised a deferred tax asset in respect of US tax losses and other timing differences. Previously the tax benefit of US tax

losses was accounted for as the losses were utilised. FRS 19 has been adopted in these accounts and the comparative figures have been restated.

The tax rate on adjusted earnings, after restating for FRS 19, decreased from 34.0% to 32.8%. The decrease was attributable to two main factors. There was a more favourable mix of profits between higher and lower tax regimes than in 2001; in addition there was a benefit from prior year adjustments.

**dividends** • The dividend payment of £187m which we are recommending in respect of 2002 represents 23.4p per share – a 5% increase on 2001. The dividend is covered 1.3 times by adjusted earnings, and 1.6 times by operating free cash flow.

**summary financial statement** • This summary financial statement, including the summary directors' report, was approved by the board on 3 March 2003. It does not contain sufficient information to allow for a full understanding of the results and state of affairs of the Pearson Group. For further information, the annual report of Pearson plc should be consulted. If you have not received the full annual report, but wish to do so, please return the request form attached to your proxy form for the annual general meeting. If, however, you are happy to receive the summary report only (which does include a summary financial statement) you need take no action. The auditors have issued an unqualified report on the financial statements containing no statement under sections 237(2) or 237(3) of the Companies Act 1985.



Every Monday, 80,000 business, economic and finance professors across the US receive a briefing, the *Week Ahead*, from the *Financial Times* US managing editor, Andrew Hill. The professors, customers of our college imprint Prentice Hall, use the *FT's* analysis of the key events to enliven their teaching. The *FT* benefits from the scale and reach of Prentice Hall's large sales and marketing team and from its experience in managing online curriculum content.

ANDREW HILL • FINANCIAL TIMES  
ANNIE TODD • PEARSON EDUCATION





# Profit and loss account

year ended 31 Dec 2002

all figures in £ millions	2002			2001 RESTATED		
	RESULTS FROM OPERATIONS	OTHER ITEMS	TOTAL	RESULTS FROM OPERATIONS	OTHER ITEMS	TOTAL
<b>Sales</b>	4,320	–	4,320	4,225	–	4,225
<b>Total operating profit/(loss)</b>	493	(350)	143	463	(510)	(47)
Non operating items	–	(37)	(37)	–	(128)	(128)
Amounts written off investments	–	–	–	–	(92)	(92)
Net finance costs	(94)	(37)	(131)	(169)	–	(169)
<b>(Loss)/profit before taxation</b>	399	(424)	(25)	294	(730)	(436)
Taxation	(131)	67	(64)	(100)	133	33
<b>(Loss)/profit after taxation</b>	268	(357)	(89)	194	(597)	(403)
Minority interests	(27)	5	(22)	(24)	4	(20)
<b>(Loss)/profit for the financial year</b>	241	(352)	(111)	170	(593)	(423)
Dividends on equity shares			(187)			(177)
<b>Loss retained</b>			(298)			(600)
<b>Adjusted earnings per share</b>			30.3p			21.4p
<b>Loss per share</b>			(13.9)p			(53.2)p
<b>Diluted loss per share</b>			(13.9)p			(53.2)p
<b>Dividends per share</b>			23.4p			22.3p

ALEX KIRKHAM \* DK, PENGUIN

# Cash flow statement

year ended 31 Dec 2002

all figures in £ millions	2002	2001 RESTATED
<b>Operating profit*</b>	493	463
Working capital and other operating movements	(36)	(4)
Net operating expenditure on fixed assets	(2)	(22)
<b>Operating cash flow</b>	455	437
Integration costs	(44)	(69)
Interest, taxation and dividends	(378)	(411)
<b>Net movement of funds from operations</b>	33	(43)
Acquisitions and disposals	806	(23)
Other non-operating movements including new equity	1	12
<b>Net movement of funds</b>	840	(54)
Net debt at beginning of the year	(2,379)	(2,301)
Exchange differences on net debt	131	(24)
<b>Net debt at end of the year</b>	(1,408)	(2,379)

\* Before goodwill amortisation and integration costs. Net debt excludes finance leases.

# Balance sheet

as at 31 Dec 2002

<i>all figures in £ millions</i>	2002	2001 RESTATED
Intangible assets	3,610	4,193
Other fixed assets	700	1,526
Current assets	2,542	2,522
Creditors due within one year	(1,363)	(1,368)
<b>Net current assets</b>	<b>1,179</b>	<b>1,154</b>
Total assets less current liabilities	5,489	6,873
Creditors due after more than one year	(1,794)	(2,661)
Provisions for liabilities and charges	(165)	(239)
<b>Net assets</b>	<b>3,530</b>	<b>3,973</b>
Equity shareholders' funds	3,338	3,797
Equity minority interests	192	176
	<b>3,530</b>	<b>3,973</b>

The financial statements were approved by the board of directors on 3 March 2003 and signed on its behalf by

DENNIS STEVENSON • RONA FAIRHEAD

## Independent auditors' statement to the members of Pearson plc

We have examined the summary financial statement of Pearson plc.

**Respective responsibilities of directors and auditors** - The directors are responsible for preparing the Pearson annual review in accordance with applicable law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Pearson annual review with the annual financial statements, the directors' report and the report on directors' remuneration, and its compliance with the relevant requirements of Section 251 of the United Kingdom Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the Pearson annual review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

This statement, including the opinion, has been prepared for and only for, the company's members as a body in accordance with Section 251 of the Companies Act 1985

and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Basis of opinion** - We conducted our work in accordance with Bulletin 1999/6, 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom.

**Opinion** - In our opinion the summary financial statement is consistent with the annual financial statements, the directors' report and the report on directors' remuneration of Pearson plc for the year ended 31 December 2002 and complies with the applicable requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder.

PRICEWATERHOUSECOOPERS LLP • CHARTERED ACCOUNTANTS  
AND REGISTERED AUDITORS  
LONDON, 3 MARCH 2003

### Notes

The maintenance and integrity of the Pearson Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Summary directors' report

The full directors' report is set out on pages 35 to 45 of the annual report of Pearson plc. Details of the businesses, the development of the Group and its subsidiaries and likely future developments are given on pages 9 to 28 of the annual report and on pages 9 to 28 of this summary review and financial statement.

**Results and dividend** - The loss for the financial year ended 31 December 2002 was £111m (2001: £423m loss). The loss retained for the year was £298m (2001: £600m loss) and has been transferred to reserves. A final dividend of 14.3p per share is recommended for the year ended 31 December 2002. This, together with the interim dividend already paid, makes a total for the year of 23.4p (2001: 22.3p). The final dividend will be paid on 9 May 2003 to shareholders on the register at the close of business on 14 March 2003, the record date.

**Directors** - The present members of the board, together with their biographical details, are shown on page 36. Patrick Cescau was appointed a non-executive director on 1 April 2002, and both Rona Fairhead and Peter Jovanovich were appointed directors on 1 June 2002. Three directors, David Bell, Terry Burns and Rana Talwar will retire by rotation at the AGM on 25 April 2003 and will stand for re-election. Terry Burns and Rana Talwar, as non-executive directors of the company, do not have service contracts. Rona Fairhead and Peter Jovanovich who were appointed to the board after the last AGM, retire from office in accordance with the company's articles of

association and, being eligible, will offer themselves for reappointment.

**Corporate governance** - The full directors' report, including the report on directors' remuneration which has been considered and adopted by the board, is contained in the annual report, copies of which are obtainable from the company. These reports describe how the company has applied the principles and complied with the provisions of the Combined Code on corporate governance, as well as giving reasons for any non-compliance. The company also complies with the best practice provisions on remuneration matters prescribed in Schedule A of the Combined Code on corporate governance, and has done so throughout the year ended 31 December 2002. The tables on page 35 give information on directors' remuneration, pension positions and interests in Pearson shares.

 FOR THE FULL DIRECTORS REPORT GO TO PEARSON ANNUAL REPORT 2002 AT [www.pearson.com](http://www.pearson.com)

**Annual general meeting (AGM)** - The notice convening the AGM to be held at 12 noon on Friday, 25 April 2003 at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE, is contained in a circular to shareholders to be dated 25 March 2003.

**JULIA CASSON** • SECRETARY  
3 MARCH 2003

As well as sharing technology resources and expertise for product development across the company, we're also improving all of our information systems to bring us big benefits in terms of customer service and our ability to manage our working capital.



**DAVID JESKA** • PEARSON TECHNOLOGY

**CAROL KENNEDY** • PEARSON BROADBAND  
**BILL GAULD** • CHIEF INFORMATION OFFICER, PEARSON

**JASON KINCAID** • PENGUIN  
**JESSICA GOLDSTEIN** • PEARSON EDUCATION

# Directors' remuneration

**Remuneration policy** - This report sets out the company's policy on directors' remuneration. This policy will continue to apply to each director for 2003 and, so far as practicable, for subsequent years. The committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of future changes in the company's business environment and in remuneration practice. Any changes in policy for years after 2003 will be described in future reports, which will continue to be subject to shareholder approval. All statements in this report in relation to remuneration policy for years after 2003 should be considered in this context.

Pearson seeks to generate a performance culture by developing programmes that support its business goals and rewarding contributions towards their achievement. It is the company's policy that total remuneration (basic compensation plus short-term and long-term incentives) should reward both short- and long-term results, delivering competitive rewards for target performance, but outstanding rewards for exceptional performance.

The company's policy is that base compensation should provide the appropriate rate of remuneration for the job, taking into account relevant recruitment markets and business sectors and geographic regions. Benefit programmes should ensure that Pearson retains a competitive recruiting advantage.

Share ownership is encouraged. Equity-based reward programmes align the interests of directors, and employees in general, with those of shareholders. They also enhance identification with Pearson by linking rewards with Pearson's financial success.

The committee selects performance measures and establishes targets for the company's various performance-related annual or long-term incentive plans based on an assessment of the interests of shareholders and the company and taking into account an appropriate balance of risk and reward for the directors and other participants.

Whether or not targets have been met under the company's various performance-related annual or long-term incentive plans is a matter for the committee to determine based on the relevant information and input from advisors and auditors as appropriate.

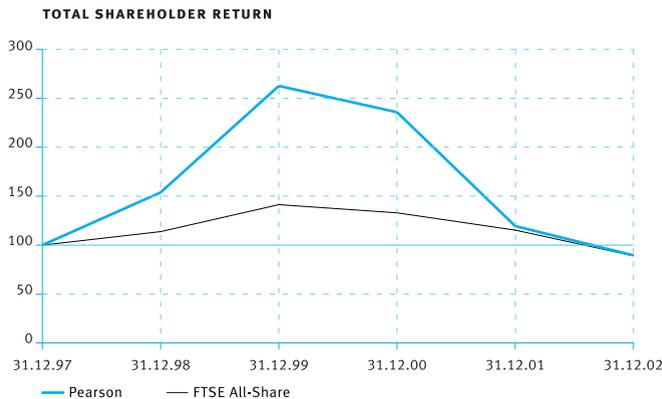
**Performance** - We set out below Pearson's total shareholder return performance relative to the FTSE All-Share index (of which Pearson is a constituent) over the five-year period 1997 to 2002. We have chosen this index on the basis that it is a recognisable reference point and appropriate comparator for the majority of our investors.

The five-year total shareholder return figures for Pearson, the FTSE All-Share index and the FTSE Media sector (of which Pearson is also a constituent) were as follows:

	PEARSON	FTSE ALL-SHARE	FTSE MEDIA
Dec 97	100.00	100.00	100.00
Dec 02	89.53	89.14	81.00

**note** - Based on data from Bloomberg and FTSE International.

**Remuneration** - The total remuneration of executive directors is made up of fixed and performance-linked elements. Fixed elements comprise base salary, other emoluments and retirement benefits. Consistent with its policy, the committee places considerable emphasis on the performance-linked elements that comprise annual bonus and bonus share matching and long-term incentives.



## Directors' remuneration



TABLE 1 <i>all figures in £000s</i>	2002				2001
	SALARIES/FEES	BONUS	OTHER*	TOTAL	TOTAL
<b>Chairman</b>					
Dennis Stevenson	275	—	—	275	275
<b>Executive directors</b>					
Marjorie Scardino	525	273	54	852	583
David Bell	310	161	16	487	325
Rona Fairhead (appointed 1 June 2002)	193	100	8	301	—
Peter Jovanovich (appointed 1 June 2002)	325	240	5	570	—
John Makinson	419	279	157	855	396
<b>Non-executive directors</b>					
Terry Burns	35	—	—	35	35
Patrick Cescau (appointed 1 April 2002)	26	—	—	26	—
Reuben Mark	47	—	—	47	45
Vernon Sankey	40	—	—	40	40
Rana Talwar	35	—	—	35	35
<b>Total</b>	<b>2,230</b>	<b>1,053</b>	<b>240</b>	<b>3,523</b>	<b>1,734</b>
Total 2001†	1,653	—	94	—	1,747

\* 'other' excludes pension contributions † Includes amounts to former directors

**note 1** • John Makinson was the highest paid director in 2002. His total remuneration, including pension contributions, amounted to £859,607. Other emoluments include £36,090 in respect of housing costs for Marjorie Scardino and a location and market premium of £130,640 for John Makinson.

**note 2** • For the full-year, Rona Fairhead's and Peter Jovanovich's remuneration was as follows:

<i>all figures in £000s</i>	SALARIES/FEES	BONUS	OTHER	TOTAL
Rona Fairhead	318	165	13	496
Peter Jovanovich	557	412	9	978

## Directors' interests

	1 JAN 02 ORDINARY SHARES†	31 DEC 02 ORDINARY SHARES†	1 JAN 02 RESTRICTED SHARES‡	31 DEC 02 RESTRICTED SHARES‡	1 JAN 02 SHARE OPTIONS	31 DEC 02 SHARE OPTIONS
<b>Interests of directors were</b>						
Dennis Stevenson	110,017	161,894	74,396	—	2,512	2,512
Marjorie Scardino	82,225	86,121	202,405	532,571	574,953	574,953
David Bell	49,438	50,939	88,292	233,313	199,808	199,430
Terry Burns	812	1,712	—	—	—	—
Patrick Cescau	—	—	—	—	—	—
Rona Fairhead	—	560	—	165,611	60,000	60,000
Peter Jovanovich	54,986	54,986	195,878	365,818	493,252	493,252
John Makinson	28,620	29,333	111,680	299,634	430,293	426,951
Reuben Mark	10,713	11,837	—	—	—	—
Vernon Sankey	801	1,666	—	—	—	—
Rana Talwar	3,283	6,848	—	—	—	—

† Amounts include shares acquired by individuals under the annual bonus share matching plan.

‡ Restricted shares comprise awards made under the incentive share, reward, annual bonus share matching and long-term incentive plans. The number of shares shown represents the maximum number of shares, including accumulated share dividends on incentive share plan shares, but not on reward or long-term incentive plan shares, which may vest, subject to the performance conditions being fulfilled.

**note 1** • On 2 January 2003, Terry Burns acquired 260 shares, Reuben Mark 339, Vernon Sankey 261 and Rana Talwar 1,074. The shares were acquired as part of their directors' fees.

**note 2** • Executive directors of the company, as possible beneficiaries, are also deemed to be interested in the Pearson Employee Share Trust and the Pearson Employee Share Ownership Trust, the trustees of which held 175,402 and 850,779 Pearson ordinary shares of 25p each respectively at 31 December 2002 and also at 3 March 2003.

### INTERESTS OF DIRECTORS IN LISTED SUBSIDIARIES

At 31 December 2002, Marjorie Scardino, John Makinson and David Bell each held 1,000 shares in Recoletos Grupo de Comunicación, S.A. Dennis Stevenson held 8,660 shares.

# Board of directors

## CHAIRMAN

**Dennis Stevenson** - chairman, aged 57, has been a non-executive director of Pearson since 1986 and became chairman in 1997. He is also chairman of HBOS plc and a non-executive director of Manpower Inc. in the US.

## EXECUTIVE DIRECTORS

**Marjorie Scardino** - chief executive, aged 56, joined the Pearson board in January 1997. She trained and practised as a lawyer, and published a weekly newspaper in the US. In 1985 she joined The Economist Group as president of its North American operations and was its chief executive from 1993 until joining Pearson. She is also a non-executive director of Nokia Corporation.

**David Bell** - director for people, aged 56, became a director of Pearson in March 1996. He is chairman of the Financial Times Group, having been chief executive of the *Financial Times* from 1993 to 1998. In July 1998 he was appointed Pearson's director for people with responsibility for the recruitment, motivation, development and reward of employees across the Pearson Group. He is also a non-executive director of VITEC Group plc and chairman of the International Youth Foundation.

**John Makinson** - chairman and chief executive officer of the Penguin Group, aged 48, joined the Pearson board in March 1996 and was finance director until June 2002. From 1994 to 1996 he was managing director of the *Financial Times*, and prior to that he founded and managed the investor relations firm Makinson Cowell. He was appointed chairman of The Penguin Group in May 2001. He is also a non-executive director of George Weston Limited in Canada.

**Rona Fairhead** - chief financial officer, aged 41, joined the Pearson board and became chief financial officer in June 2002. Prior to this she served as deputy finance director from October 2001. From 1996 until 2001, she worked at ICI, where she served as executive vice president, group

control and strategy. Prior to that, she worked for Bombardier Inc. in finance, strategy and operational roles.

**Peter Jovanovich** - chief executive of Pearson Education, aged 54, joined the Pearson board in June 2002. He became chief executive of Pearson Education in 1998. Prior to this he was chairman and chief executive of Addison Wesley Longman. He also serves on the boards of the Association of American Publishers and the Alfred Harcourt Foundation.

## NON-EXECUTIVE DIRECTORS

**Terry Burns\*\*** - aged 58, was the government's chief economic adviser from 1980 until 1991 and Permanent Secretary of HM Treasury from 1991 until 1998. He is non-executive chairman of Abbey National plc and Glas Cymru Limited, and a non-executive director of The British Land Company PLC. He was appointed a non-executive director of Pearson in May 1999.

**Reuben Mark\*\*** - aged 64, is chairman and chief executive of the Colgate-Palmolive Company and a director of AOL Time Warner Inc. He became a non-executive director of Pearson in 1988.

**Vernon Sankey\*** - aged 53, was previously chief executive of Reckitt & Colman plc and is deputy chairman of Photo-Me International plc and Beltpacker plc. He is also a non-executive director of Zurich Financial Services AG and a board member of the UK's Food Standards Agency. He became a non-executive director of Pearson in 1993.

**Rana Talwar†** - aged 54, was previously group chief executive of Standard Chartered plc. He became a non-executive director of Pearson in March 2000.

**Patrick Cescau** - aged 54, is a director of Unilever plc and Unilever NV. He became a non-executive director of Pearson in April 2002.

\* a member of the audit committee.

† a member of the personnel committee.



SHANE BREAU • PEARSON EDUCATION



JULIE SAUSEN • PEARSON EDUCATION

Reading is fundamental to Pearson. We help more people learn to read – and enjoy doing it – than any other company. Our programmes cover every stage of learning from Dorling Kindersley's pre-school picture books to basic school literacy programmes, to customised electronic reading software to Longman's world-famous English language teaching resources.

# Shareholder information



TODD FRIES • KIM HIGHLAND • JAY HENRY • THERESA BURKE • LORI BURKE • DK, PENGUIN

## 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.

## LOW COST SHARE DEALING FACILITY

A postal facility, which provides a simple, low cost way of buying and selling Pearson shares, is available through the company's stockbroker, Cazenove & Co. Limited, 12 Tokenhouse Yard, London EC2R 7AN. Telephone 020 7588 2828.

## SHAREHOLDER INFORMATION ON-LINE

Lloyds TSB Registrars provide a range of shareholder information online. You can check your holding and find practical help on transferring shares or updating your details at [www.shareview.co.uk](http://www.shareview.co.uk). Lloyds TSB Registrars can be contacted for information on 0870 600 3970.

## INFORMATION ABOUT THE PEARSON SHARE PRICE

The current price of Pearson ordinary shares can be obtained from Financial Times CityLine. Telephone 0906 843 3620.

## AMERICAN DEPOSITARY RECEIPTS (ADRS)

Pearson's ordinary shares are listed on the New York Stock Exchange in the form of ADRs and traded under the symbol PSO. Each ADR represents one ordinary share. Voting rights as a shareholder may be exercised through The Bank of New York, ADR Department, 101 Barclay Street, New York, New York 10286, telephone 800 BNY ADRS (toll free within the US) or (1) 610 312 5315 (outside the US). All enquiries regarding ADR holder accounts and payment of dividends should be directed to The Bank of New York, the authorised depositary bank for Pearson's ADR programme, at the address given above. Pearson will file with the Securities and Exchange Commission a report on Form 20-F that will contain a US GAAP reconciliation.

## ADVISERS

**auditors** • PricewaterhouseCoopers LLP **bankers** • HSBC Bank Plc **broker** • Cazenove & Co. Limited **financial advisers** • Lazard Brothers & Co. Limited, J. Henry Schroder & Co. Limited **solicitors** • Freshfields Bruckhaus Deringer, Herbert Smith and Morgan, Lewis & Bockius.

## FINANCIAL CALENDAR FOR 2003

EX-DIVIDEND DATE	WEDNESDAY 12 MARCH
RECORD DATE	FRIDAY 14 MARCH
LAST DATE FOR DIVIDEND REINVESTMENT ELECTION	THURSDAY 24 APRIL
ANNUAL GENERAL MEETING	FRIDAY 25 APRIL
PAYMENT DATE FOR DIVIDEND AND SHARE PURCHASE DATE FOR DIVIDEND REINVESTMENT	FRIDAY 9 MAY
INTERIM RESULTS	MONDAY 28 JUNE
INTERIM DIVIDEND	FRIDAY 26 SEPTEMBER



PETER JOVANOVIĆ • CHIEF EXECUTIVE, PEARSON EDUCATION



JOAN MAZZEO • PEARSON EDUCATION

# Principal addresses

## PEARSON UK

80 Strand,  
London, WC2R 0RL, UK  
**Telephone** +44 (0)20 7010 2000  
**Facsimile** +44 (0)20 7010 6060  
**E-mail** [firstname.lastname@pearson.com](mailto:firstname.lastname@pearson.com)  
[www.pearson.com](http://www.pearson.com)  
**Registered number** 53723

## PEARSON US

1330 Avenue of the Americas,  
New York City, NY 10019, USA  
**Telephone** +1 212 641 2400  
**Facsimile** +1 212 641 2500  
**E-mail** [firstname.lastname@pearson-inc.com](mailto:firstname.lastname@pearson-inc.com)  
[www.pearson.com](http://www.pearson.com)

## PEARSON EDUCATION

One Lake Street, Upper Saddle River, NJ 07458, USA  
**Telephone** +1 201 236 7000 • **Facsimile** +1 515 284 6719  
**E-mail** [firstname.lastname@pearsoned.com](mailto:firstname.lastname@pearsoned.com)  
[www.pearsoneducation.com](http://www.pearsoneducation.com)

## THE PENGUIN GROUP UK

80 Strand, London, WC2R 0RL, UK  
**Telephone** +44 (0)20 7010 2000 • **Facsimile** +44 (0)20 7010 6060  
**E-mail** [initiallastname@penguin.com](mailto:initiallastname@penguin.com)  
[www.penguin.co.uk](http://www.penguin.co.uk)

## THE PENGUIN GROUP US

375 Hudson Street, New York City, NY 10014, USA  
**Telephone** +1 212 366 2000 • **Facsimile** +1 212 366 2666  
**E-mail** [firstname.lastname@uspenguingroup.com](mailto:firstname.lastname@uspenguingroup.com)  
[www.penguinputnam.com](http://www.penguinputnam.com)

## THE FINANCIAL TIMES GROUP

Number One Southwark Bridge, London, SE1 9HL, UK  
**Telephone** +44 (0)20 7873 3000 • **Facsimile** +44 (0)20 7873 3076  
**E-mail** [firstname.lastname@ft.com](mailto:firstname.lastname@ft.com)  
[www.ft.com](http://www.ft.com)

## LES ECHOS

46 Rue la Boétie, Paris 75008, France  
**Telephone** +33 149 53 6565 • **Facsimile** +33 145 61 4892  
**E-mail** [initiallastname@lesechos.fr](mailto:initiallastname@lesechos.fr)  
[www.lesechos.fr](http://www.lesechos.fr)

## RECOLETOS

Paseo de la Castellana 66, 28046 Madrid, Spain  
**Telephone** +34 91 337 3220 • **Facsimile** +34 91 337 3266  
**E-mail** [initiallastname@recoletos.es](mailto:initiallastname@recoletos.es)  
[www.recoletos.es](http://www.recoletos.es)

In the worst financial advertising market for decades, FT Business' international monthly magazine *The Banker*, has had its best year ever. Advertising revenue has grown by 500% in three years.



STEVE TIMEWELL • SIMON BLACKMORE • ALICE PARTRIDGE • PARVEEN BANSAL • ANTON TSAVIKLOV • FT BUSINESS, FINANCIAL TIMES