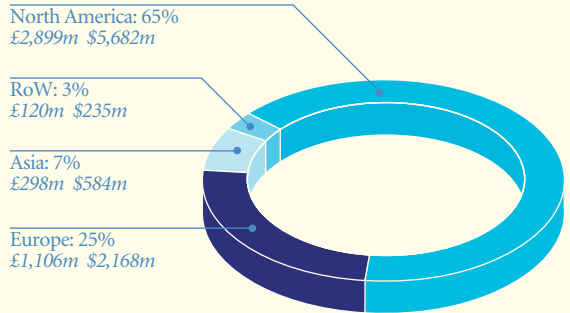
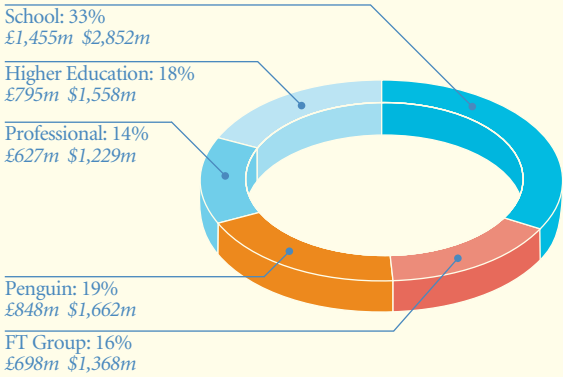


# Financial Highlights

	2006		2005		Headline growth %	Underlying growth %
	£m	\$m	£m	\$m		
<b>Business performance</b>						
Sales	4,423	8,669	4,096	8,028	8	4
Adjusted operating profit	592	1,160	506	992	17	15
Adjusted profit before tax	502	984	422	827	19	–
Adjusted earnings per share	40.2p	78.8¢	34.1p	66.8¢	18	–
Operating cash flow	575	1,127	570	1,117	1	–
Free cash flow	433	849	431	845	–	–
Return on invested capital	8.0%	–	6.7%	–	1.3%pts	0.6%pts
Net debt	1,059	2,076	996	1,952	(6)	–
<b>Statutory results</b>						
Sales	4,137	8,109	3,808	7,464	9	–
Operating profit	540	1,058	516	1,011	5	–
Profit before tax	466	913	446	874	4	–
Basic earnings per share	55.9p	109.6¢	78.2p	153.3¢	(29)	–
Basic earnings per share – continuing	54.1p	106.0¢	38.9p	76.2¢	39	–
Cash generated from operations	621	1,217	653	1,280	(5)	–
Dividend per share	29.3p	57.4¢	27.0p	52.9¢	9	–

Throughout this review we refer to business performance measures for total operations (including Pearson Government Solutions) and growth rates on an underlying basis (i.e. excluding currency movements and portfolio changes) unless otherwise stated. The business performance measures are non-GAAP measures and reconciliations to the equivalent statutory heading under IFRS are included in notes to the accounts 2, 7, 9 and 31 of the Governance and Financial Statements 2006. The sales and profit measures within business performance include the results of Pearson Government Solutions for both years. Pearson Government Solutions is treated as a discontinued operation within statutory results. Additionally, profit measures within business performance are presented on an adjusted basis to exclude: i) other gains and losses arising in connection with the sale of subsidiaries, associates and other financial assets; ii) amortisation of acquired intangible assets; iii) short-term fluctuations in the market value of financial instruments (under IAS 39) and other currency movements (under IAS 21); iv) tax benefits on the recognition of tax losses.

Sales: Total £4,423m \$8,669m



Adjusted operating profit: Total £592m \$1,160m

