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to
learn

PEARSON PERFORMANCE SUMMARY 2010

Pearson at a glance

Pearson is the world's leading learning company. We have 36,000 people in more than 70 countries, helping people of all ages to make progress in their lives through learning.

Overview

People

Proportion of Pearson revenue

Education

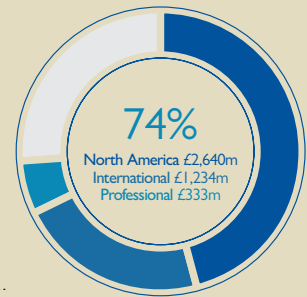
£4,207m
Sales

£691m
Adjusted operating profit

We provide learning materials, technologies, assessments and services to teachers and students of all ages and in more than 70 countries.

29,200

US 16,000
UK 3,600
RoW 9,600



› See more at pearsoned.com

Consumer publishing

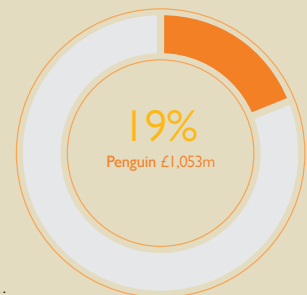
£1,053m
Sales

£106m
Adjusted operating profit

Penguin publishes more than 4,000 fiction and non-fiction books each year – on paper, on screens and in audio formats – for readers of all ages. It is one of the world's leading consumer publishing businesses and an iconic global brand.

3,450

US 1,800
UK 750
RoW 900



› See more at penguin.com



Business information

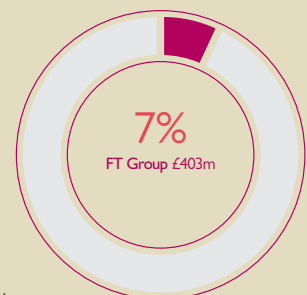
£403m
Sales

£60m
Adjusted operating profit

The FT Group provides news, data, comment and analysis to the international business community. It is known around the world for its independent and authoritative information.

2,600

US 500
UK 1,600
RoW 500



› See more at ft.com



Chief executive's overview

As we report on 2010, we look back on another successful result for our work and for our shareholders.



OUR STRATEGY

1

Long-term organic investment in content

2

Digital products and services businesses

3

International expansion

4

Efficiency

Dear shareholder,

We've produced this little booklet to let you know about some of the highlights of your company's performance in 2010.

The truth is that we're more interested in the present and the future than in looking back, but even so I hope you'll agree that there is much to be proud of about the year just completed. We produced record profits, cash and dividends, and every part of Pearson played an important part in our success. The strategy we've been pursuing for some years now – making Pearson more digital, more international, more efficient and more focussed on all kinds of learning – enabled us to reach our financial goals even in a troubled economic climate.

I hope you'll agree that 2010 was also a good year for our shareholders, too. Our share price continued to advance and we're proposing to increase the dividend by 9%, the fastest rate of growth in a decade and our 19th consecutive dividend increase.

This booklet can provide only a snapshot of a company as large and diverse as Pearson. The full annual report is available online at www.pearson.com/investor/ar2010. A full printed document can also be ordered on our website or by contacting our registrar, Equiniti, by phone on 0871 384 2043 (or on +44 121 415 7062 if you're calling from outside the UK).

You can also find out more by attending our annual shareholders' meeting on Thursday 28 April. I hope to see many of you there.

Sincerely,

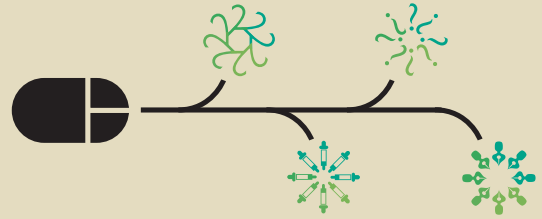
Marjorie Scardino Chief executive

Performance highlights

Supporting education

We acquired America's Choice to boost Pearson's services in school reform.

 To learn more about America's Choice, watch our film at www.pearson.com/films

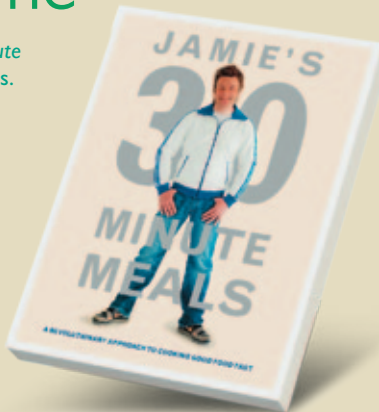


7.3 million

students registered for MyLabs, our digital homework and assessment programmes now available worldwide.


The UK's biggest selling non-fiction hardback title of all time

Jamie Oliver's *30 Minute Meals* sold 1.2m copies.



Starting a global conversation

Student enrolments at our Wall Street English schools increased by 27%. We announced plans to open 50 new English language centres in China.

 To learn more about Wall Street English, watch our film at www.pearson.com/films

Learning: a systemic approach

Pearson agreed a strategic partnership with Sistema Educacional Brasileiro (SEB) in Brazil to provide services to its educational institutions and to acquire its school learning systems ('sistema') business for \$517m. SEB serves more than 450,000 students across private and public schools.



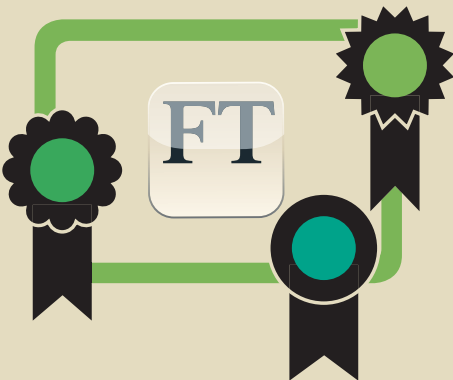
A testing decade

At the start of 2011, our largest professional testing contract with the Graduate Management Admission Council to administer the GMAT test was renewed until 2022.



Number one in five categories

Stephen Fry's *The Fry Chronicles* made publishing history as the first title to hit number one in five categories.

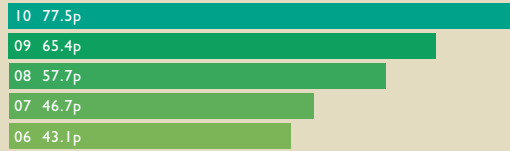


Award-winning app Award-winning content

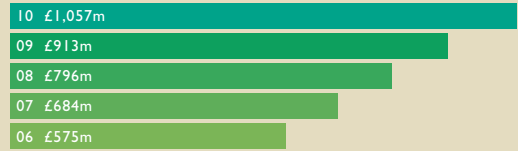
The FT produced strong and accelerating growth in its digital readership with digital subscriptions up over 50% to 207,000 and registered users up 79% to more than three million. It generated over 900,000 downloads of FT apps on mobile phones and tablet devices and scooped a prestigious Apple Design Award for its iPad app.

2010 financial summary

ADJUSTED EARNINGS PER SHARE PENCE **+19%**



OPERATING CASH FLOW £m **+16%**



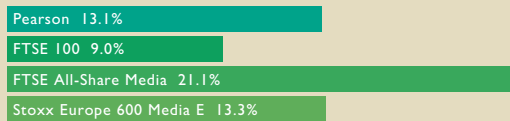
ADJUSTED OPERATING PROFIT £m **+15%**



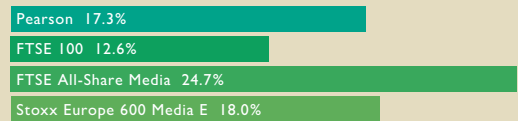
RETURN ON INVESTED CAPITAL % **+1.4%pts**



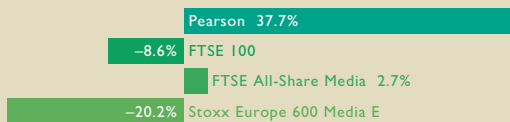
SHARE PRICE PERFORMANCE – 1 YEAR % CHANGE
01.01.10 – 31.12.10



TOTAL SHAREHOLDER RETURN – 1 YEAR % CHANGE
01.01.10 – 31.12.10



SHARE PRICE PERFORMANCE – 3 YEAR % CHANGE
01.01.08 – 31.12.10

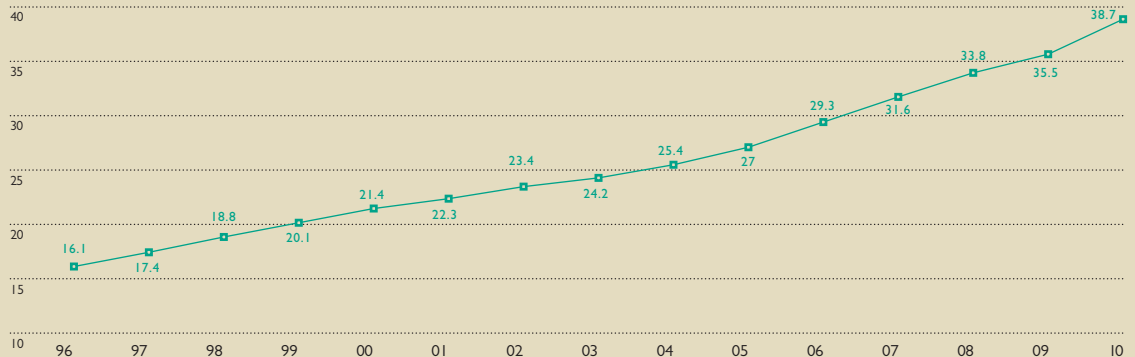


TOTAL SHAREHOLDER RETURN – 3 YEAR % CHANGE
01.01.08 – 31.12.10



Source: Datastream as at 31 December 2010

DIVIDEND PER SHARE PAID IN FISCAL YEAR PENCE



	2010 £m	2009 £m	Headline growth	CER growth	Underlying growth
Business performance					
Sales	5,663	5,140	10%	8%	5%
Adjusted operating profit	857	710	21%	15%	14%
Adjusted profit before tax	853	761	12%		
Adjusted earnings per share	77.5p	65.4p	19%		
Operating cash flow	1,057	913	16%		
Total free cash flow	904	723	25%		
Total free cash flow per share	112.8p	90.5p	25%		
Return on invested capital	10.3%	8.9%	1.4%pts		
Net debt	(430)	(1,092)	61%		
Statutory results					
Operating profit	743	619	20%		
Profit before tax	670	523	28%		
Basic earnings per share	161.9p	53.2p	204%		
Cash generated from operations	1,169	1,012	16%		
Dividend per share	38.7p	35.5p	9%		

Notes

- a) Growth rates are stated on a constant exchange rate (CER) basis unless otherwise stated. Where quoted, underlying growth rates exclude both currency movements and portfolio changes.
- b) Interactive Data is treated as a discontinued business and sales and operating profit are stated on a continuing business basis, excluding Interactive Data from both 2009 and 2010. Until its sale on 29 July 2010, Interactive Data contributed revenues of £296m (full year 2009: £484m) and adjusted operating profit of £81m (2009: £148m).
- c) The 'business performance' measures are non-GAAP measures and reconciliations to the equivalent statutory heading under IFRS are included in notes 2, 8 and 31 to the annual report.

Learn more at www.pearson.com

➤ Browse, download or print our interactive online annual report at
www.pearson.com/investor/ar2010

➤ View our 2010 results presentation at:
www.pearson.com/pearson-2010-results/

Shareholder information

Shareholder information online

Equiniti provides 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. For more information, please contact our registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Telephone 0871 384 2233* or, for those shareholders with hearing difficulties, textphone number 0871 384 2255*.

Information about the Pearson share price

The company's share price can be found on our website at www.pearson.com. It also appears in the financial columns of the national press.

Share dealing facilities

Equiniti offers telephone and internet services for dealing in Pearson shares. For further information, please contact them on 08456 037 037 (telephone dealing – weekdays only) or log on to www.shareview.co.uk/dealing (online dealing). You will need your shareholder reference number as shown on your share certificate.

A weekly postal dealing service is also available through Equiniti. Please telephone 0871 384 2248* for details or log on to www.shareview.co.uk to download a form.

Tips on protecting your shares

- ▶ Keep any documentation that contains your shareholder reference number in a safe place and shred any unwanted documentation.
- ▶ Inform the registrar promptly when you change address.
- ▶ Be aware of dividend payment dates and contact the registrar if you do not receive your dividend cheque or better still, make arrangements to have the dividend paid directly into your bank account.
- ▶ Consider holding your shares electronically in a CREST account via a nominee.

For more information, please log on to our website at www.pearson.com/shareholderfaqs

American Depositary Receipts (ADRs)

Pearson's ADRs are listed on the New York Stock Exchange and traded under the symbol PSO. Each ADR represents one ordinary share. For enquiries regarding registered ADR holder accounts and dividends, please contact BNY Mellon Shareowner Services, PO Box 358516, Pittsburgh, PA 15252-8516, telephone 1 866 259 2289 (toll free within the US) or 001 201 680 6825 (outside the US). Alternatively, you may e-mail shrrelations@bnymellon.com, or log on to www.bnymellon.com/shareowner.

*Calls to these numbers are charged at 8p per minute from a BT landline. Other provider costs may vary. Lines open 8.30am to 5.30pm Monday to Friday.

Voting rights for registered ADR holders can be exercised through The Bank of New York Mellon, and for beneficial ADR holders (and/or nominee accounts) through your US brokerage institution. Pearson will file with the Securities and Exchange Commission a Form 20-F.

Further information

A full 2010 annual report can be obtained free of charge from Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or downloaded from our website www.pearson.com. Shareholders can also elect to receive the full annual report for subsequent years by contacting Equiniti.

Advisers

Auditors PricewaterhouseCoopers LLP
Bankers HSBC Bank plc
Brokers JP Morgan Cazenove Limited and Citigroup
Financial advisers Goldman Sachs, JP Morgan Cazenove Limited and Citigroup
Solicitors Freshfields Bruckhaus Deringer, Herbert Smith LLP and Morgan, Lewis & Bockius LLP

2011 Financial calendar

Ex-dividend date	6 April
Record date	8 April
Last date for dividend reinvestment election	12 April
Annual General Meeting	28 April
Payment date for dividend and share purchase date for dividend reinvestment	6 May
Interim results	1 August
Payment date for interim dividend	16 September

Pearson plc

80 Strand
 London WC2R 0RL
 UK
 T +44 (0)20 7010 2000
 F +44 (0)20 7010 6060
www.pearson.com
 Registered number 53723 (England)



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Pearson has supported the planting of half an acre of new native woodland with the Woodland Trust, helping to offset 70 tonnes of carbon dioxide emissions generated by the production of this report. This report has been printed on Cocoon Pre-print 100 which is FSC® certified and contains 100% recycled de-inked waste paper. It was printed using vegetable oil based inks by a CarbonNeutral® printer certified to ISO 14001 environmental management system and registered to EMAS the Eco Management Audit Scheme.