



Performance summary 2008

The business

Pearson is an international media and education company with businesses in education, business information and consumer publishing.

We are 34,000 people in more than 60 countries, helping children and adults to learn, business people to make informed decisions and readers of all ages to wind down or wise up with a good book. Our businesses fuel the growing demand for high quality information in the global knowledge economy and share a common purpose: to help our customers live and learn.

Pearson consists of three major worldwide businesses:

Education

PEARSON

Operating profit

£474m +11%

Pearson is the world's leading education company, providing educational materials, technologies, assessments and related services to teachers and students of all ages.

Though we generate approximately 60% of our sales in North America, we operate in more than 60 countries. We publish across the curriculum under a range of respected imprints including Scott Foresman, Prentice Hall, Addison Wesley, Allyn and Bacon, Benjamin Cummings and Longman.

We are also a leading provider of electronic learning programmes and of test development, processing and scoring services to educational institutions, corporations and professional bodies around the world.

FT Group

FT

Operating profit

£195m +13%

The FT Group provides business and financial news, data, comment and analysis, in print and online, to the international business community.

FT Publishing includes: the globally-focused Financial Times newspaper and FT.com website; a range of specialist financial magazines and online services; and Mergermarket, which provides proprietary forward-looking insights and intelligence to businesses and financial institutions.

Interactive Data is Pearson's 62%-owned provider of specialist financial data to financial institutions and retail investors, which is listed on the New York Stock Exchange (NYSE:IDC).

The FT Group also has a 50% ownership stake in both The Economist Group and FTSE International.

Penguin Group



Operating profit


£93m +4%

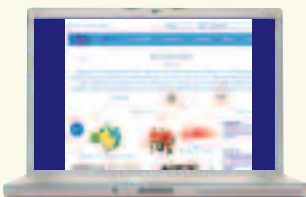
Penguin publishes over 4,000 fiction and non-fiction books each year for readers of all ages.

Our extensive range of backlist and frontlist titles includes top literary prize winners, classics, reference volumes and children's titles.

We rank in the top three consumer publishers, based on sales in all major English speaking and related markets, including the US, the UK, Australia, New Zealand, Canada, South Africa and India.

Penguin is well known for its iconic Penguin brand but we also publish under many other imprints including Hamish Hamilton, Putnam, Berkley, Dorling Kindersley, Puffin and Ladybird.

 For more information visit our website www.pearson.com



Chief executive's overview

Dear shareholder,
There are about 34,000 people in your company, and they worked exceptionally hard, in tougher economic conditions than we've seen for some years, to produce a set of results we take real pride in:

Sales

+8% at £4.8bn

with growth coming from every part of the company

Adjusted operating profit

+11% at £762m

with profit margins up to

15.8%

Adjusted earnings per share

+24% at 57.7p

Operating cash flow

+16% at £796m

over the past five years we have averaged 100% cash conversion.

Dividend per share

+7% at 33.8p

we've increased our dividend above the rate of inflation for each of the past 12 years.

Each one of those financial highlights is an all-time high for Pearson. But this year, perhaps more than any we've known, we cannot afford for one moment to dwell on the past or rest on our record. The short-term trading environment is tough, and would be a severe test of any company.

Cautious as we are about 2009, we take confidence from the strength of our results in 2008 and the indications they provide that our basic businesses are in good shape and that our strategy for durable, long-term growth is working.

For a full discussion of the past year and our future prospects, please review our annual report at www.pearson.com/investor/ar2008. If you'd prefer a printed copy, please visit our website or contact our registrars Equiniti by phone on 0871 384 2043 (or on +44 121 415 7062 if you are outside the UK).

We always look forward to discussing the business with you at our annual shareholders' meeting. I very much hope to see you there on May 1st.

Sincerely,



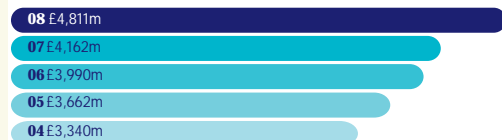
Marjorie Scardino Chief executive



2008 financial summary

Sales £4,811m

+8%



Adjusted operating profit £762m

+11%



Adjusted earnings per share 57.7 pence

+24%



Operating cash flow £796m

+16%



	2008 £m	2007 £m	Headline growth	CER growth	Underlying growth
Business performance					
Sales	4,811	4,162	16%	8%	3%
Adjusted operating profit	762	619	23%	11%	5%
Adjusted profit before tax	674	549	23%		
Adjusted earnings per share	57.7p	46.7p	24%		
Operating cash flow	796	684	16%		
Total free cash flow	631	407	55%		
Total free cash flow per share	79.2p	51.1p	55%		
Return on invested capital	9.2%	8.9%	0.3% pts		
Net debt	1,460	973	(50)%		
Statutory results					
Operating profit	676	574	18%		
Profit before tax	585	468	25%		
Basic earnings per share – continuing	47.9p	39.0p	23%		
Cash generated from operations	894	659	36%		
Dividend per share	33.8p	31.6p	7%		

Note Sales and adjusted operating profit growth rates are stated on a constant exchange rate (CER) basis. Adjusted operating profit relates to continuing operations only. Where quoted, underlying growth rates exclude both currency movements and portfolio changes. The 'business performance' measures are non-GAAP measures and reconciliations to the equivalent statutory heading under IFRS are included in our full annual report.

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. Equiniti can be contacted for information on 0871 384 2233*.

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 postal facility for dealing in Pearson shares is also available through JPMorgan Cazenove Limited, 20 Moorgate, London EC2R 6DA. Telephone 020 7588 2828. An alternative weekly postal dealing service is available through Equiniti. Please telephone 0871 384 2248* for details.

Tips on protecting your shares

For information on how you can protect your shares from fraud please visit 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 1 201 680 6825 (outside the US). Alternatively, you may e-mail shrrelations@bnymellon.com, or log on to www.bnymellon.com/shareowner. 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 2008 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 JPMorgan Cazenove Limited and Citigroup
Financial advisers Citigroup, Goldman Sachs and Lazard

Solicitors Freshfields Bruckhaus Deringer, Herbert Smith and Morgan, Lewis & Bockius

2009 Financial calendar

Ex-dividend date	8 April
Record date	14 April
Last date for dividend reinvestment election	16 April
Annual general meeting	1 May
Payment date for dividend and share purchase date for dividend reinvestment	8 May
Interim results	27 July
Payment date for interim dividend	18 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 350 trees with the Woodland Trust, helping to offset the carbon dioxide emissions generated by the production of this document. This document has been printed on Take 2 Offset which is 100% recycled. This document was printed using vegetable oil based inks and 100% renewable energy by a CarbonNeutral® printer certified to ISO 14001 environmental management system and registered to EMAS the Eco Management Audit Scheme.

* Calls to these numbers are charged at 8p per minute from a BT landline. Other provider costs may vary.

The Pearson logo consists of the word "PEARSON" in a white, serif, all-caps font, centered within a dark blue square. A thin white horizontal line is positioned just below the text.

PEARSON

www.pearson.com

Online annual report 2008

www.pearson.com/investor/ar2008

Our impact on society

www.pearson.com/community/csr_report2008

Investor information

www.pearson.com/investor

Learn more about how we educate, entertain and inform at

www.pearson.com/pearsonville