

PEARSON



Bear Stearns Conference

11 March 2008

Forward-looking statements

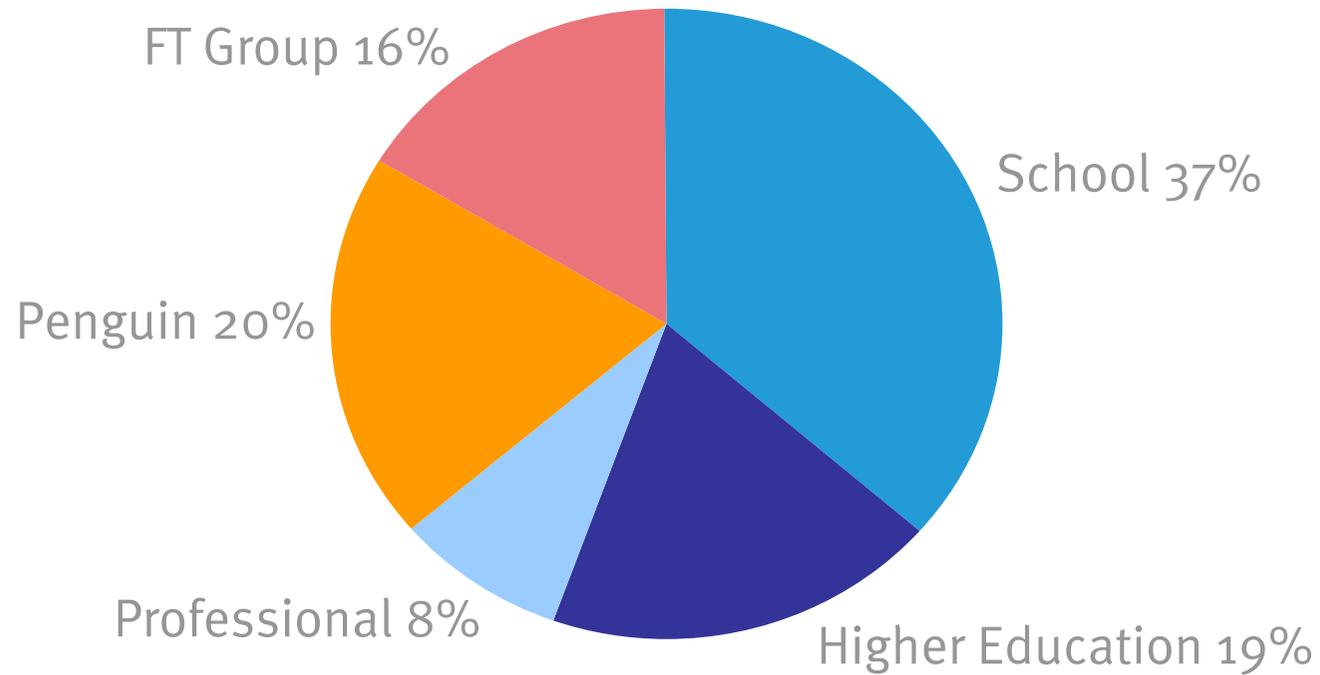
Except for the historical information contained herein, the matters discussed in this presentation include forward-looking statements. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing, anticipated costs savings and synergies and the execution of Pearson's strategy, are forward looking statements. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in future.

There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by these forward looking statements, including a number of factors outside Pearson's control. These include international, national and local conditions, as well as competition. They also include other risks detailed from time to time in the company's publicly-filed documents.

Any forward looking statements speak only as of the date they are made, and Pearson gives no undertaking to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes to events, conditions or circumstances on which any such statement is based.

Pearson today

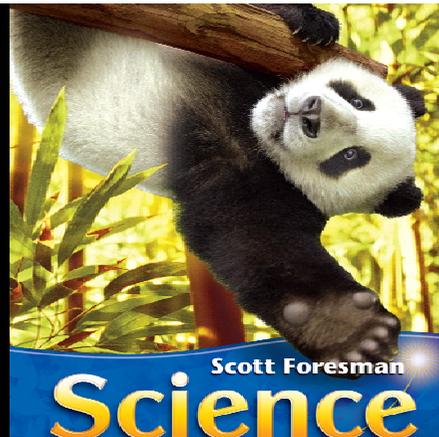
Revenue by business



2007 revenues: £4.2bn

Note: includes Data Management (Scanners)





Reading STREET

Home Glasses Content Planning Reports

DAY 1 DAY 2 DAY 3 DAY 4 DAY 5

Welcome Sandy from California.

GRADE 1 WEEK 4: Communities in Nature

BIG QUESTION VIDEO

GETTING READY TO READ

Sound-Spelling Charts
Decodable Reader

READ AND COMPREHEND

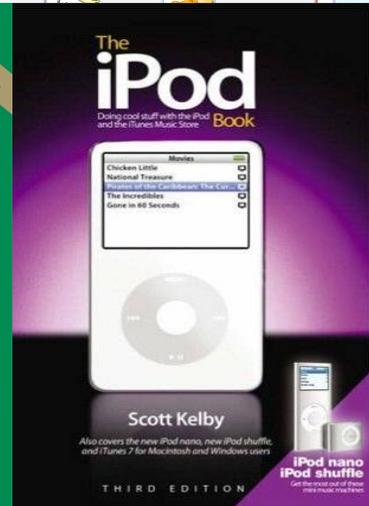
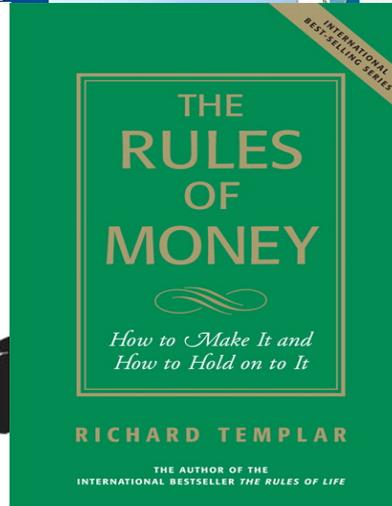
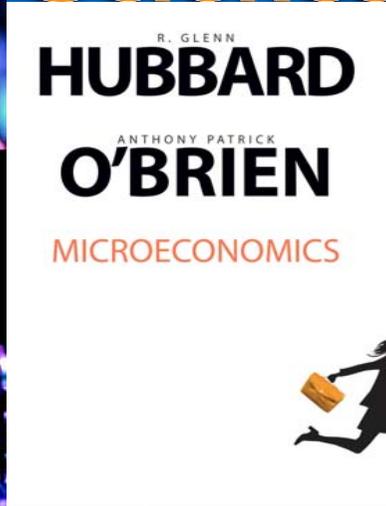
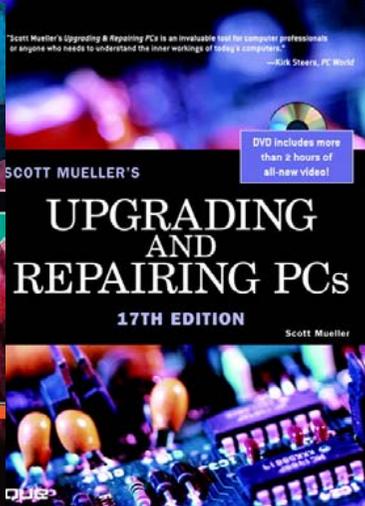
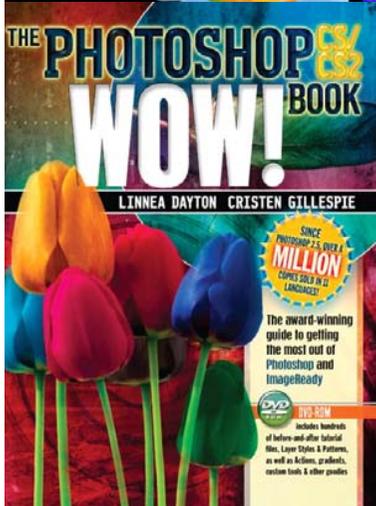
Picture It! Cause and Effect

Sound-Spelling Interactive Charts

Use the sound cards to practice hearing the long a sound. Put your hand up if a word has the sound /a/, and keep hands down if it doesn't.

View Content View Teacher Pages Assign Standards

TEACHER RESOURCES



SCOTT FORESMAN History - Social Science for California

Starting a Revolution

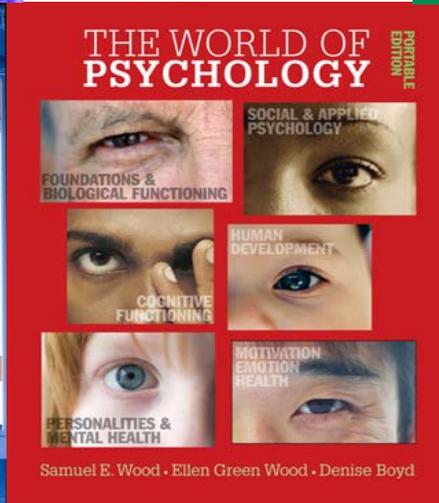
1773: A Tea Party: the Boston Way!

The Liberty Star Times newspaper reports: Boston Harbor, December 16, 1773. Allegedly, a group of colonists, rowed out to three British ships loaded with East India Company tea, broke open the crates, and threw all the tea into the water. An eyewitness said, "I saw a group of colonists, known as the Sons of Liberty, disguise themselves as Mohawks, board the British ships, and dump the tea into Boston Harbor. It was like one big party!" The crew has yet to claim responsibility for the act.

Page 1 of 3

Content Planning Find Tests & Reports Teacher Resources Help

Print Partner



myspanishlab iHOLA!

Where language learning knows no bounds

HOME | Learn About | Textbooks | Training | Success Stories | Contact | Support

First-time users

Register or buy access here

Students Instructors

Returning users

Students Instructors

Browser Tuneup

Tune up your browser before using MySpanishLab to enjoy full functionality of the features

Welcome to MySpanishLab

Announcements

- July release of mySpanishLab is live!

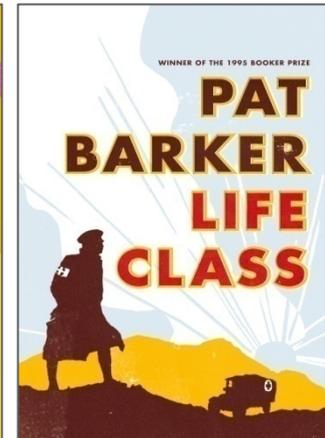
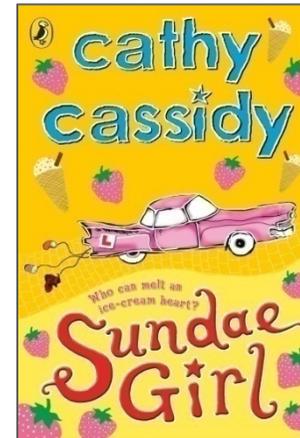
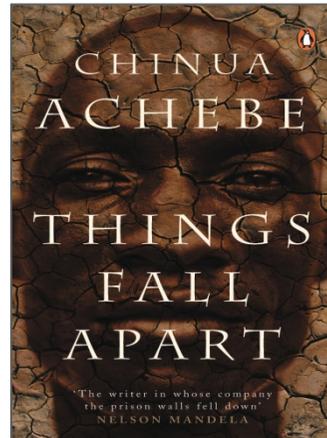
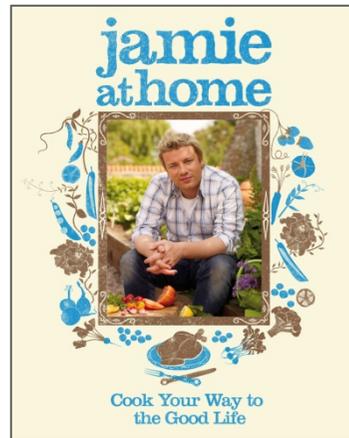
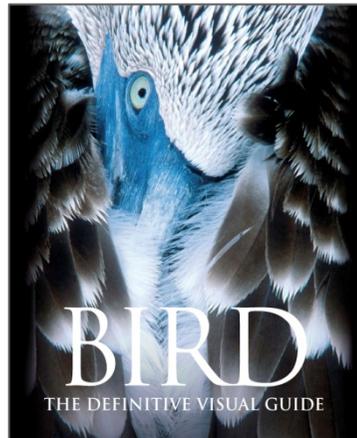
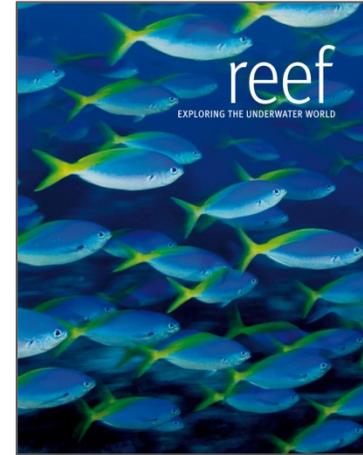
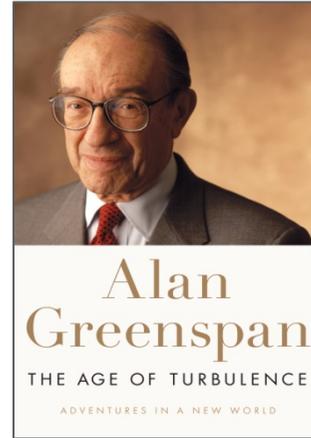
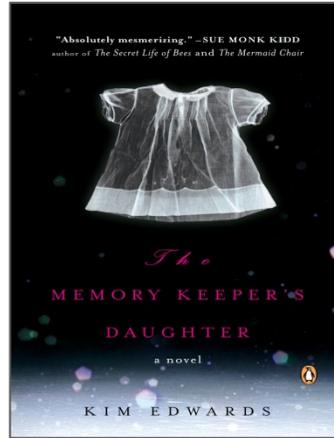
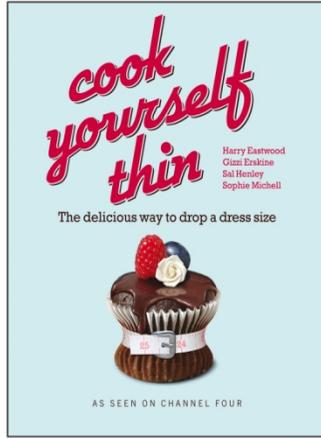
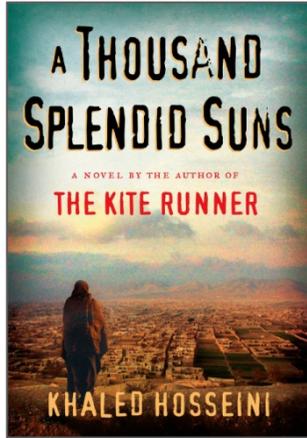
What's New

- After signing in to MySpanishLab, be sure to check your What's New folder.
- Added on 8/16/07
 - MSL Chapter grid of SAM activities
 - Instructor Quickstart Guide
 - Student User Guide
 - Correction codes
 - Pura vida links

MySpanishLab is a new, nationally hosted online learning and assessment system for Spanish courses. Developed in close collaboration with Spanish instructors, MySpanishLab is designed to serve the unique needs of language learners and language teachers. Its unparalleled combination of tools and resources takes online support for language learning and teaching to new levels!

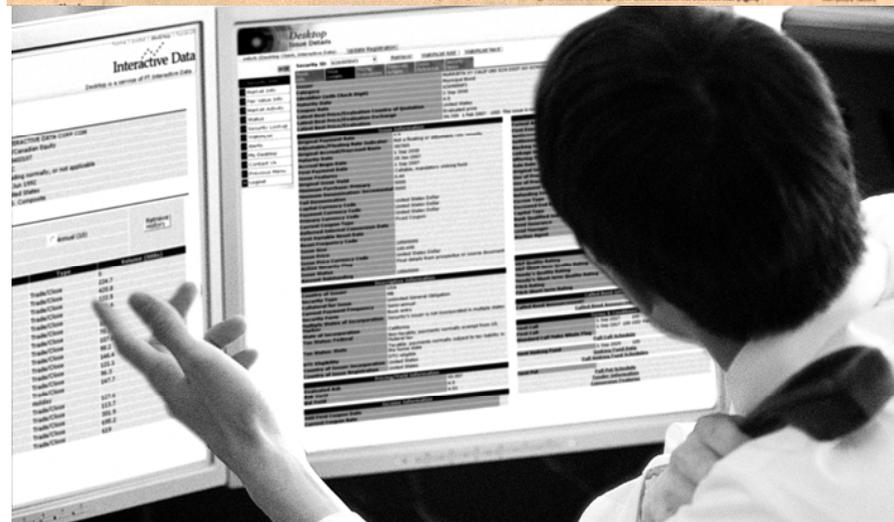
PEARSON Prentice Hall

© 2007 Pearson Education publishing as Prentice Hall - Legal Notice - Privacy Policy - Permissions



Hitachi will consider disposing its struggling US hard disk drive business if it underperforms next year, CFO says.

mergermarket



File Page View Tools Lines Chart Options Research Scanner Customer Support Trade Window Help

POR3-XET

Symbol	T	Last	Change	Currency	Bid	Ask	Prev
MGT-XET	c	10.04	-0.11	EUR	10.04	10.10	10.15
MOB-XET	c	17.45	-0.15	EUR	17.55	17.70	17.60
MOR-XET	c	36.27	+0.27	EUR	36.40	36.49	36.00
MUV2-XET	c	92.75	-0.46	EUR	92.90	93.00	93.21
HWU-XET	c	0.50	-0.02	EUR	0.51	0.52	0.52
PDE-XET	c	1.30	0.00	EUR	1.25	1.30	1.30
PNE2-XET	c	0.91	-0.04	EUR	0.91	0.93	0.95
POR3-XET	c	560.00	+14.79	EUR	560.00	560.30	545.25
PRC-XET	c	4.88	+0.33	EUR	4.80	4.85	4.55
PSM-XET	c	14.75	+0.23	EUR	14.70	14.73	14.52
PUM-XET	c	185.45	+0.25	EUR	185.31	185.96	185.20
QIA-XET	c	9.28	-0.12	EUR	9.40	9.41	9.40
QSC-XET	c	4.20	-0.06	EUR	4.27	4.29	4.26
RBO-XET	c	12.80	0.00	EUR	11.68	12.80	12.80
PWF-YET	c	45.45	+0.48	EUR	45.36	45.39	44.67

Power Scan

Export List... List Name: None

Fri Mar 18 2005, 01:35:43 PM

Filters Display Options Show

Equities Other Intervals IDC I 1 I 5 I 10

Symbol: POR3-XET, D Date: 03/17/05 Time: 00:00
 Price: 603.41 Open: 562.65 High: 562.65 Low: 544.4
 Close: 646.21 UpperBB: 667.608 MiddleBB: 642.165 LowerBB: 616.7
 vs SPX: 458.079 BW: 9.38 Floor: 0 II: 1,374
 Norm Vol: 44.47

Copyright © 2004 cSignal.

BandWidth

Our financial goals

Earnings

Cash

Return on invested capital

Record results

£m	2007	2006	Headline growth	Underlying growth
Sales*	4,218	4,051	4%	6%
Operating profit*	631	565	12%	14%
Margin*	15.0%	13.9%	1.1 ppts	
Adjusted eps	46.7p	43.1p	8%	15%**
Operating cash flow	684	575	19%	
ROIC	8.2%	8.0%	0.2 ppts	
Dividend	31.6p	29.3p	7.8%	

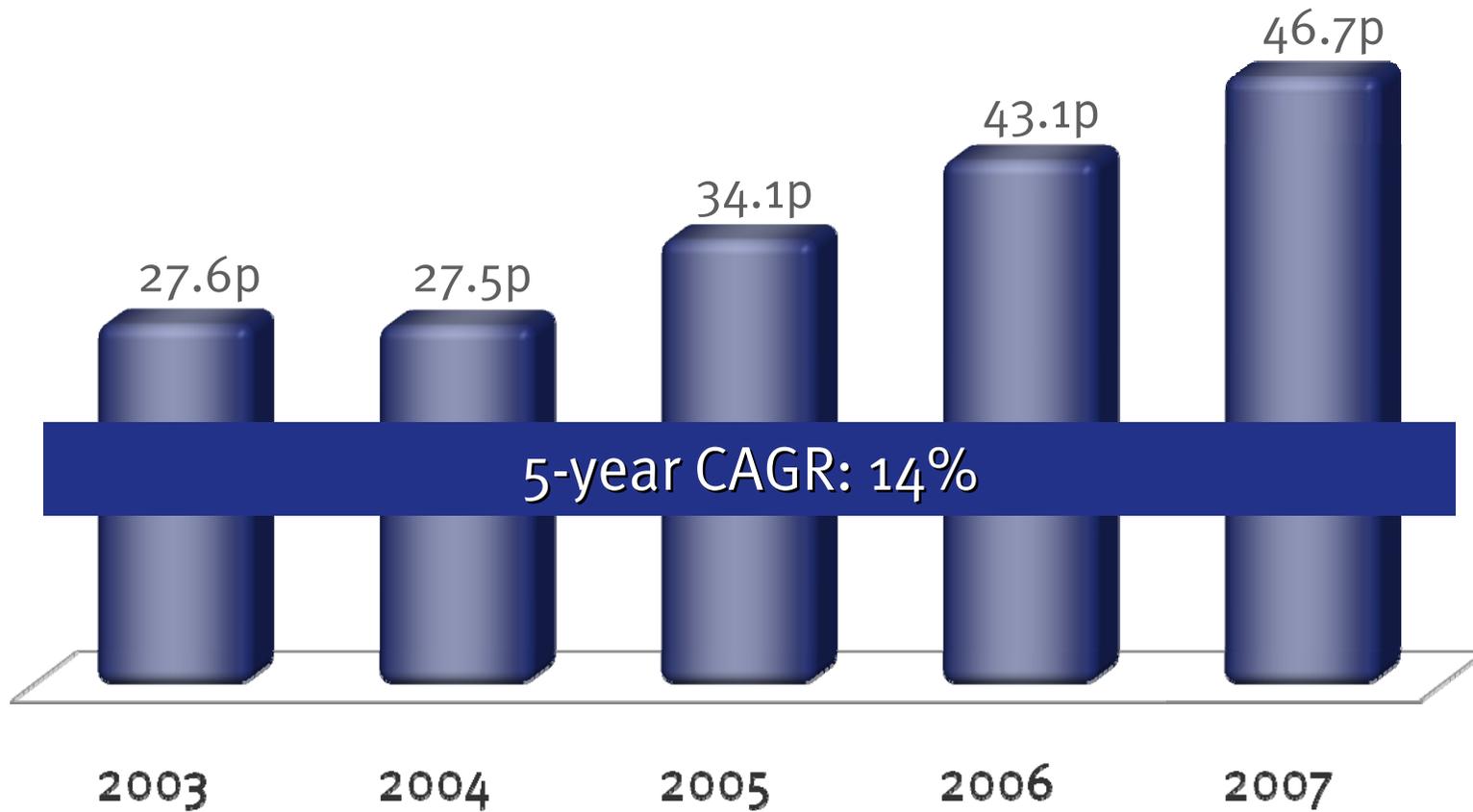
*Includes Data Management (Scanners). Excludes Government Solutions and Les Echos

**At constant currency

PEARSON

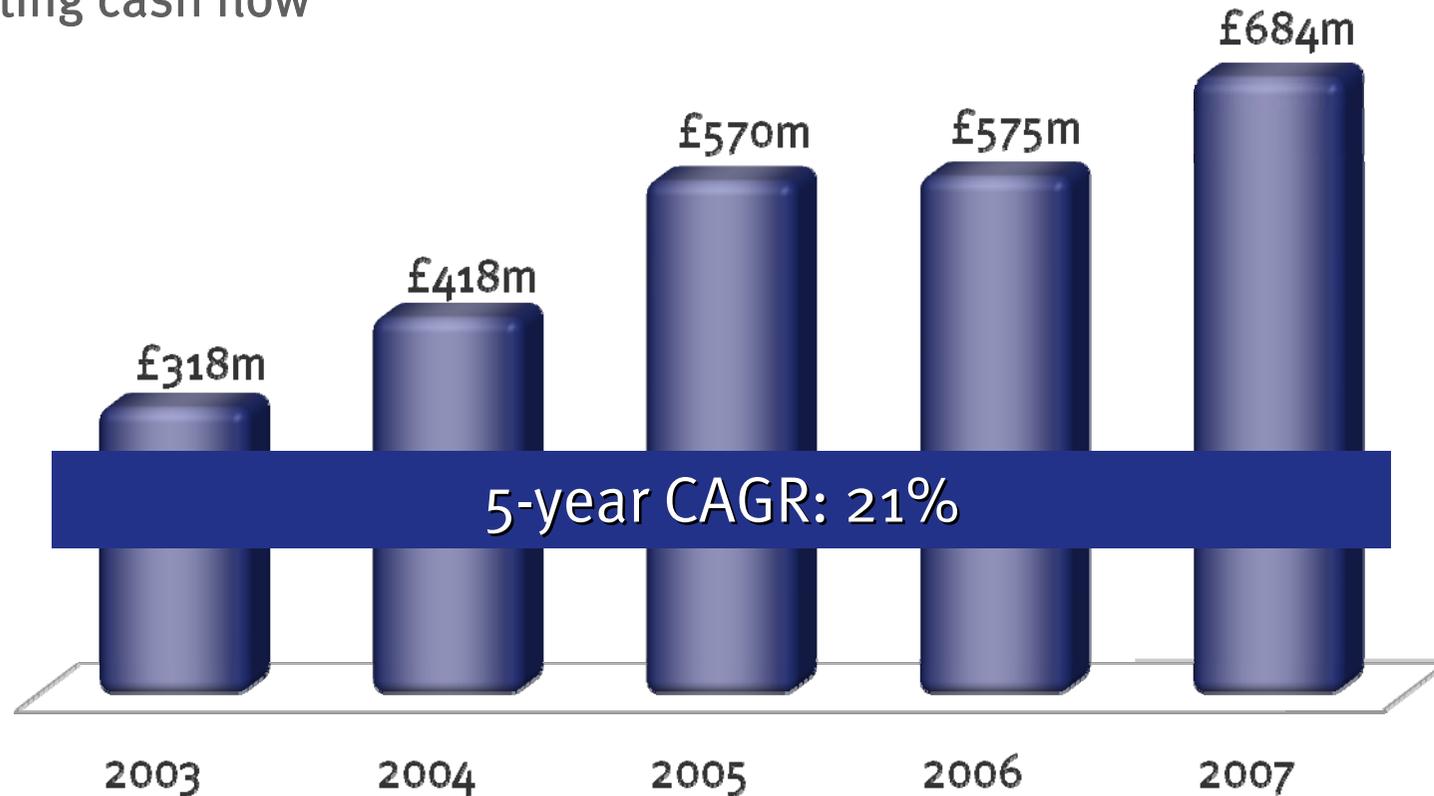
Sustained financial progress

Adjusted EPS



Sustained financial progress

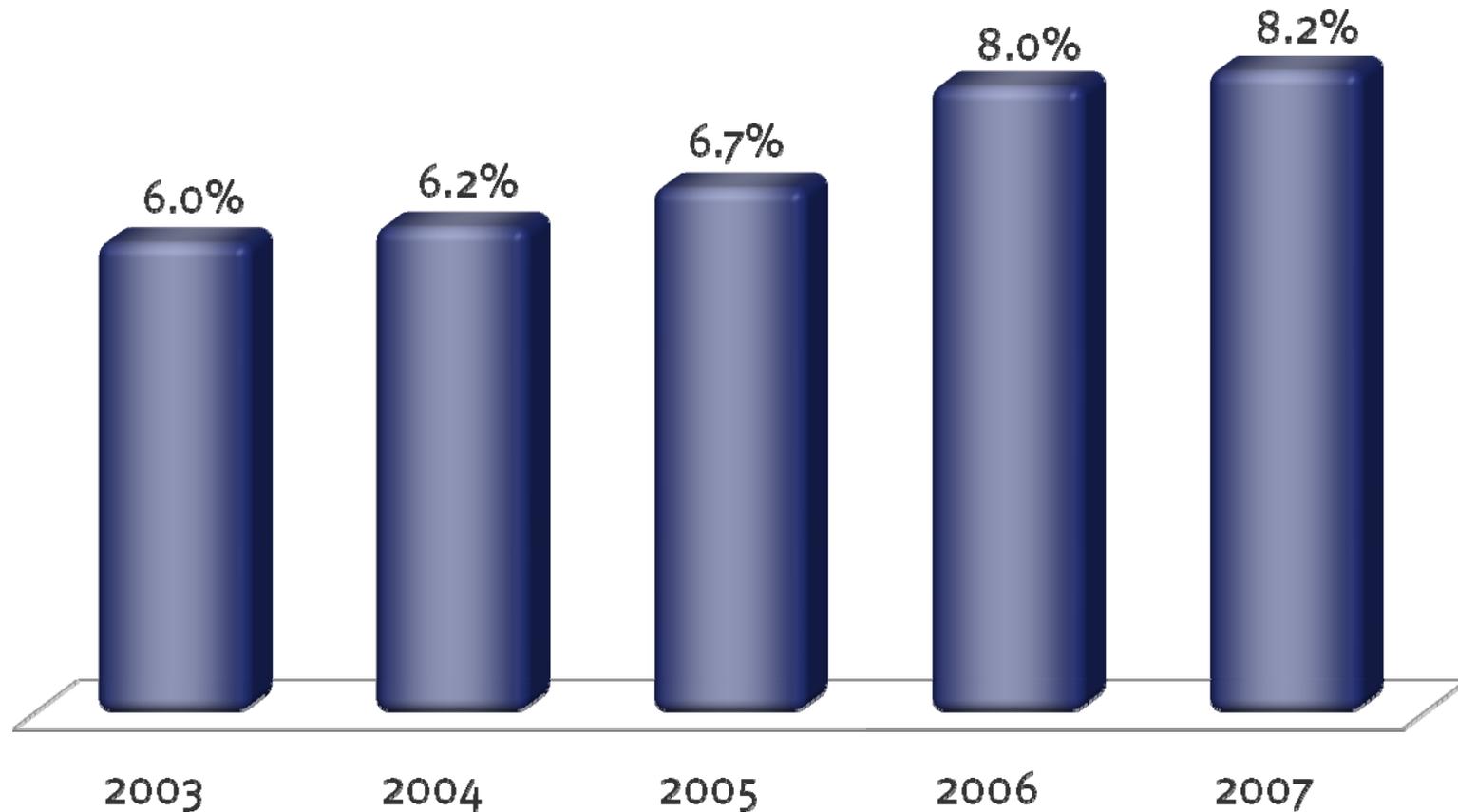
Operating cash flow



	2003	2004	2005	2006	2007
Cash Conversion	71%	98%	113%	97%	108%

Sustained financial progress

Return on invested capital



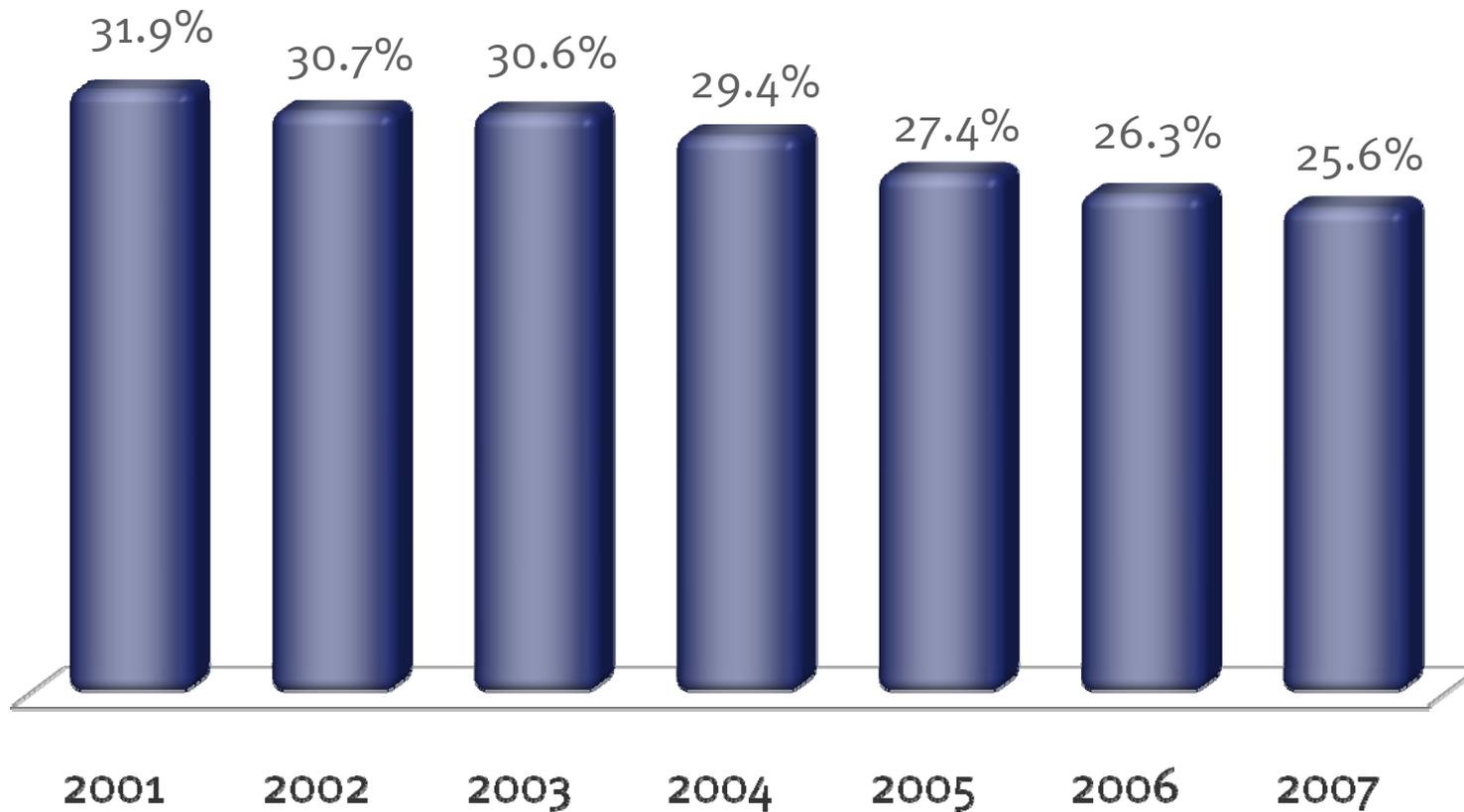
Margin improvement

£m	Margins			
	2007	2006	2005	2004
School	13.2%	12.6%	11.4%	9.9%
Higher Education	20.3%	20.3%	20.0%	17.7%
Professional	11.3%	9.6%	7.6%	7.9%
FT Publishing	16.3%	8.7%	6.3%	1.3%
Interactive Data	28.2%	26.8%	26.9%	24.9%
Penguin	8.7%	7.8%	7.5%	6.6%
Pearson	15.0%	13.4%	12.4%	10.8%

Reported margins

Cash and working capital discipline

Average working capital/sales



Includes capitalised pre-publication costs and author advances

Our business priorities

Content +

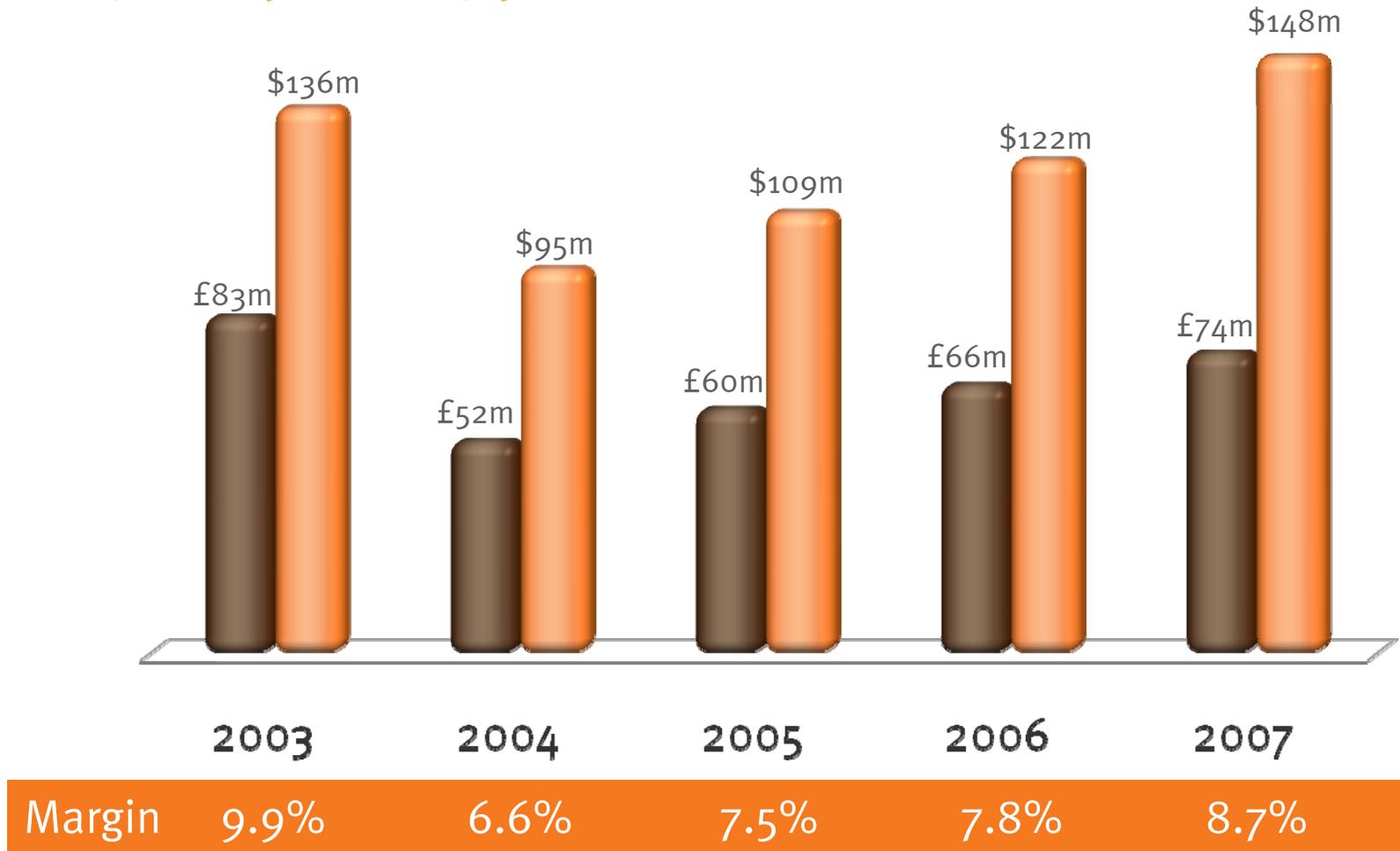
Technology and services

International expansion

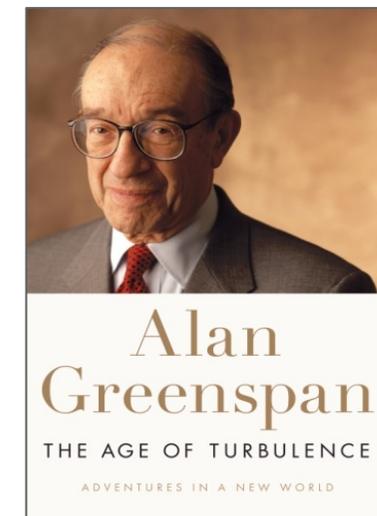
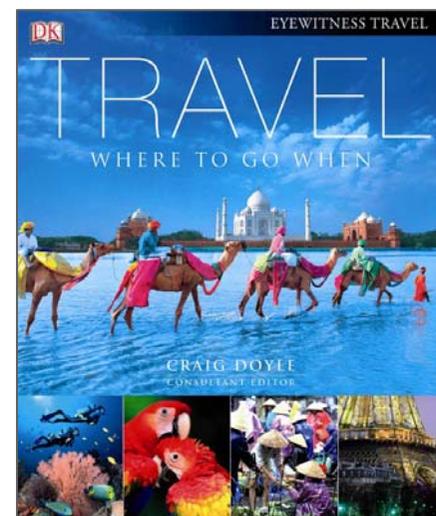
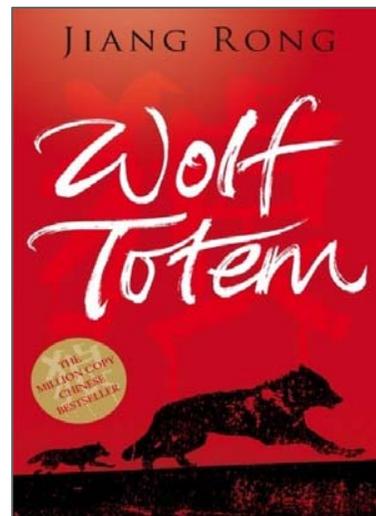
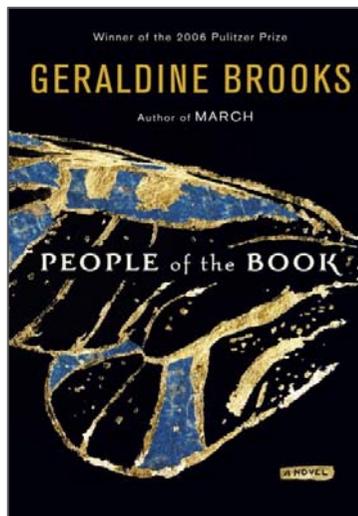
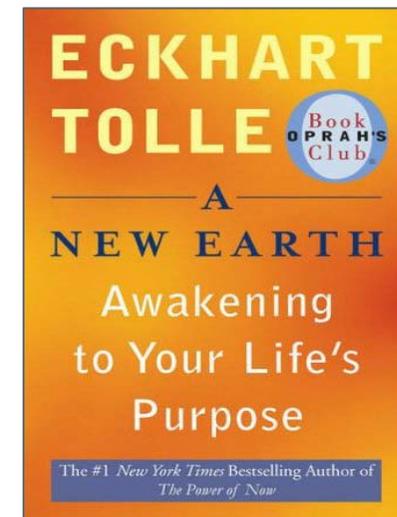
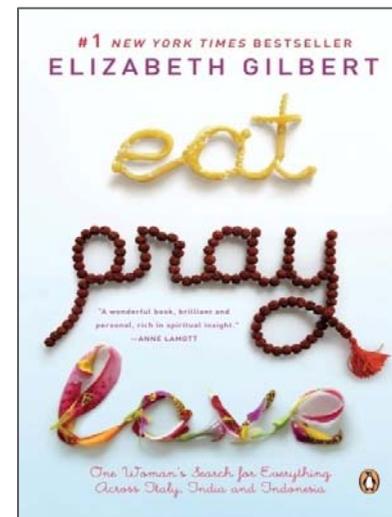
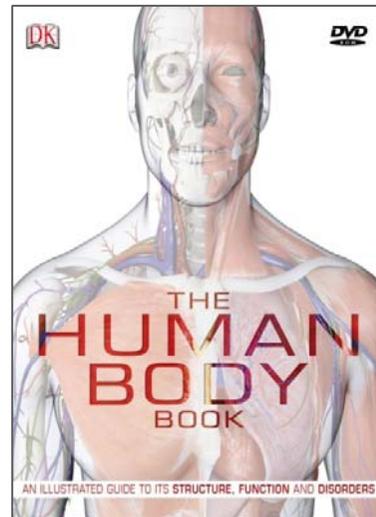
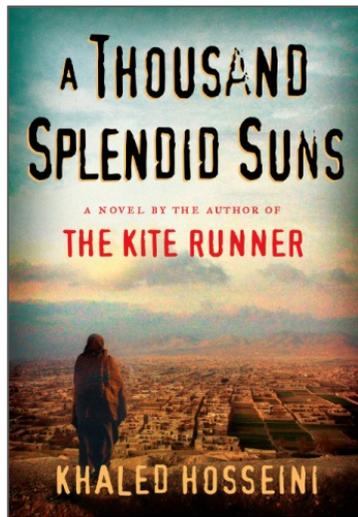
Efficiency

Sustained growth at Penguin

Penguin operating profit



Penguin content



PEARSON

my cart | sign in | newsletters | advanced search

Enter search

penguin group (usa)

home | authors | books | divisions | services | special interests

browse **penguin**

special interests

- african-american
- current affairs
- entertainment
- golden penguin
- health & beauty
- latino
- mystery & suspense
- paranormal
- parenting
- penguin blog
- penguin global
- podcast
- religion & spirituality
- romance
- science fiction & fantasy
- short reads

special offers

- book clubs/guides
- newsletters
- penguin gifts & gear
- sweepstakes/contests

divisions

- audiobooks
- complete idiot's guides
- eBooks
- penguin classics
- signed classics
- young readers

usa today's top 5 | readers' top 5 | popular @ penguin

SCARPETTA IS BACK
10/23/07
PatriciaCornwell.com

Book of the Dead - on sale October 23rd

usa today's top 5

- eat pray love** by Elizabeth Gilbert \$15.00
- World Without End** by Ken Follett \$25.00
- The Age of Turbulence** by Alan Greenspan \$35.00
- The Kite Runner** by Khaled Hosseini \$15.00

special interest areas
African-American Interest

featured author
William C. Dietz

featured book
When All Seems Lost by William C. Dietz \$24.95

The Eiffel Tower Area Restaurants

Au Babylone 13 rue de Babylone, Mon-Sat noon-2.30pm; closed Aug

Café du Marché 38 rue Cler, 01.47

THE ROUGH GUIDE to Eating & drinking in Paris

Click to continue...

Jenny goes to Rome January '07

Your photo...
Made by you

DK PERSONAL GUIDES PHOTO GUIDE

www.travel.dk.com GUIDES YOUR WAY

Spinebreakers

Spinebreaker (n)
Any story-surfing, web-exploring, word-loving, day-dreaming, reader/writer/artist/thinker aged 13-18

We are the Spinebreakers Crew, the first teen editors behind this site - your site - and we'd like to welcome you.

Slam
Nick Hornby
WIN one of 160 exclusive SLAM posters signed by Nick Hornby.

GoodBooks
"The best new band in Britain" - NME
"Good? P'king great!" - The Fly

play video

top contributors

- MACNI** I like books, like books, I'm a reader, I'm a writer, I'm a thinker.
- ALAN** I like reading, writing, and thinking.

企鹅 (中国) Penguin Group (China)

首页 | 儿童 | 青少年 | 畅销书 | 经销商 | 企鹅俱乐部 | 企鹅博客 | 关于企鹅

搜索 2007年10月26日 English

艾倫·格林斯潘 The Age of Turbulence

全球同步上市

Alan Greenspan THE AGE OF TURBULENCE

企鹅新闻

全球英文版出版信息发布会

《狼图腾》全球英文版将于明年三月面世

>> 更多新闻

企鹅畅销书

>> 更多企鹅畅销书

当我陷入爱河 Lynn Nottage
珍妮佛·麦克金农 (Jennifer McKinnon) 监修披露
闪亮盔甲的骑士已经...

幸存行李 Francis Dick
席露·哈雷知道赛马的危险, 但在他的时代也很少有脚踏车在冲过终点...

最后的杀手 Barry Eisler
当雇佣杀手的精英精英发现他的前恋人在纽约抚养他们的孩子时, 他感...

雷音 Tracy, P. J.
最新科幻小说
来自神秘场景最奇说, 来自神秘场景最奇说...

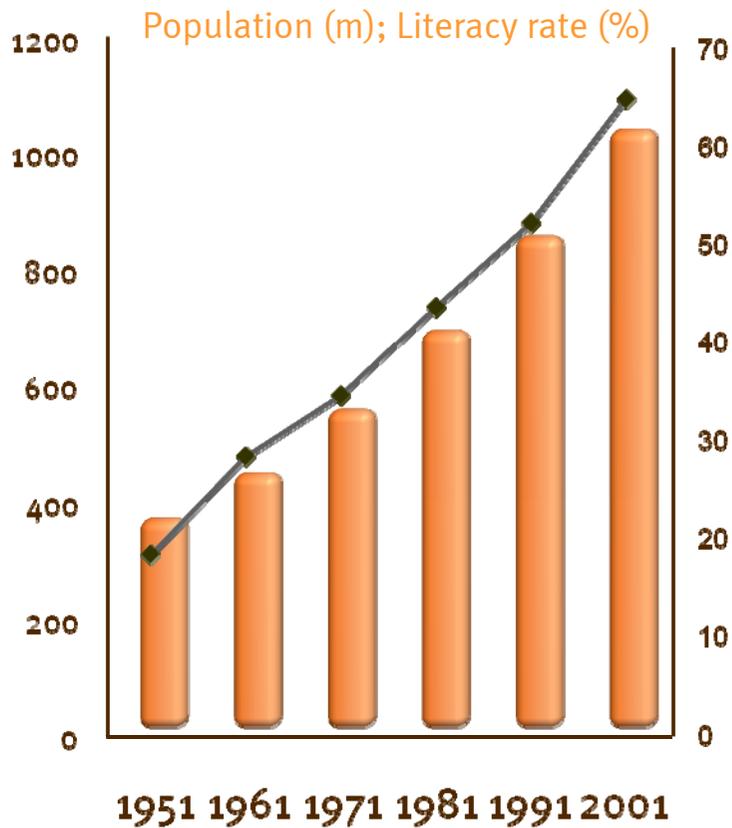
诺丁·莱雷 Rachel Johnson
“来见见米米 (弗兰西人通常在学校的书桌)

高潮初体验 Plum Sykes
“最近, 纽约那些已经结婚的女孩们拼命想要



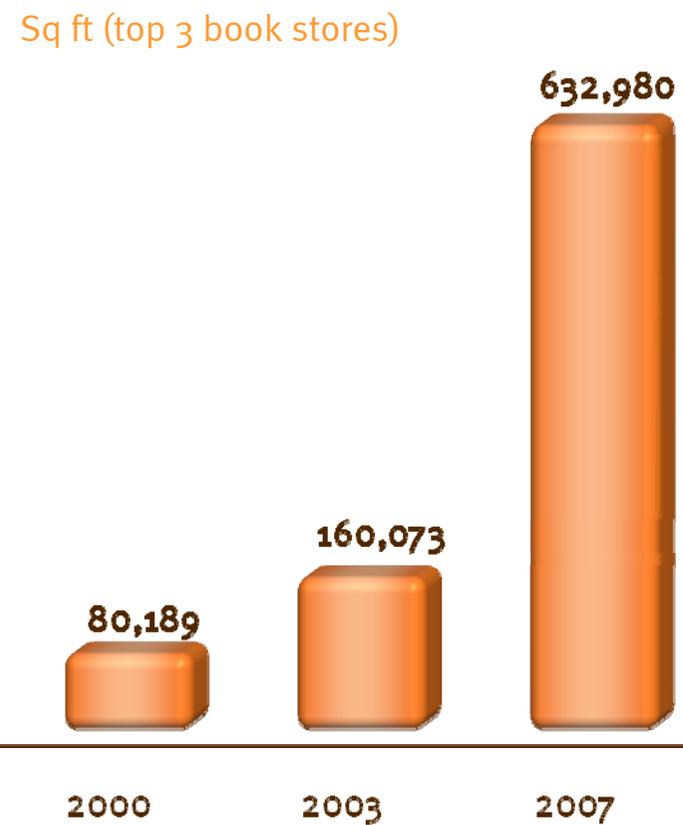
Change in Penguin: international

Rising literacy in India



Sources: Ministry of Home Affairs,
Office of the Registrar General

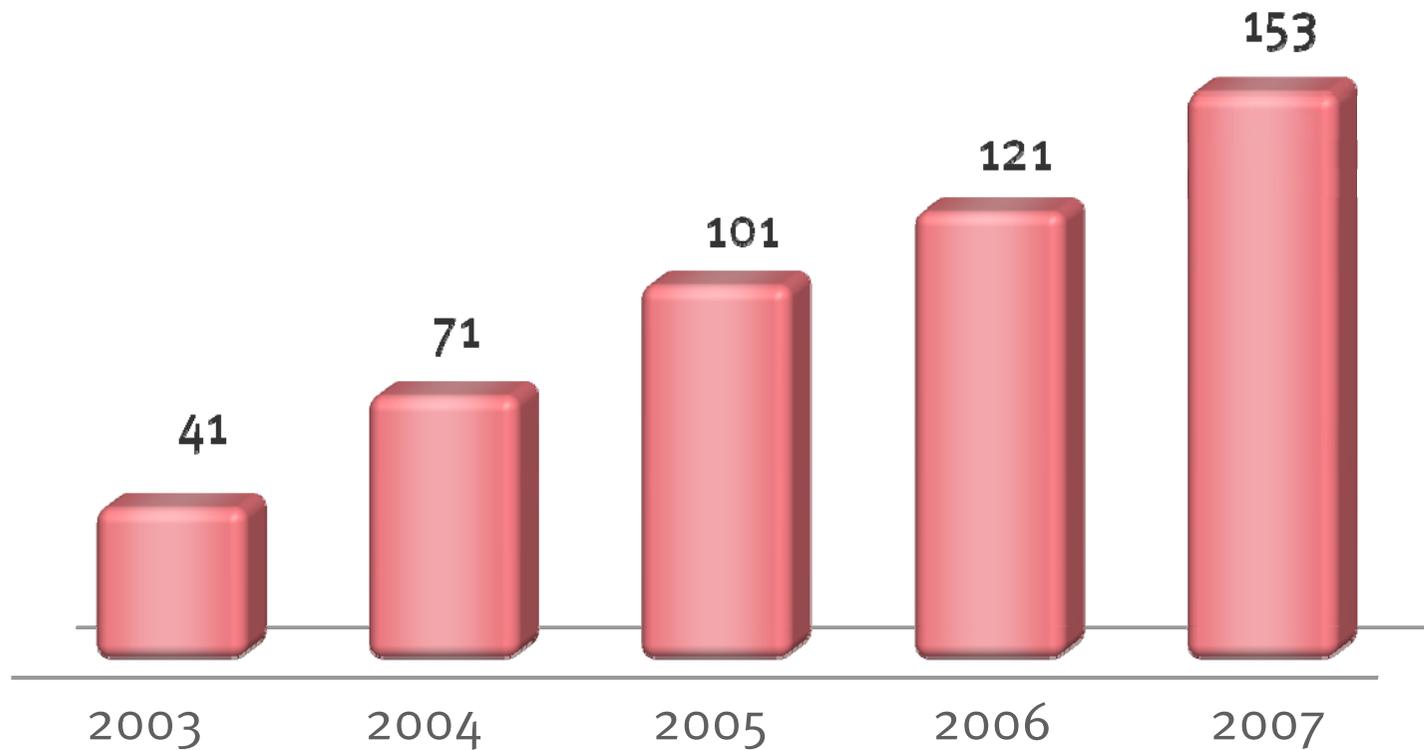
Rising book retail space in India



Source: Pearson

Sustained growth at the FT Group

FT Group operating profit, £m



Margin	2003	2004	2005	2006	2007
	7.0%	12.1%	16.1%	17.3%	22.2%

As reported

Has the Fed done enough?
FT experts examine the implications of the rate cut

JOHN AULTHERS Page 41 MARTIN WOLF Page 15 KRISHNA GUHA Page 3

Newspaper of the year World Business Newspaper

Fed slashes rates to halt sell-off

FTSE 100 Index
Jan 22, 2008

Fed cuts rates 75 basis points in emergency move

King warns of dramatic UK
Mervyn King, governor of the Bank of England, has warned that the British economy faces a "dramatic" challenge if the current pace of the credit crunch is not reversed. He said the UK could be in a "state of emergency" if the government does not act quickly to address the problem.

DT reform showdown
Henry Kissinger says that a new deal is being negotiated with the US over the proposed changes to the UK's energy market. He says the deal is "very close" and that the UK is "in a very strong position" to negotiate the deal.

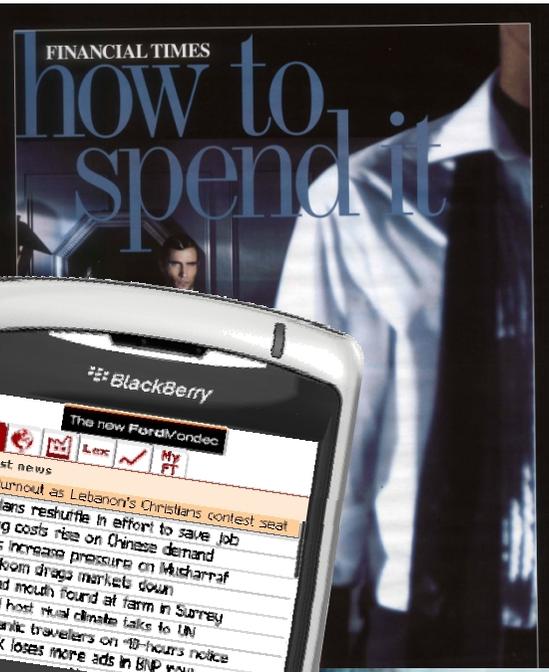
Subs over apprentices
The government has announced that it will introduce a new system of apprenticeships. The new system will be based on a "competence-based" approach, which will focus on the skills and knowledge that employers need. The government says that the new system will be "more flexible" and "more responsive" to the needs of employers.

Ask ID card delays
The government has announced that it will delay the introduction of national ID cards. The government says that it needs more time to consult with the public and to address concerns about the cards. The government says that it will introduce the cards "as soon as possible" but that it will not do so until it has consulted with the public.

Recast unsettles Apple
The UK government has announced that it will recast the rules governing the operation of mobile phones. The government says that the new rules will be "more flexible" and "more responsive" to the needs of mobile phone users. The government says that the new rules will be "more flexible" and "more responsive" to the needs of mobile phone users.

Asia opens higher
Asian markets opened higher on Monday, with the Nikkei in Tokyo up 1.2 per cent and the Hang Seng in Hong Kong up 1.5 per cent. The FTSE 100 in London was up 1.8 per cent. The Dow Jones Industrial Average in New York was up 1.5 per cent.

Interest rates cut by 75 basis points to 3.5%
The Federal Reserve has cut its benchmark interest rate by 75 basis points to 3.5 per cent. This is the first cut since the Fed raised its rate to 5.25 per cent in June 2006. The Fed says that it is cutting the rate to "ease monetary conditions" and to "support economic growth".



- Home
- World
- Companies
- Markets
- Markets Data
- Managed Funds
- Lex
- Comment & Analysis
- Comment
- Analysis
- Columnists
- Editorial comment
- Letters
- Blogs**
- Obituaries
- Debates and polls
- Ask the expert
- Corrections
- Technology
- Video & Audio
- Business Life
- Business Education

Economists' Forum

Bernanke's work too well
else it may be Federal Reserve boring. Indeed, by the standards of other central banks, it is writes Martin Wolf

Undercover Economist

A corporate
Companies that not to hire workers because of the colour of their skin are lose money

John Gapper

Google v Microsoft
Microsoft has signs of being draw people

FT.com
FINANCIAL TIMES

FT VIDEO
View from the Top
FT Home > Multimedia > FT Video > View from the Top

- View from the Top
- Daily View
- Markets
- Events
- Enterprise
- Business School
- Special Reports
- Archive

View from the Top | View from the Top Archive

JOHN THAIN on market CDOs and monolines

John Thain on emerging world economy and John

GEORGE SOROS on threats to the financial system

Part 2, Jan 24: George Soros on the moral hazard
The hedge fund manager discusses recent market crises

RON PERELMAN on Fed, Treasury and investing in US

00:17 | 05:46

Get our RSS feeds
Put FT video channel on your site

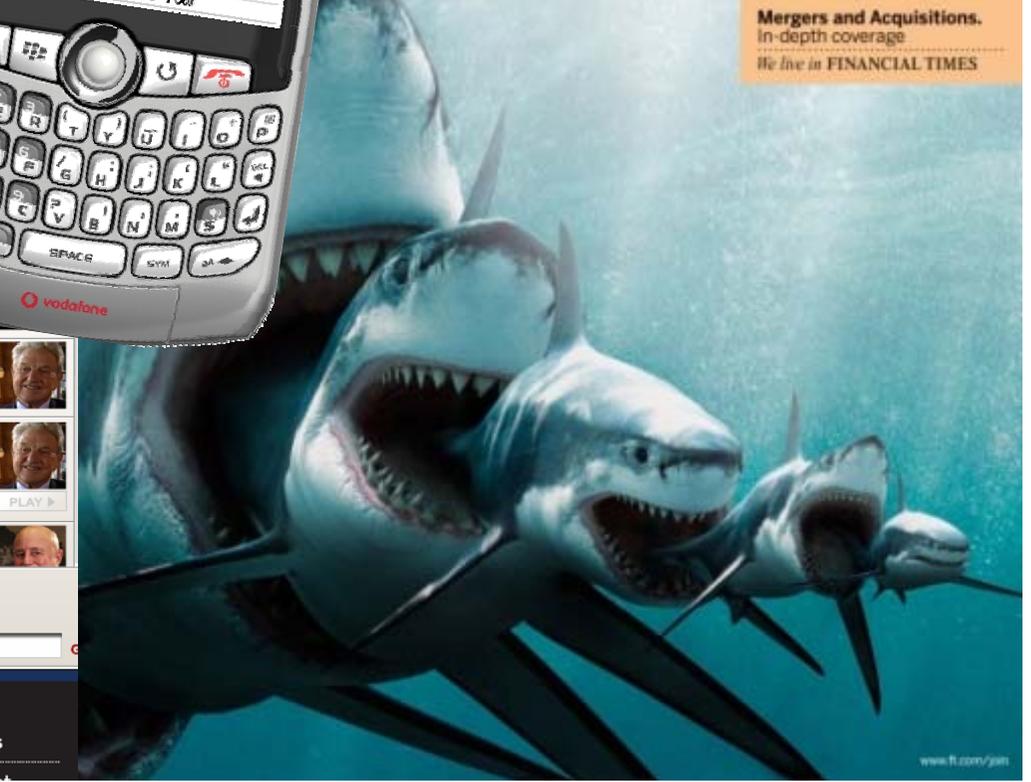
Bookmark E-mail this Get link Full screen

Search Videos

Now Playing

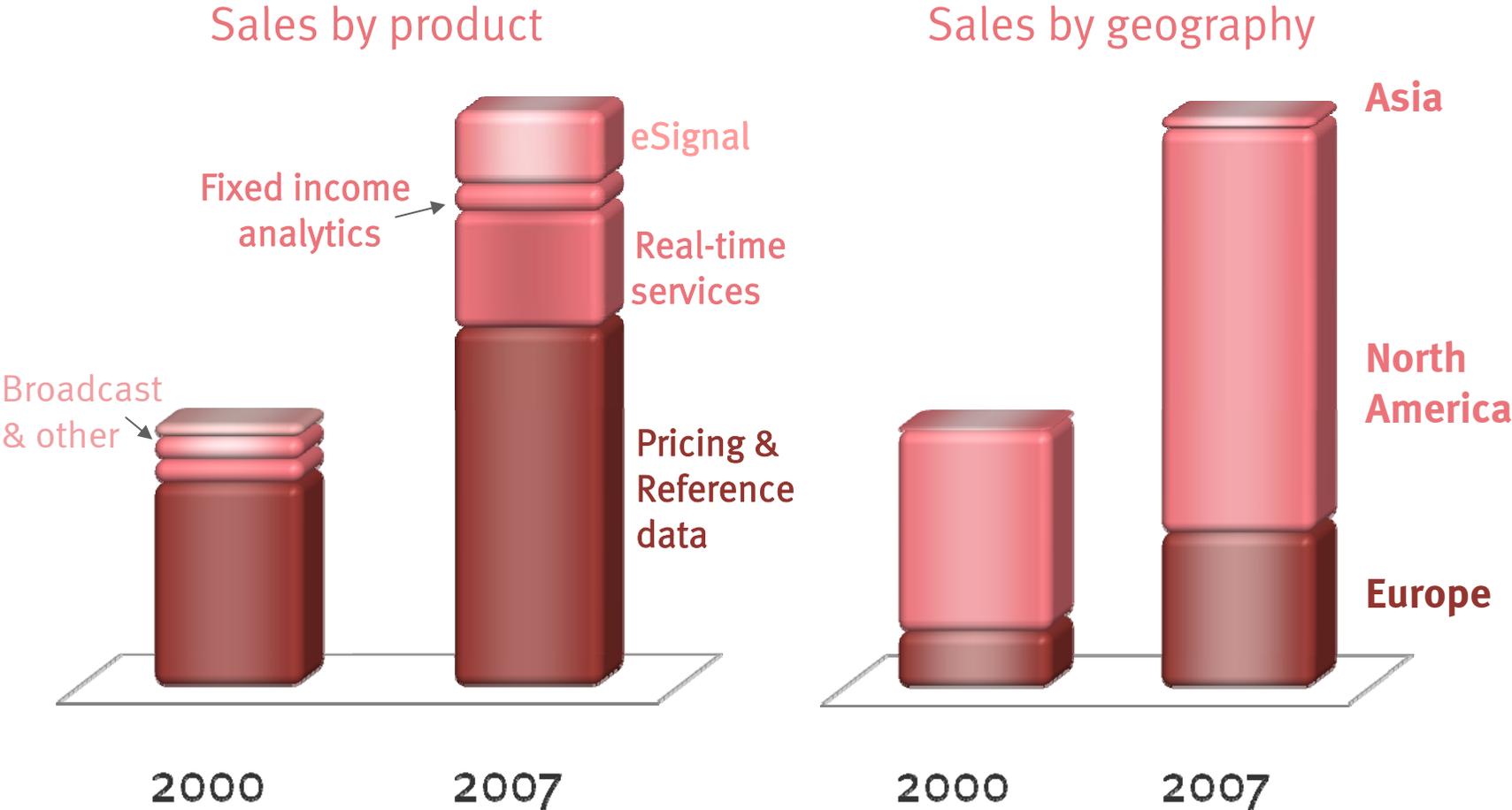
George Soros talks to Chrystia Freeland about the way the UK authorities dealt with Northern Rock, he defends SWFs, discusses where US interest rates are heading and explains his support for Barack Obama. (location: courtesy Arabella Sheraton Waldhuus, Davos)

Now playing: View from the Markets



Mergers and Acquisitions.
in-depth coverage
We live in FINANCIAL TIMES

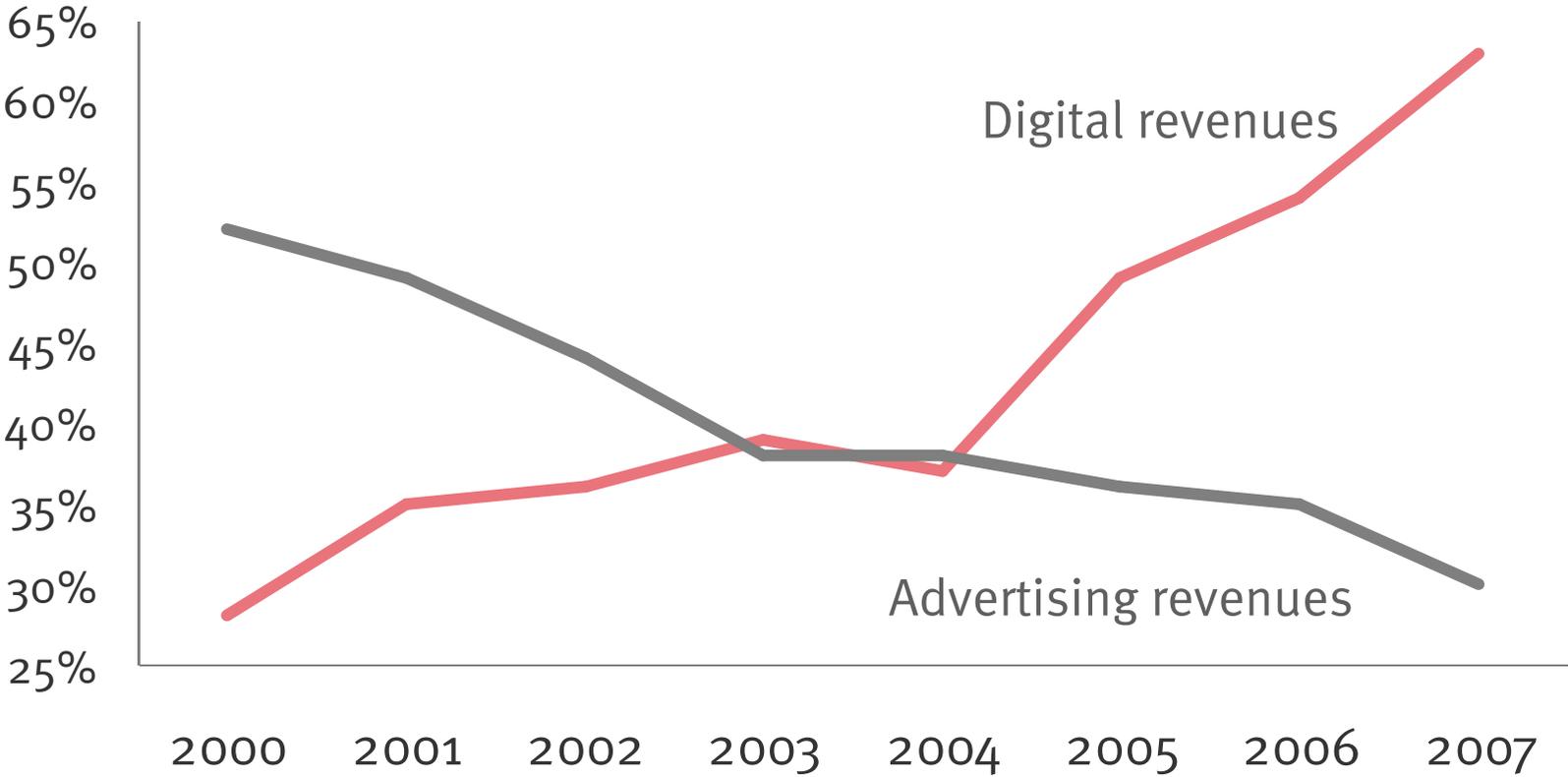
Change at Interactive Data



Source: Interactive Data

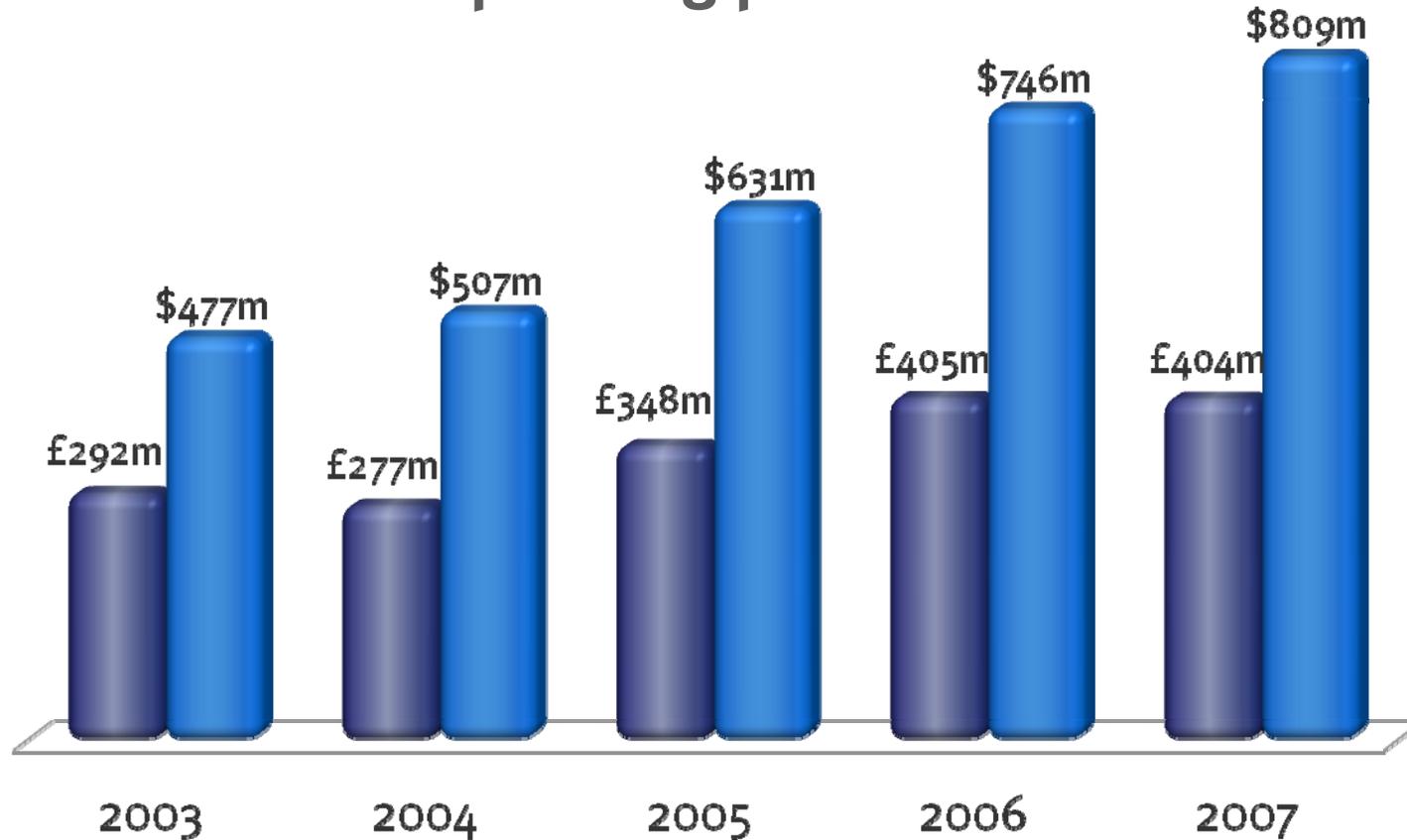
Change at the FT Group

Revenue mix, %



Sustained growth in education

Pearson Education operating profit



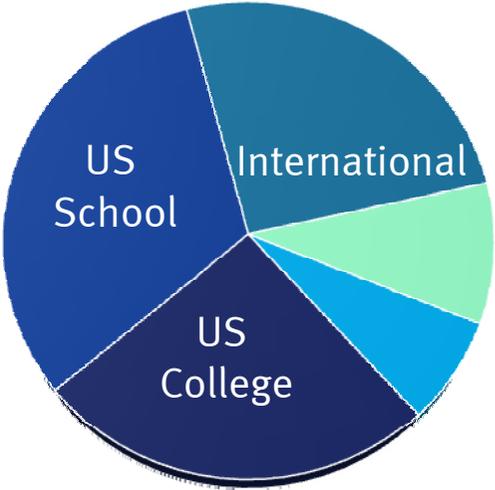
Year	2003	2004	2005	2006	2007
Margin	12.1%	11.9%	13.1%	14.1%	15.1%

As reported

Change in Education

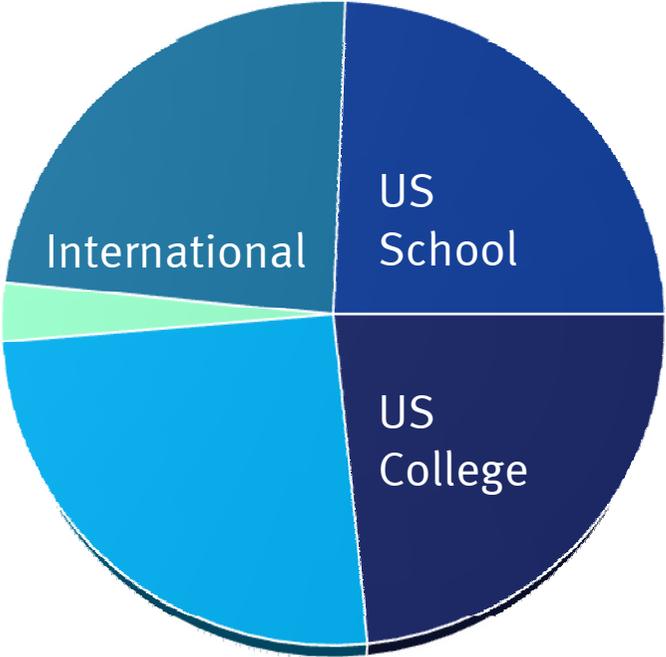
Revenue mix

2000

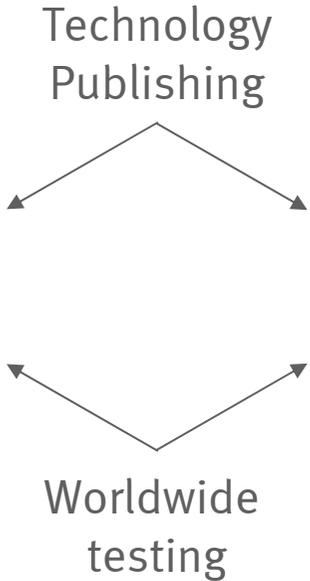


\$3.1bn

2007*



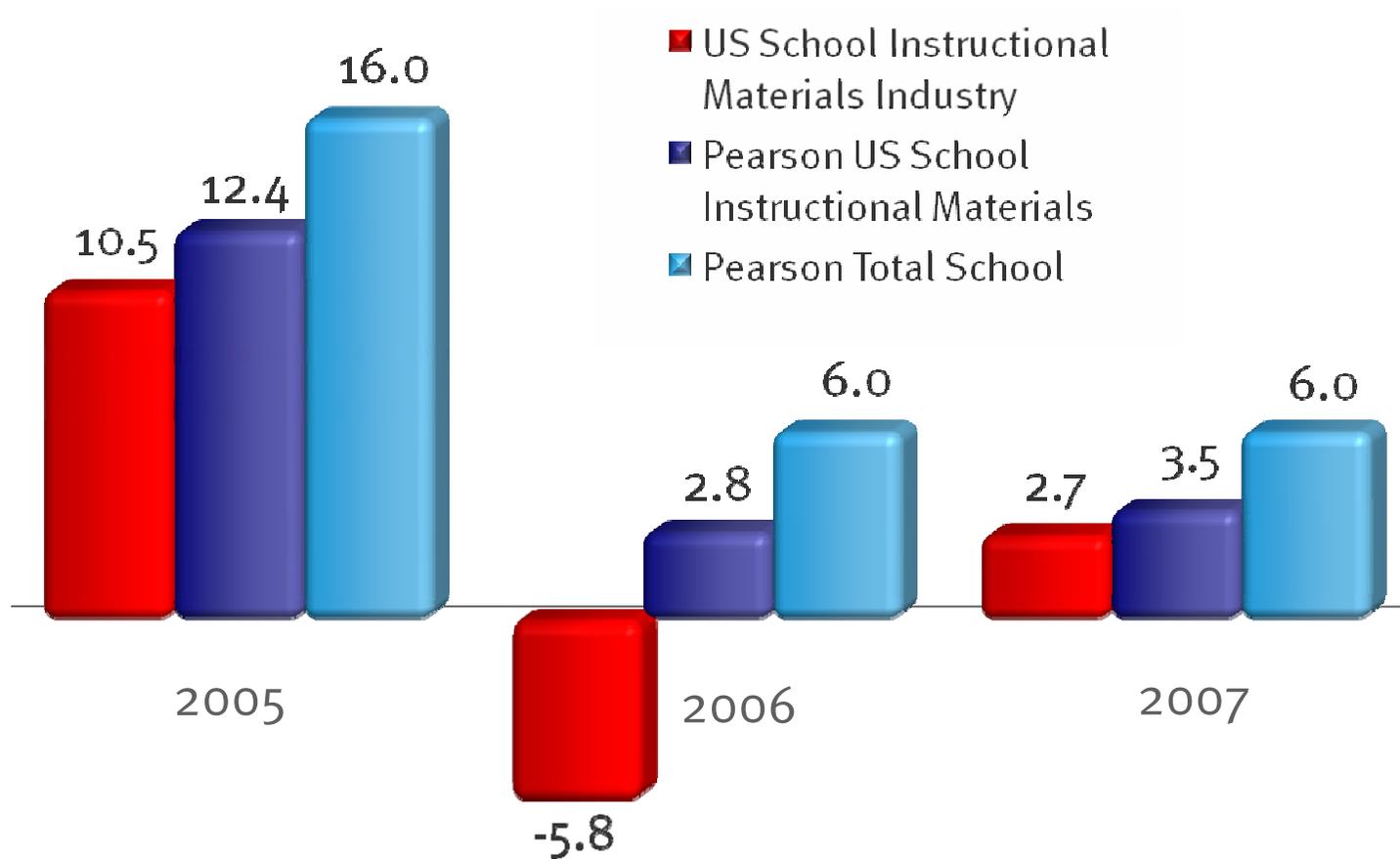
\$5.3bn



*Continuing businesses

Sustained growth in School

Year-on-year growth, %



Sources: Pearson, AAP

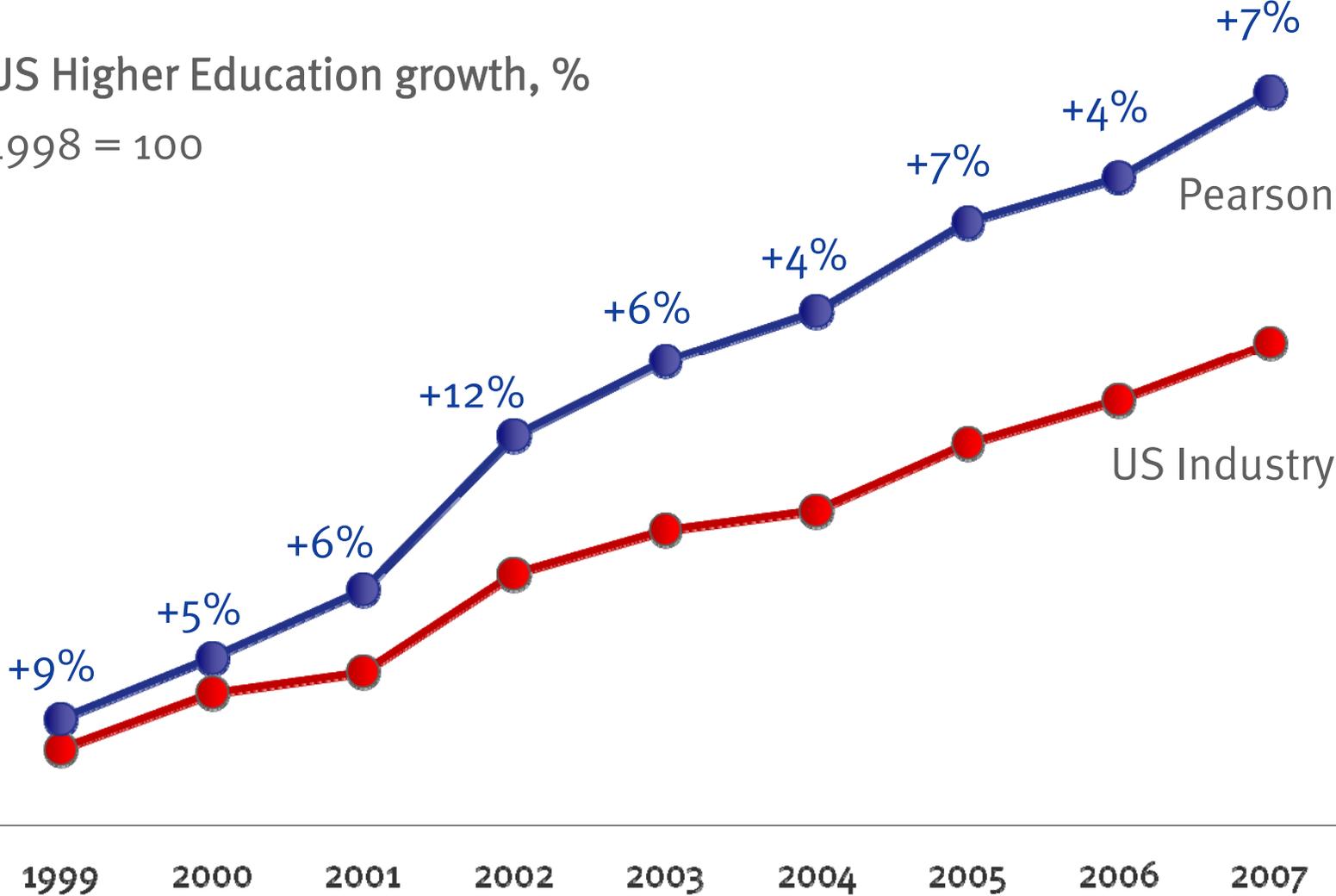


Scott Foresman • Addison Wesley

en**Vi**sion**MATH**™

Sustained growth in Higher Education

US Higher Education growth, %
1998 = 100



Sources: Pearson, AAP



PEARSON
mystratlab

PEARSON
mybusinesslab

PEARSON
mycrimelab

PEARSON
mydevelopmentlab

PEARSON
mycomplab

PEARSON
myopoliscilab

PEARSON
myeducationlab

PEARSON
myfoundationslab
mywritinglab • mymathlab • myreadinglab

PEARSON
myfamilylab

myhealthlab

PEARSON
myanthrolab

PEARSON
myhistorylab

PEARSON
myMISlab

PEARSON
myspsychlab

PEARSON
myspeechlab

PEARSON
mymasscommmlab

PEARSON
myspanishlab

PEARSON
myliteraturelab

PEARSON
mymarketinglab

PEARSON
mylogiclab

PEARSON
mycommunicationlab

PEARSON
myreadinglab

PEARSON
mymanagementlab

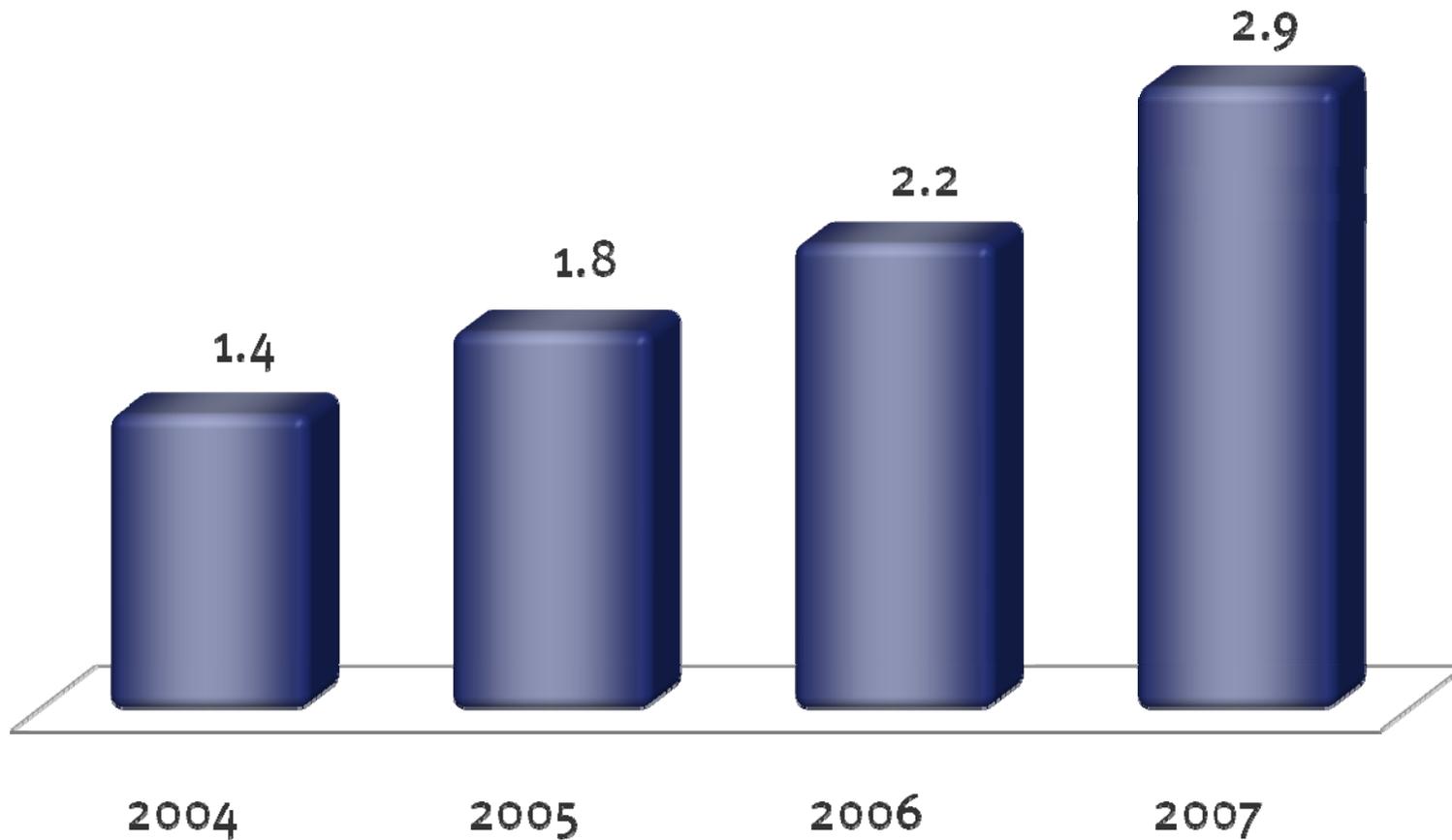
PEARSON
mysoclab

mynutritionlab

PEARSON

Change in education: more technology

MyLab registrations, m



eCollege

eLearning pioneer founded in 1996; headquarters in Denver, Colorado

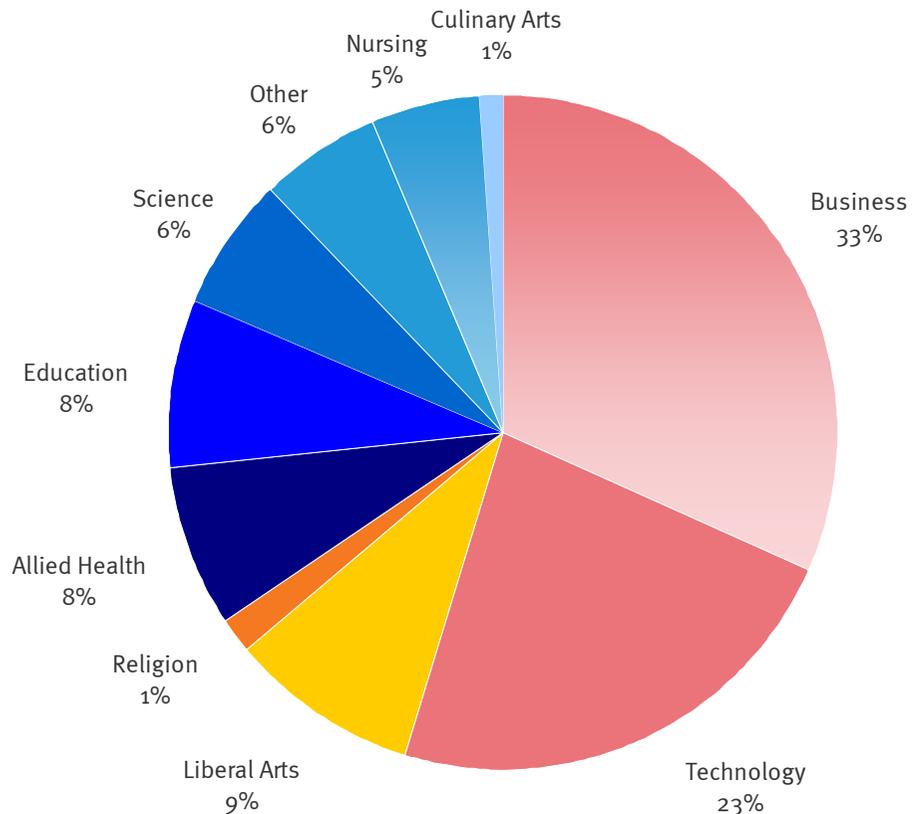
Complete outsource solution; “software as a service” business model

Sweet spot = full online and distance learning programs

\$62 million in revenue in 2007

eCollege Online Programs

Current Mix of Online Programs by Discipline (Q2 2007)



1165 Programs:

984 Full Online Degrees

249 Certificate Programs

431 Bachelor and Associate Degrees

304 Graduate Degrees

181 Hybrid Degrees

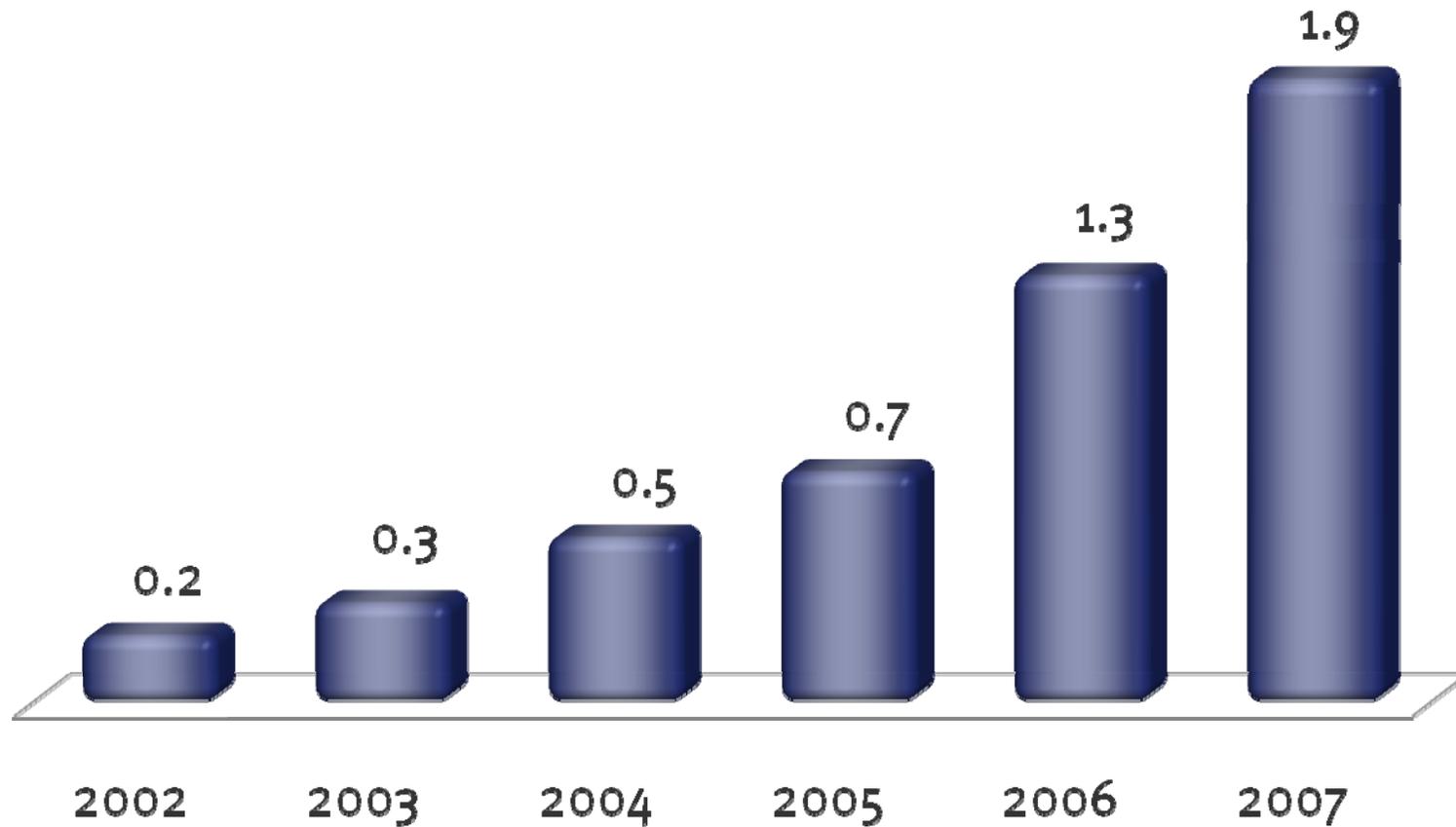
51 Certificate Programs

77 Bachelor and Associate Degrees

49 Graduate Degrees

How does eCollege strengthen Pearson?

eCollege enrolments, m



eCollege business model

eCollege is paid a percentage of tuition and fees on a per student basis

Benefits to Customer

Minimal upfront investment

Improves institutional productivity

Alignment with customer's goals

eCollege and Pearson working together

Accelerating growth in K-12, international, and US not-for-profit markets

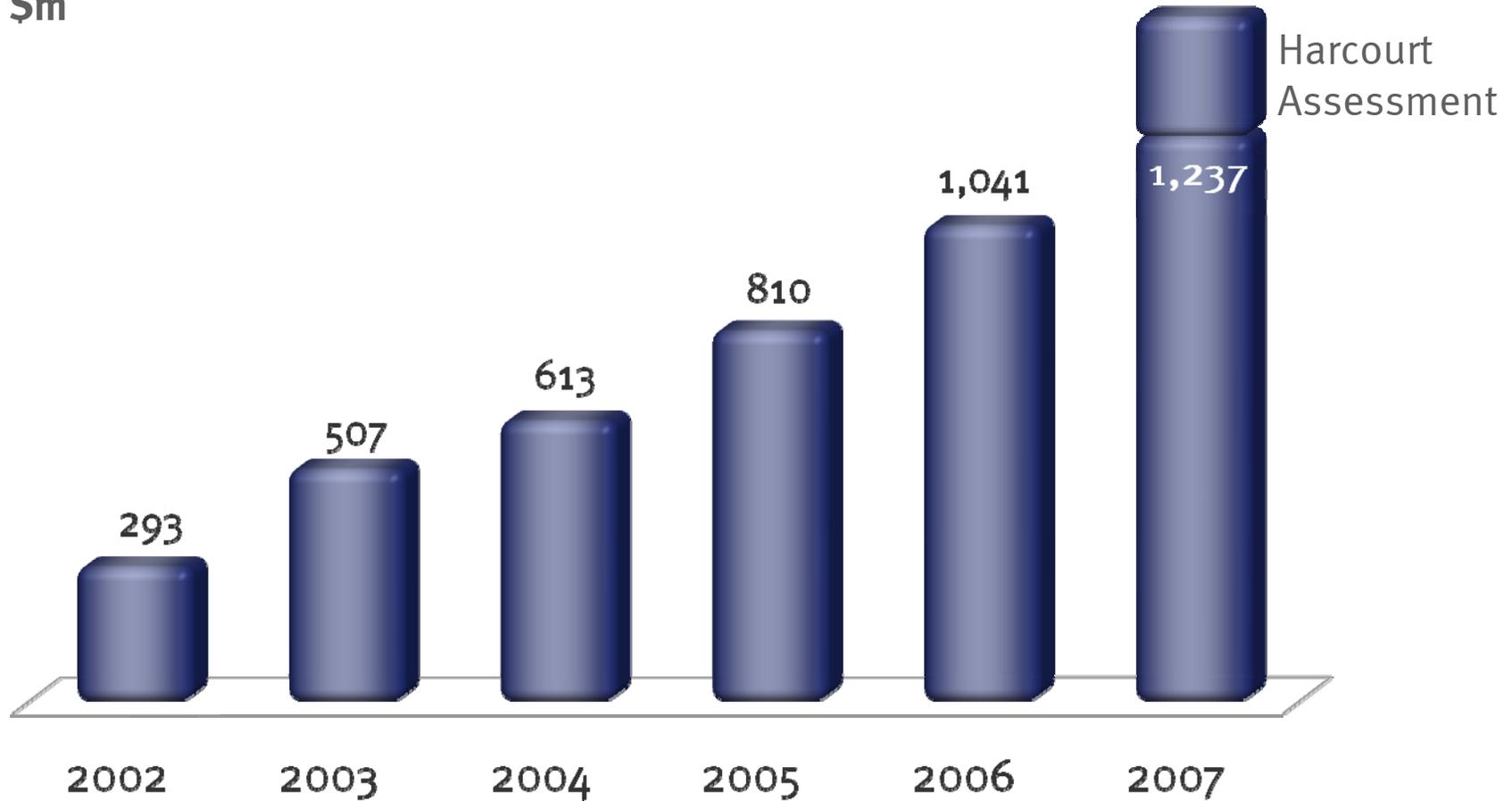
Integrating MyLabs with eCollege platform and institutional sales/ service capabilities

Redefining how the market thinks about eLearning

Change in education: more services

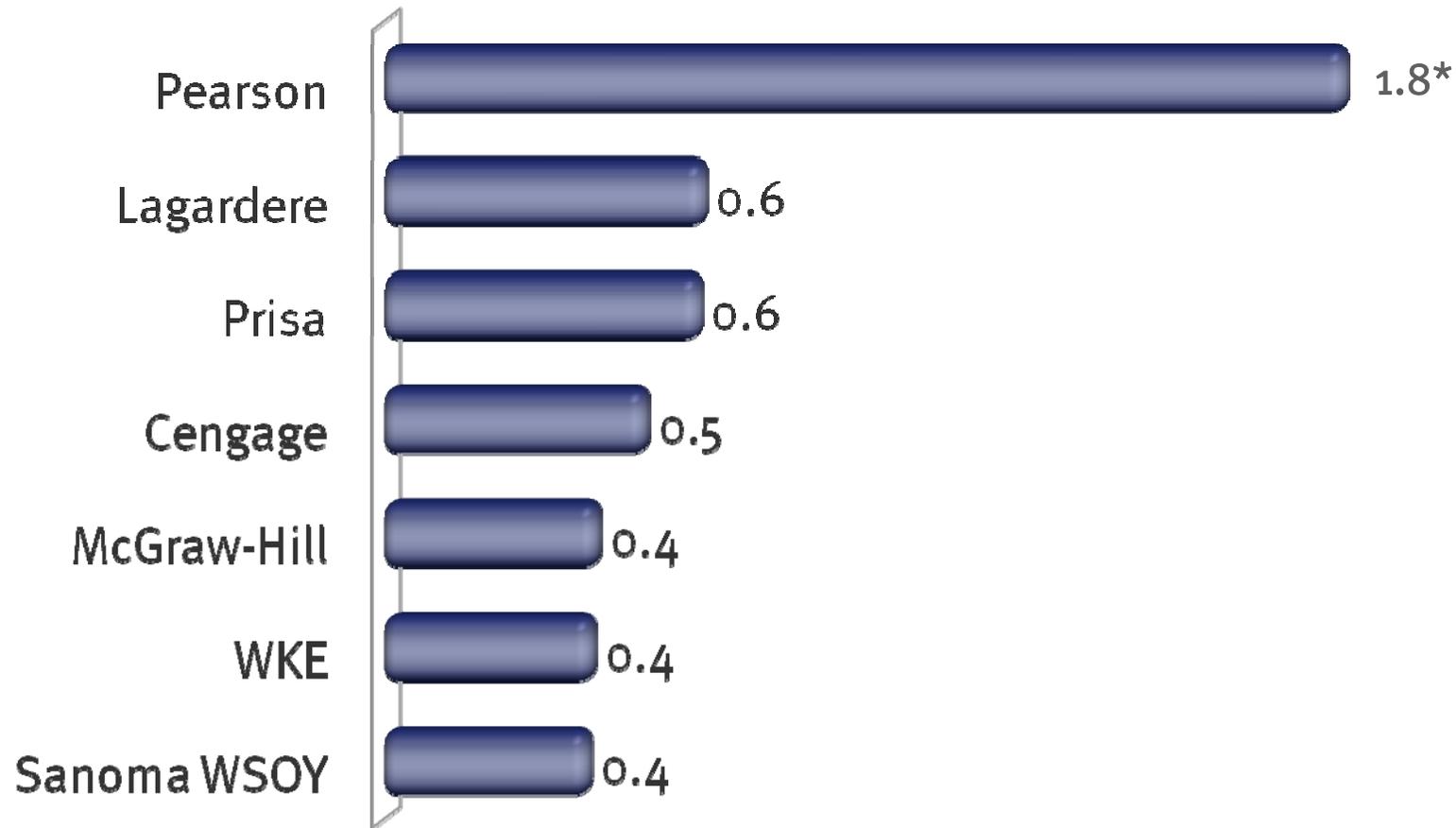
Worldwide School & Professional testing revenues

\$m



Change in education: more international

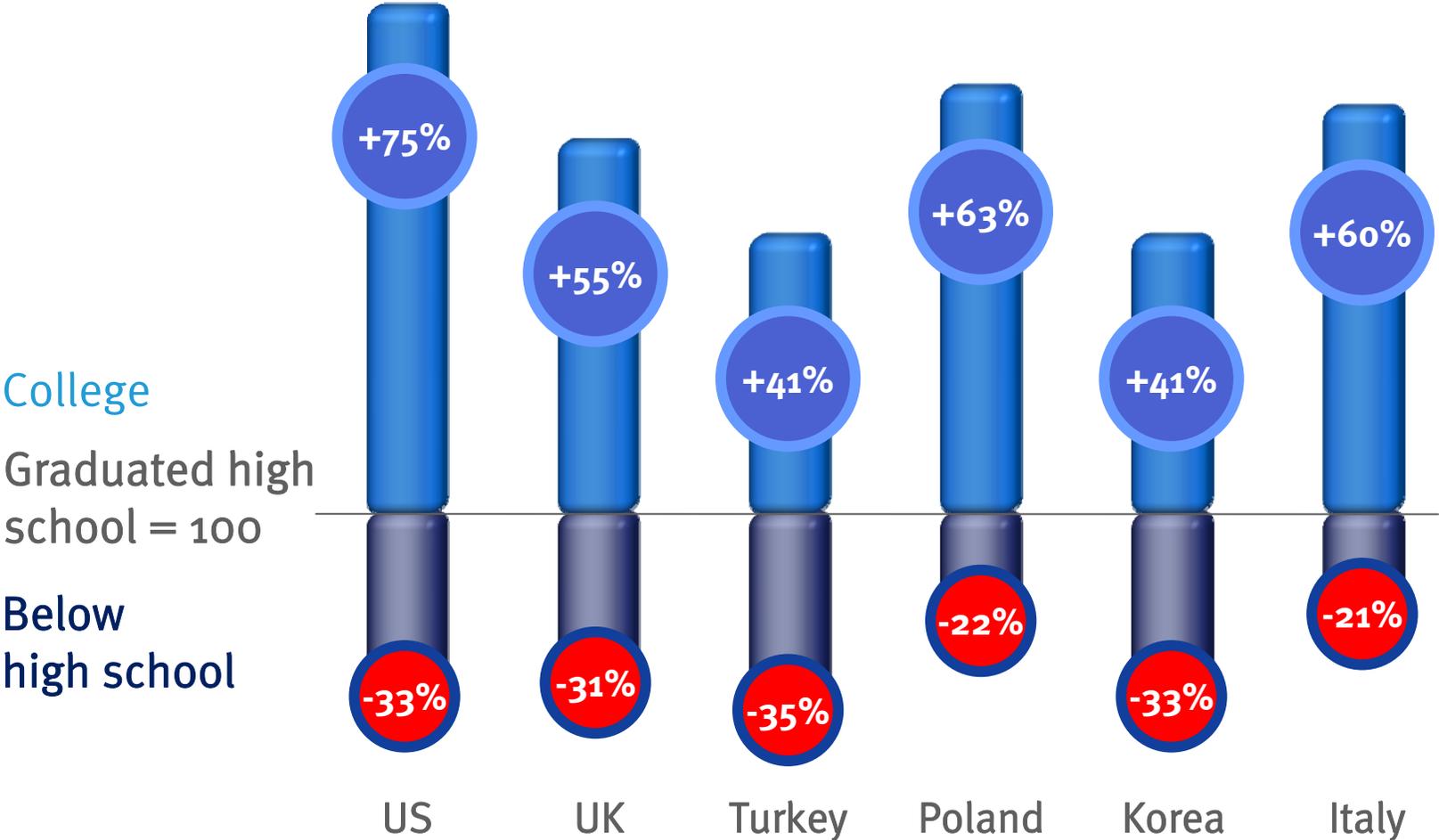
International education revenues, 2006 (\$bn)



Source: Pearson, Company Accounts, Analysts estimates
*Proforma to include Harcourt

Education pays

Average income by level of education

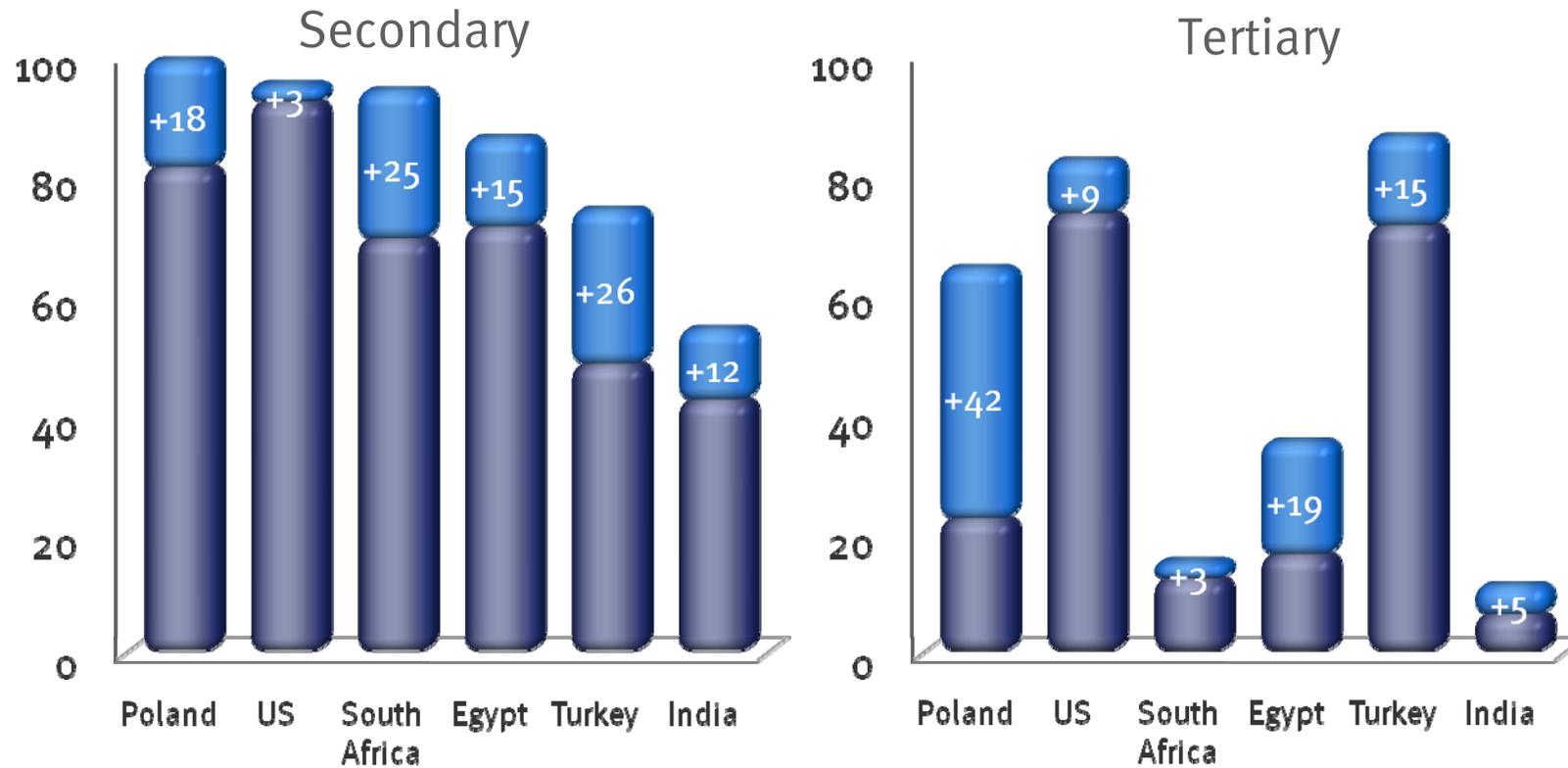


Source: OECD

Change in education: international opportunity

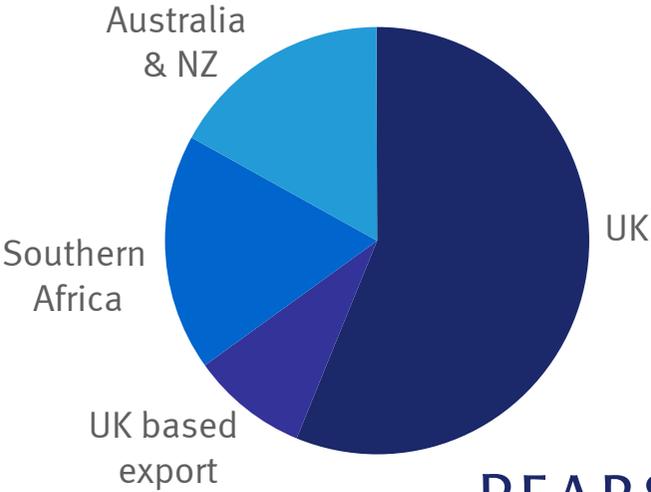
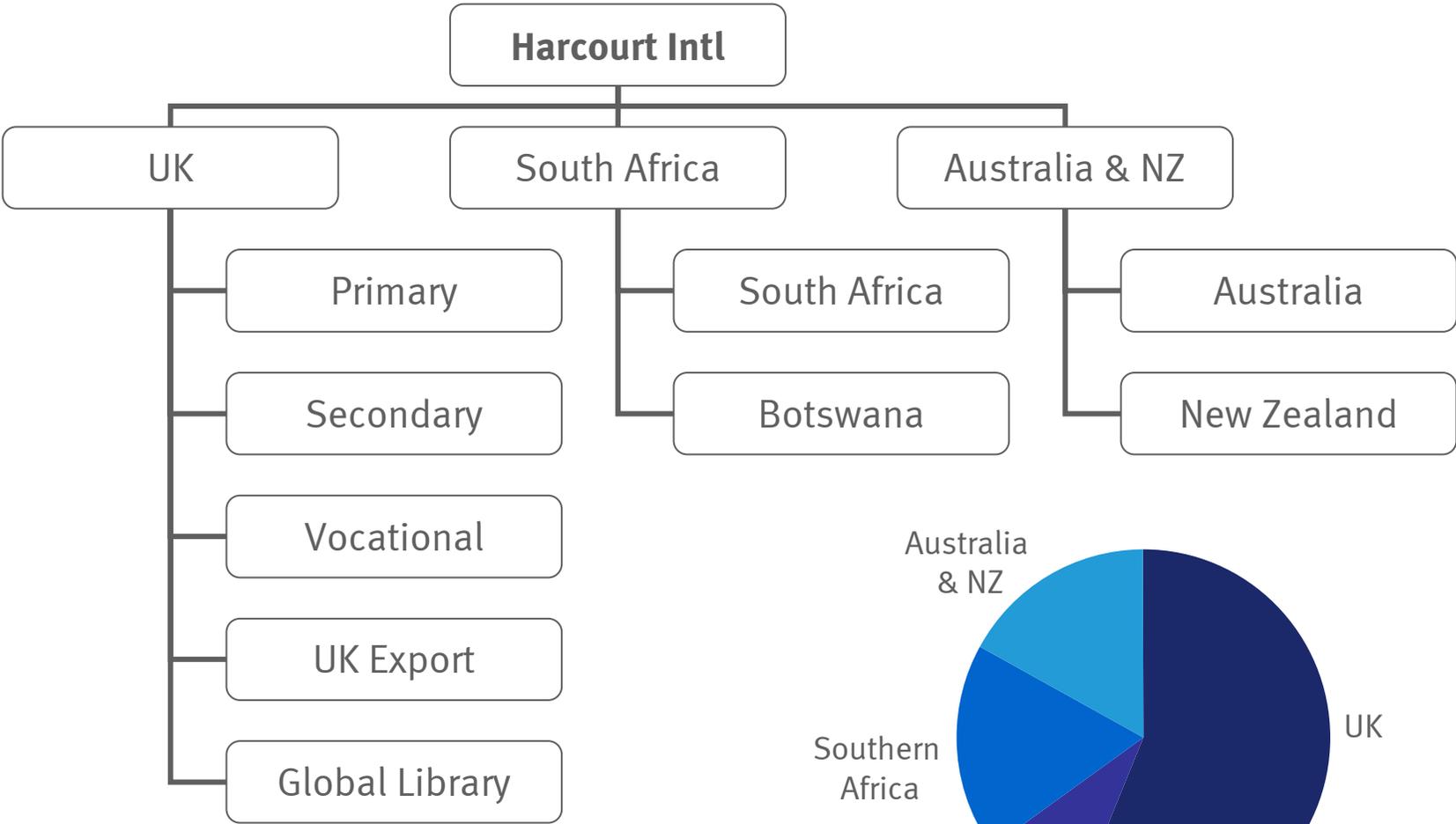
Change in participation rates
1991-2005

■ Increase 1991-2005
■ 1991 enrolment rate



Source: OECD

Harcourt International – Group Structure



How does Harcourt Intl strengthen Pearson?

	Pearson	Harcourt	Combined
UK	#5	#1	#1
South Africa	#1	#3	#1
Australia/New Zealand	#3	#1	#1

How does Harcourt Intl strengthen Pearson?

	Pearson	Nelson Thornes	Hodder Headline	RM	Capita
Market presence					
Infrastructure				●	●
School enterprise software	●			●	●
Learning management	●			●	●
Curriculum content	●	●	●		
Formative assessment	●	●	●	●	
Professional development	●	●		●	●
High Stakes assessment	●				



2008 outlook

Sustained growth; more uncertain economic environment

Significant integration activity; all costs expensed

Underlying profit growth in all businesses

Further progress on earnings, working capital and returns

Strong cash conversion

PEARSON



Bear Stearns Conference