



PEARSON



Merrill Lynch TMT Conference
Robin Freestone
Chief Financial Officer

4 June 2008

Forward-looking statements

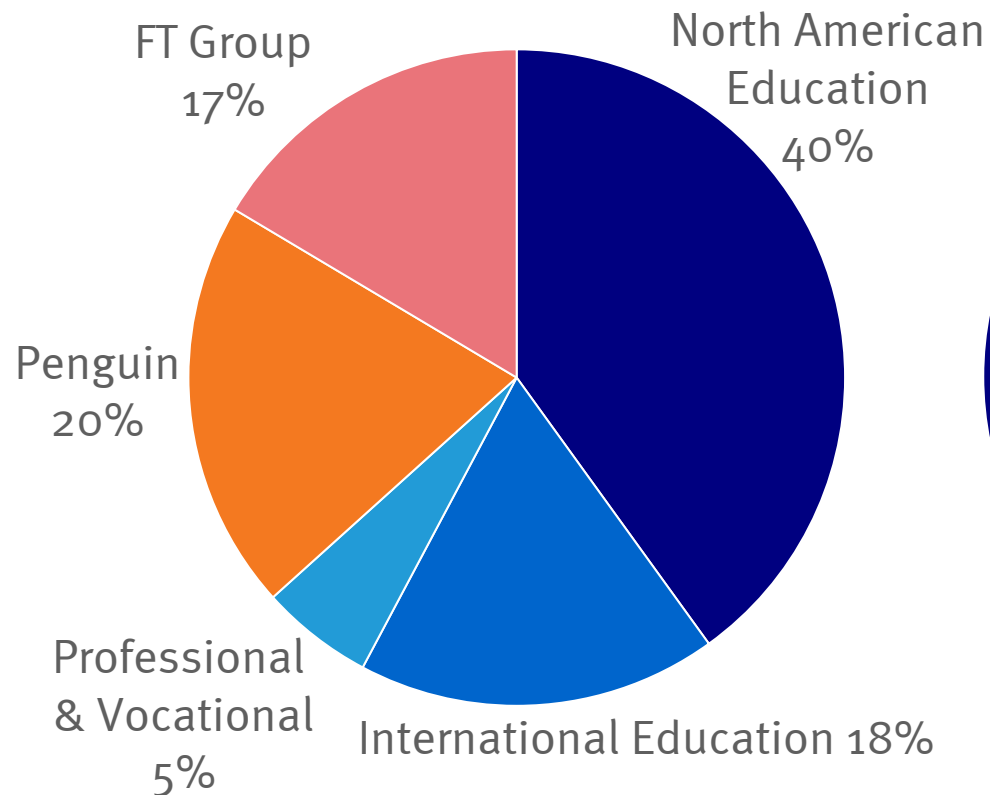
Except for the historical information contained herein, the matters discussed in this presentation include forward-looking statements. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, 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.

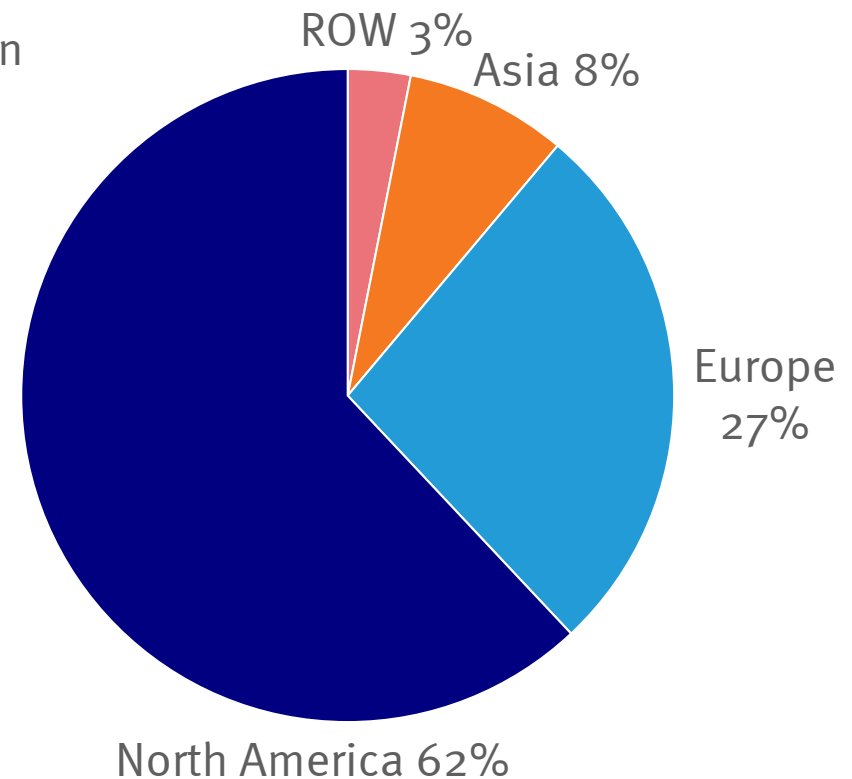
Any forward looking statements speak only as of the date they are made, and Pearson gives no undertaking to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes to events, conditions or circumstances on which any such statement is based.

Diversified Revenue Mix

Revenue by Business



Revenue by Geography



2007 revenues: £4.2bn

Year ended 31 Dec 2007 (excluding Data Management, sold February 2008)

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Business priorities

Content +

Technology and services

International expansion

Efficiency

Agenda

Strong market positions

Growth

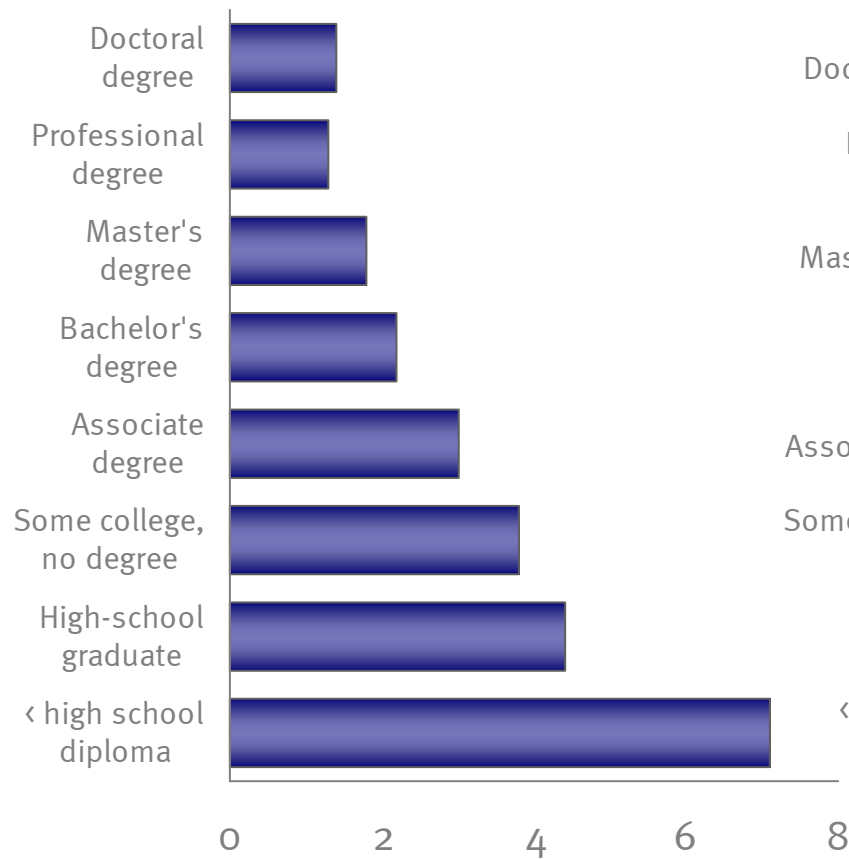
Margins

Cash

Resilience

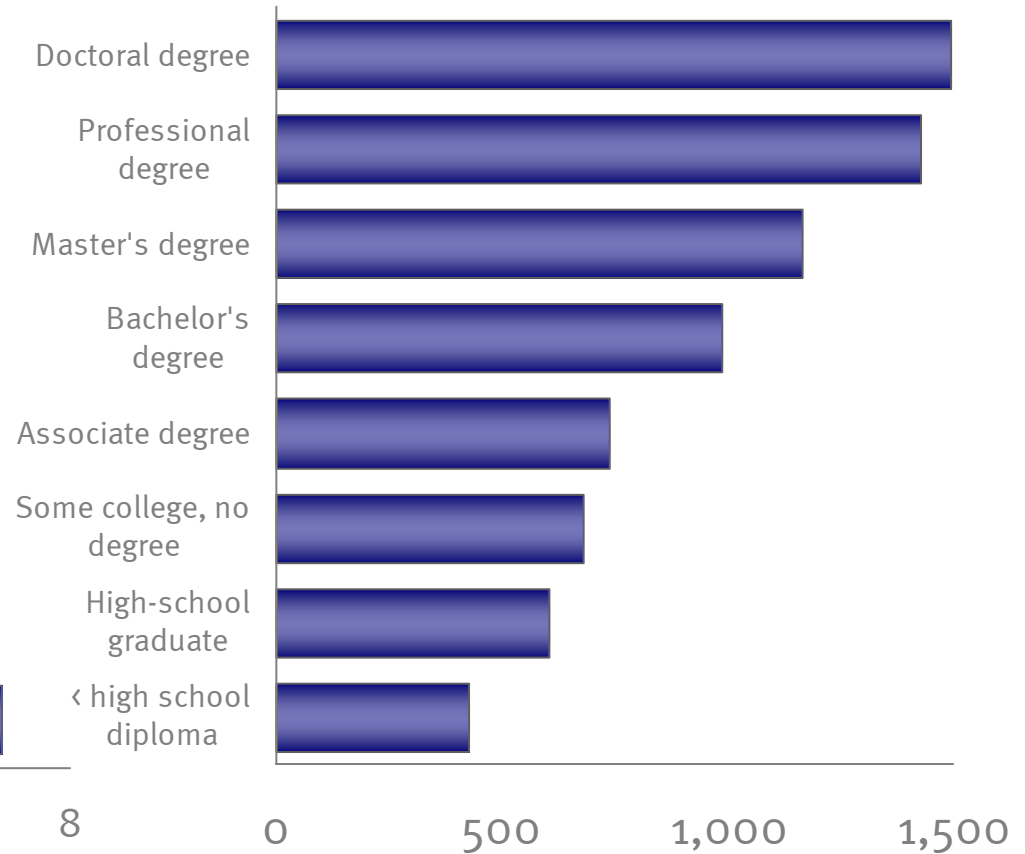
Growth - Education

US Unemployment Rate, % (2007)



Source: US Department of Labor

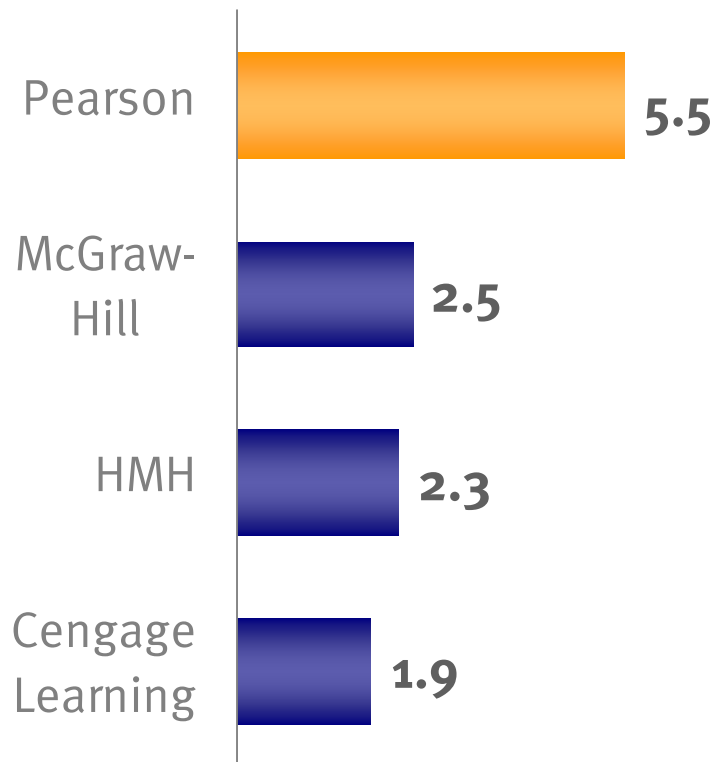
US Median Weekly Earnings, \$ (2007)



The largest education publishing & services company

#1 in Global education publishing & services

Largest education publisher in the world
(US\$ revenue in billions, 2006)



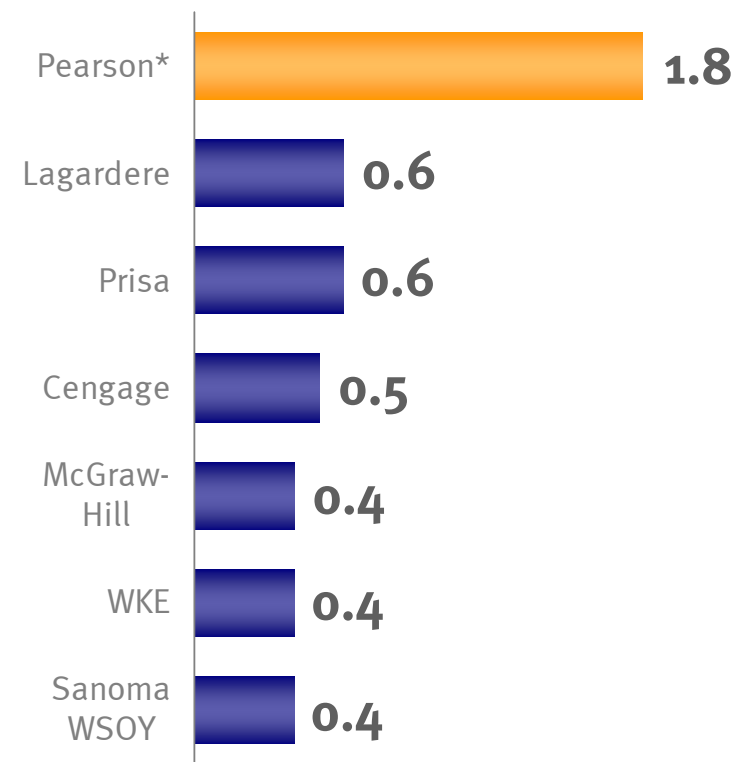
(1) Pearson excludes Government Solutions & Scanners and includes Harcourt Assessment & International and eCollege.

(2) Houghton Mifflin Harcourt (HMH) including HM Riverdeep and Harcourt US Basal & Supplemental.

(3) Cengage Learning includes Houghton Mifflin Higher Education

#1 in Intl education publishing & services

Largest education publisher ex-US
(US\$ revenue in billions, 2006)




















Source: Pearson, Company Accounts, Analyst estimates

* Pro forma to include Harcourt International

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Unique breadth of the education business

Market share	Pearson	McGraw-Hill	Cengage Learning	HMH
School Basal & Supplemental				
School Assessment				
Curriculum Software				
School Enterprise Software				
Higher Education				
International Education*				
Professional testing				

* Non-US



Market leader

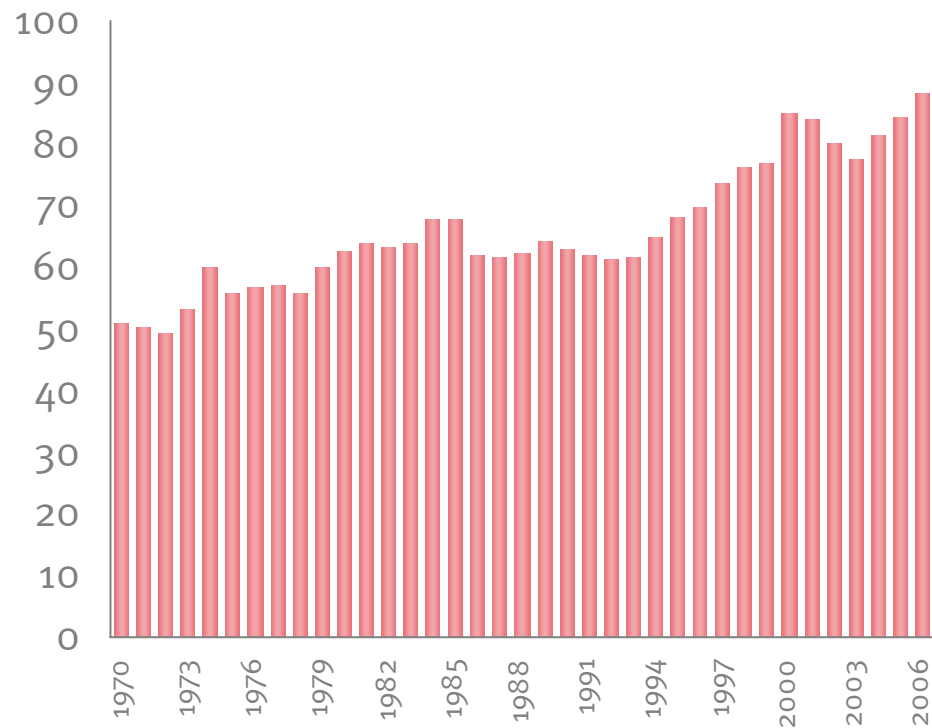


Market participant

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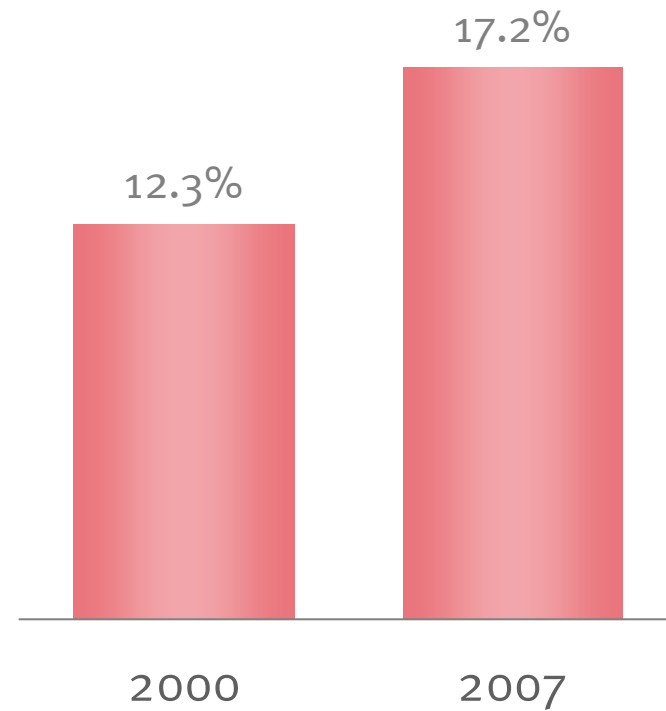
Growth – FT Group

Trade-to-GDP-ratio



Source: OECD

Non-US GMAT registrations % of total non-US

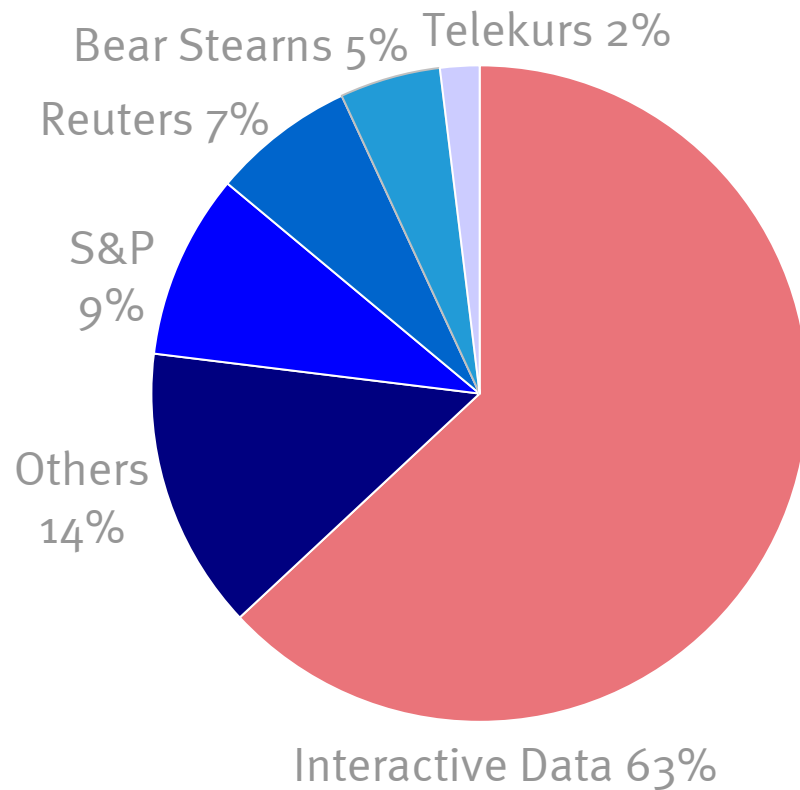


Source: GMAC

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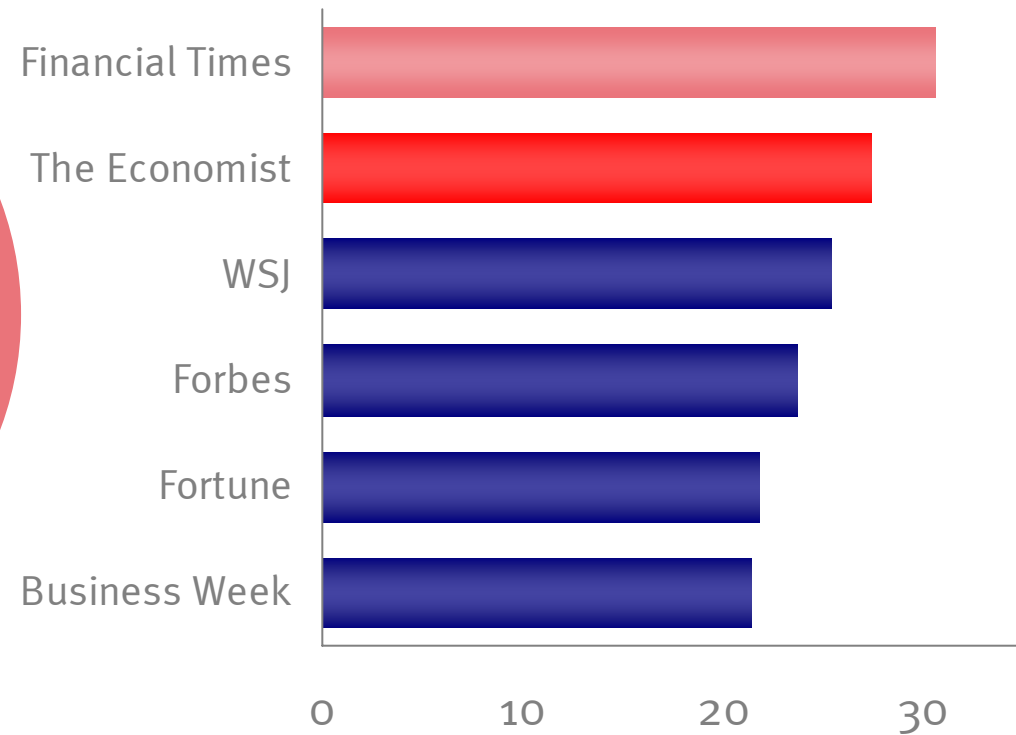
Strong niches

Global market for Evaluated Pricing Data by Vendor (2007)



Source: Interactive Data investor day presentation

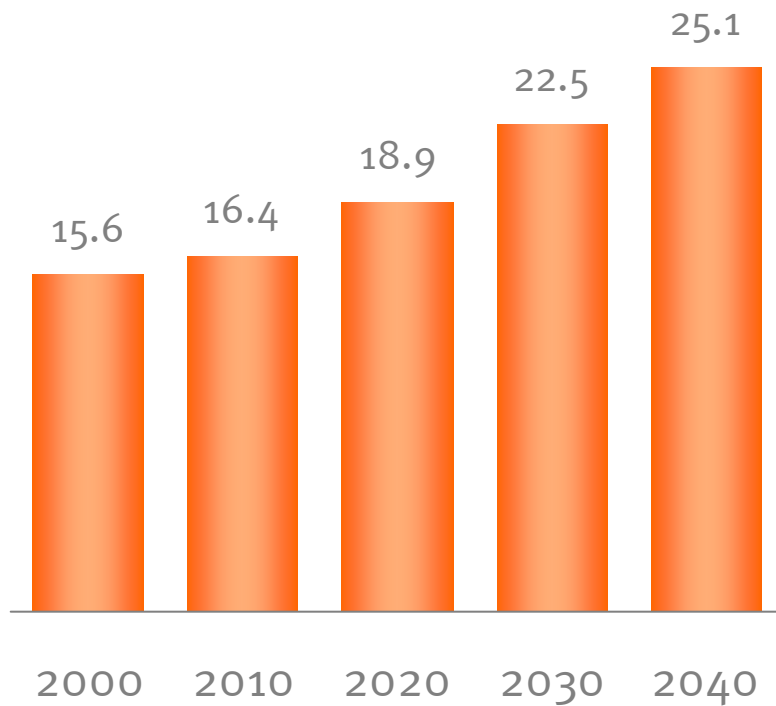
% C-Suite readership



Source: Mendelsohn Survey

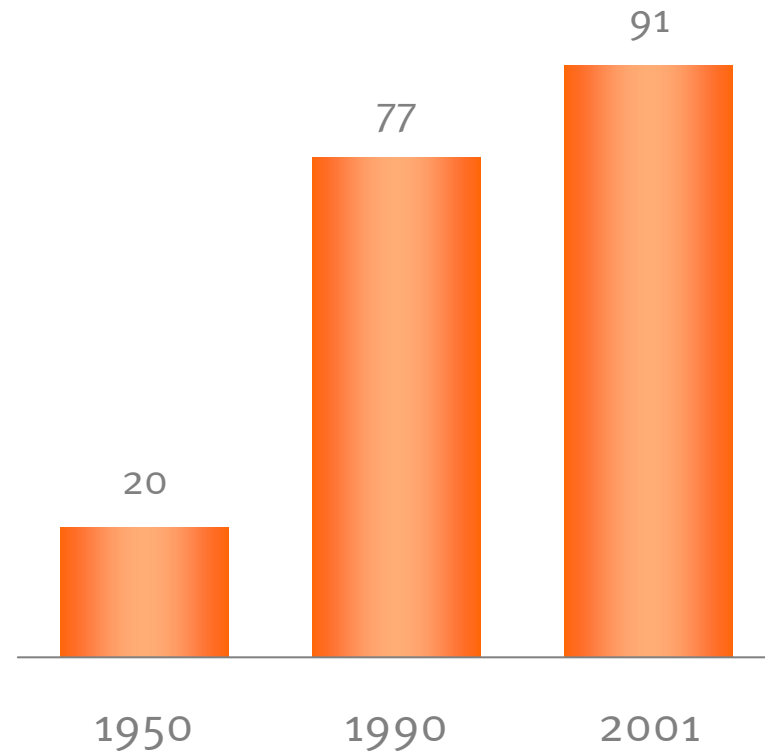
Growth - Penguin

% UK population aged 65+ years old



Source: US Census Bureau

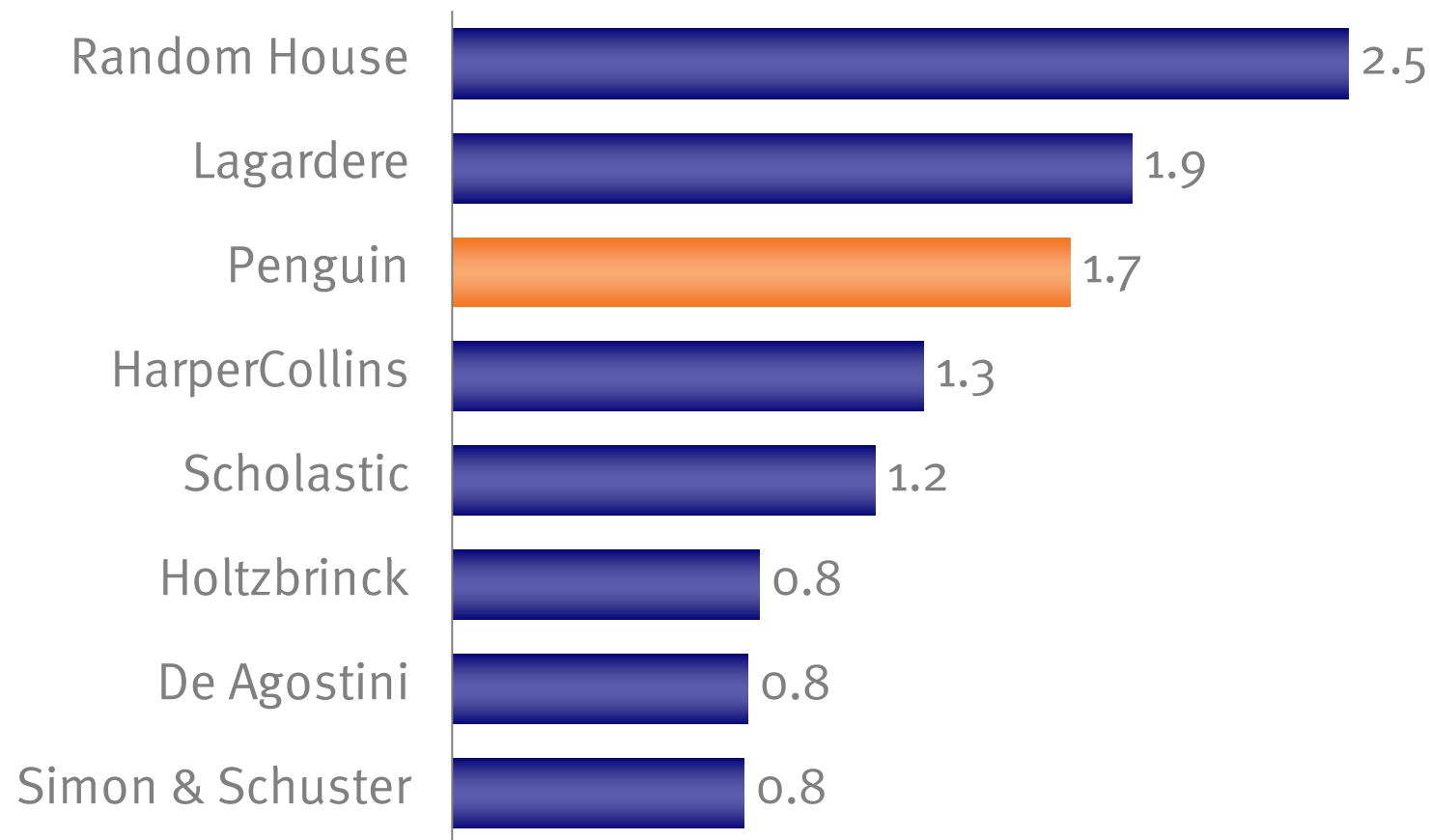
% literacy rates in China



Source: Ministry of Education, IHT

Penguin- a leading trade book publisher

Trade publishing revenues, 2006 (\$bn)



Source: Pearson, Company Accounts, Analyst estimates
\$ amounts converted at the average exchange rate for the year

Growth

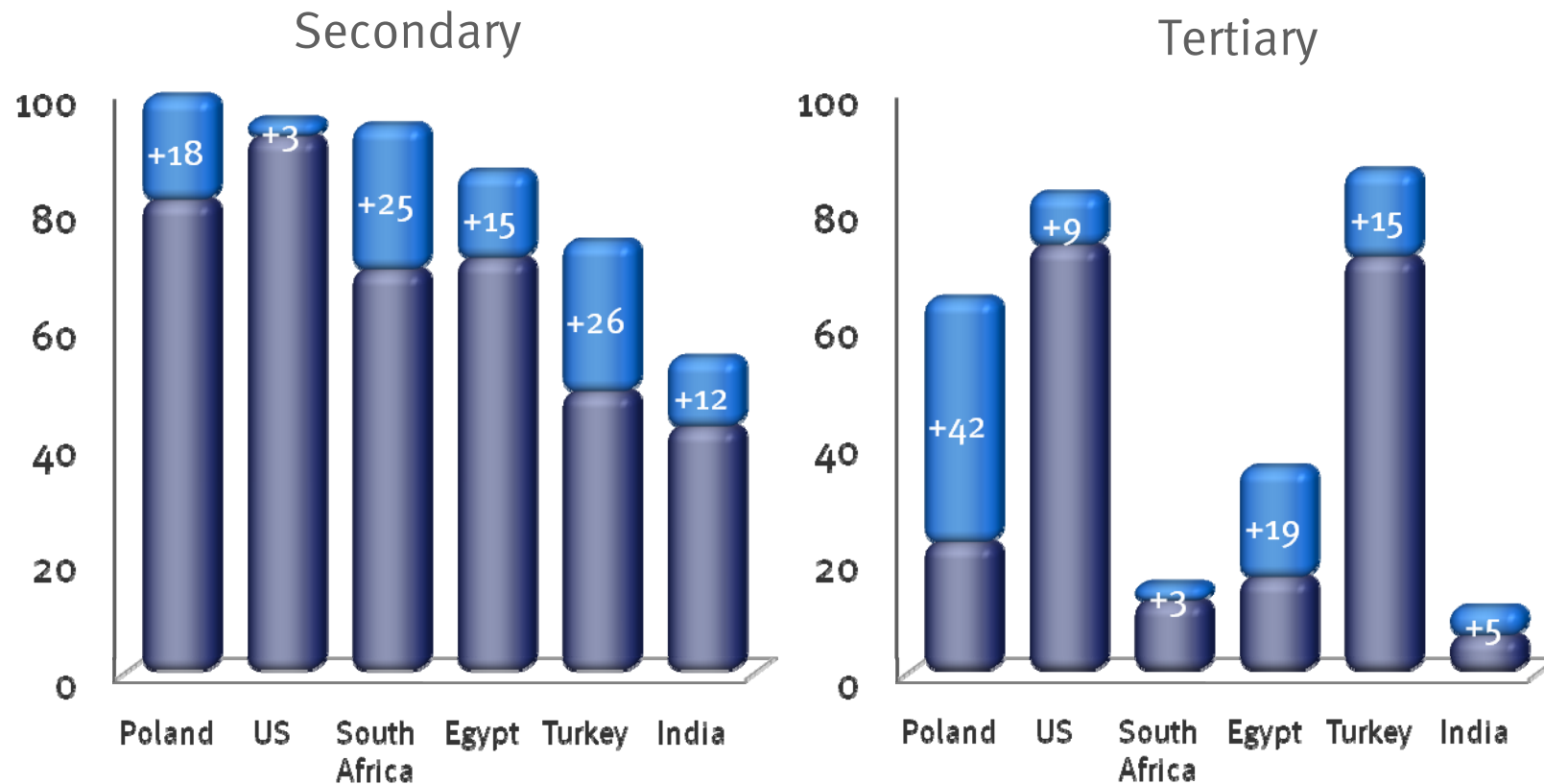
International

Technology & services

International growth opportunities: Education

Increases in education participation rates
1991-2005

■ Increase 1991-2005
■ 1991 enrolment rate

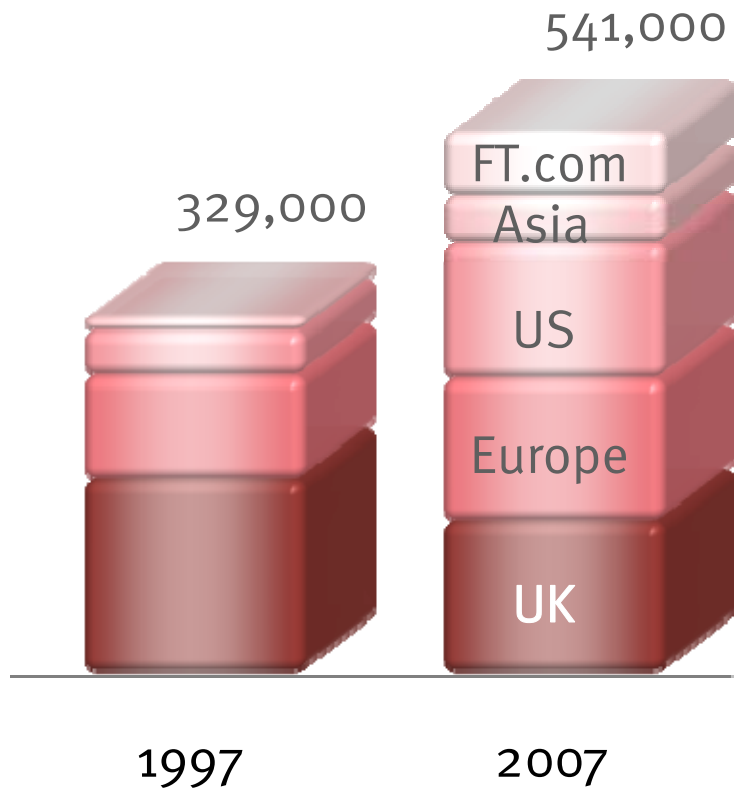


Source: OECD

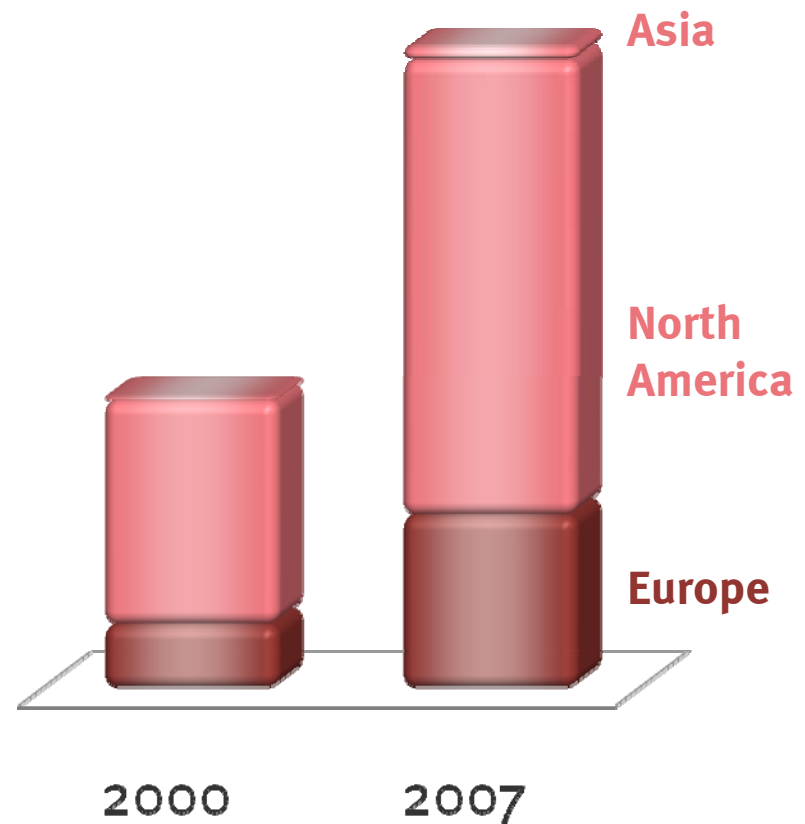
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International growth opportunities: FT Group

Financial Times circulation
by geography



Interactive Data sales
by geography

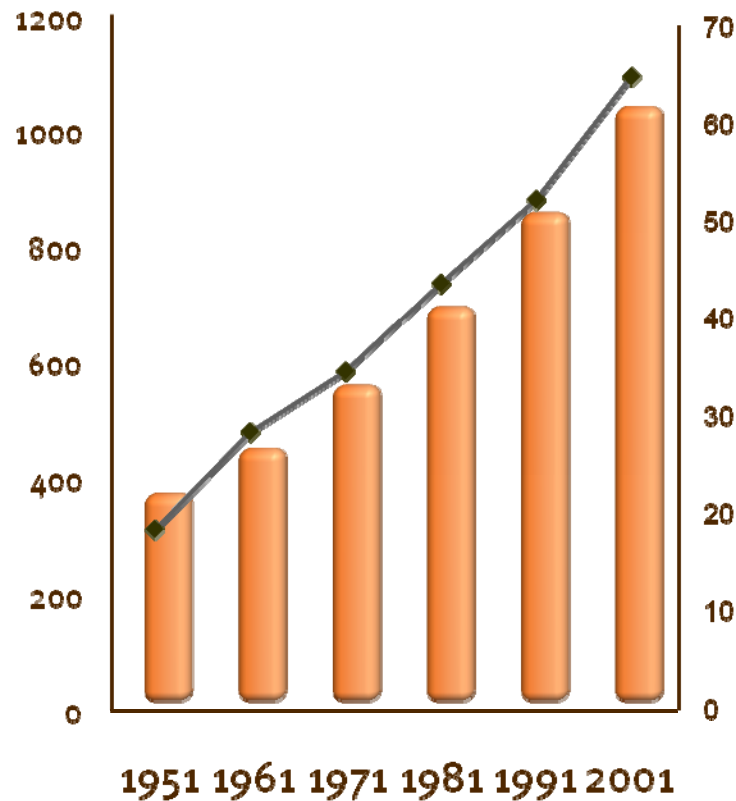


Sources: Audit Bureau of Circulation, Interactive Data

International growth opportunities: Penguin

Rising literacy in India

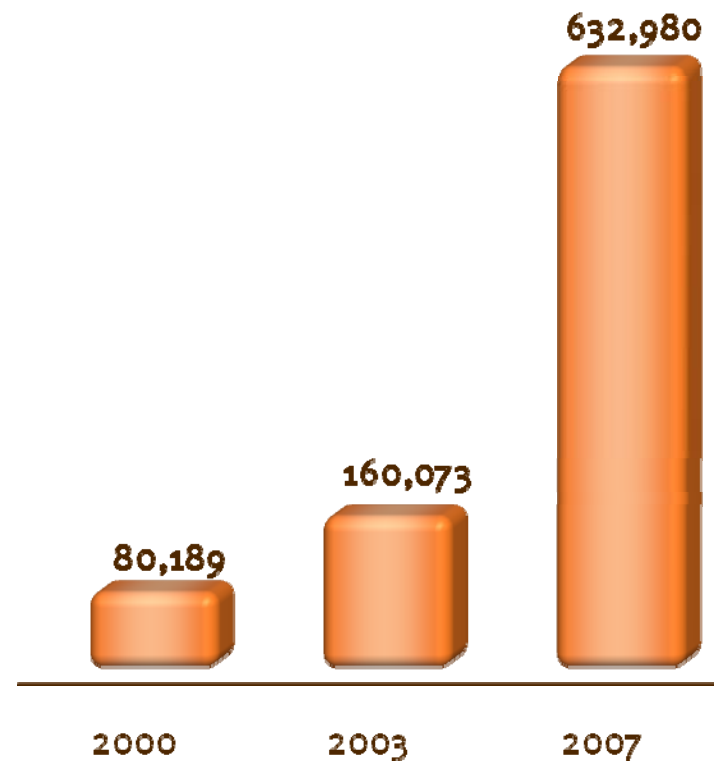
Population (m); Literacy rate (%)



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

Rising book retail space in India

Sq ft (top 3 book stores)

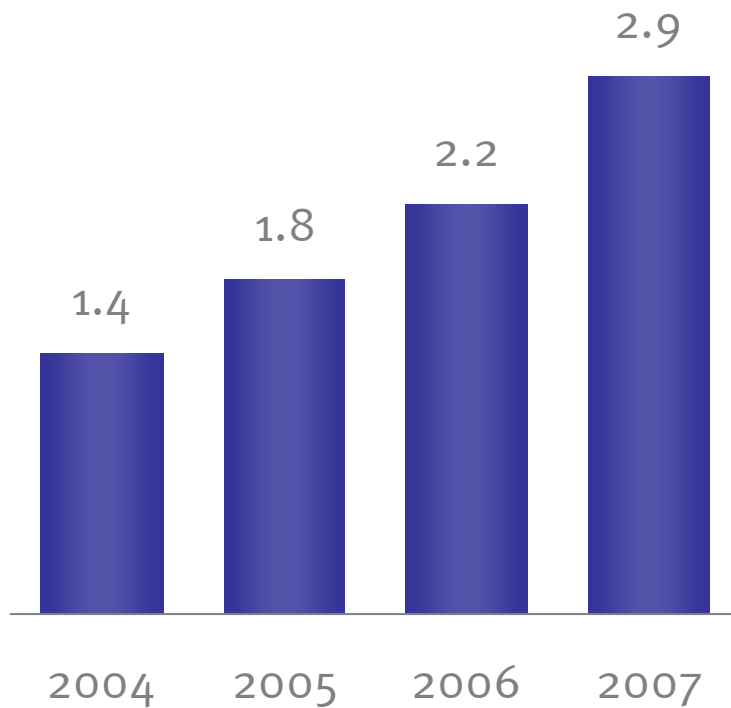


Source: Pearson

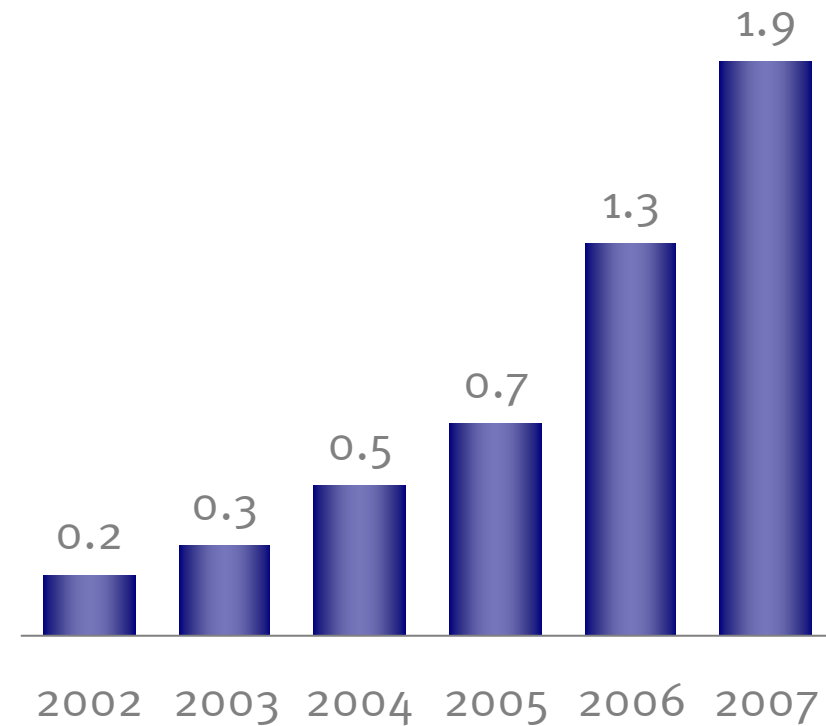
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Technology & Services: Education

MyLab registrations, m



eCollege enrolments, m



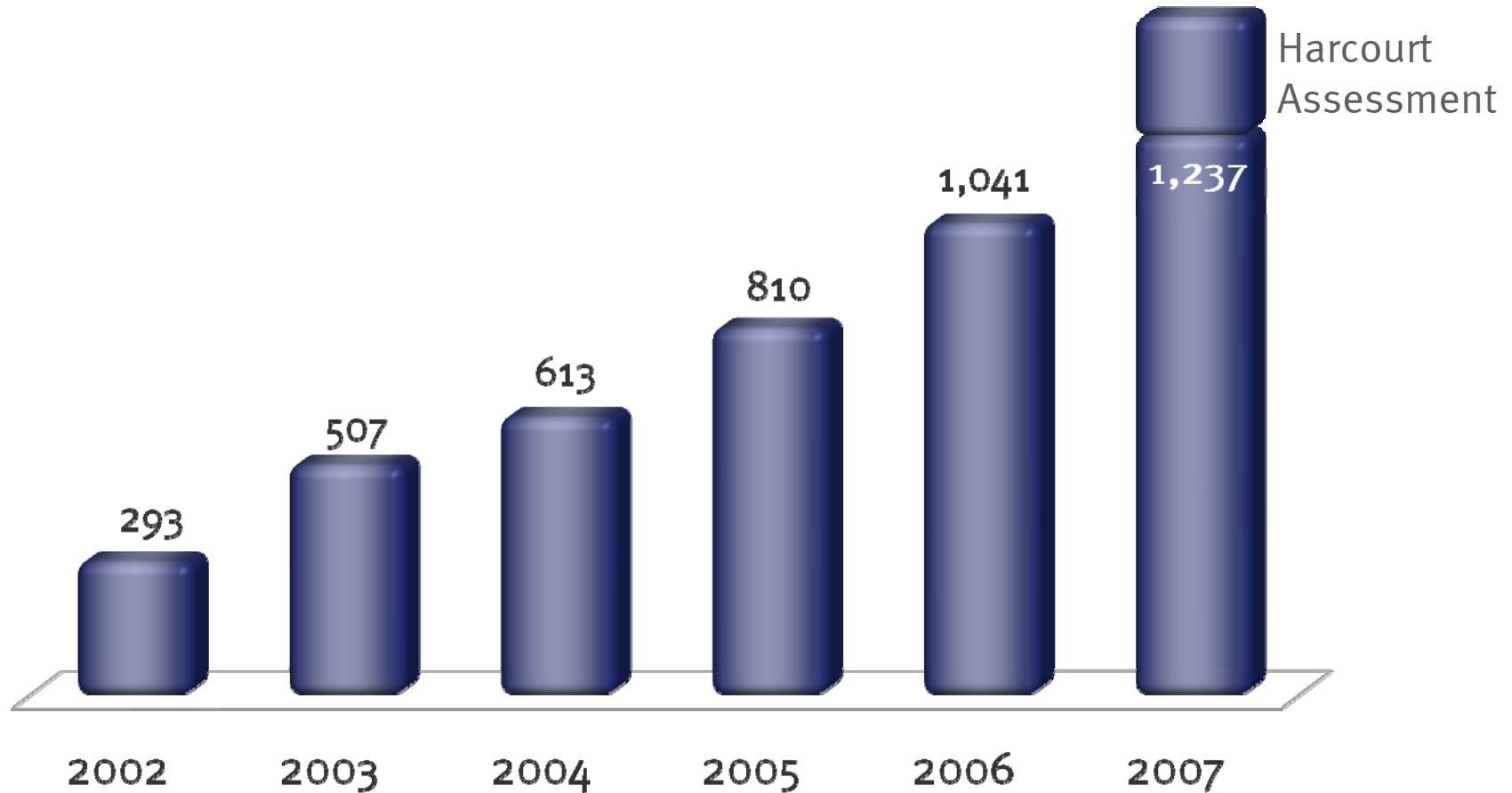


Scott Foresman • Addison Wesley

en**Vision**MATH™

Technology & Services: Education

Worldwide School & Professional testing revenues, \$m



Harcourt
Assessment

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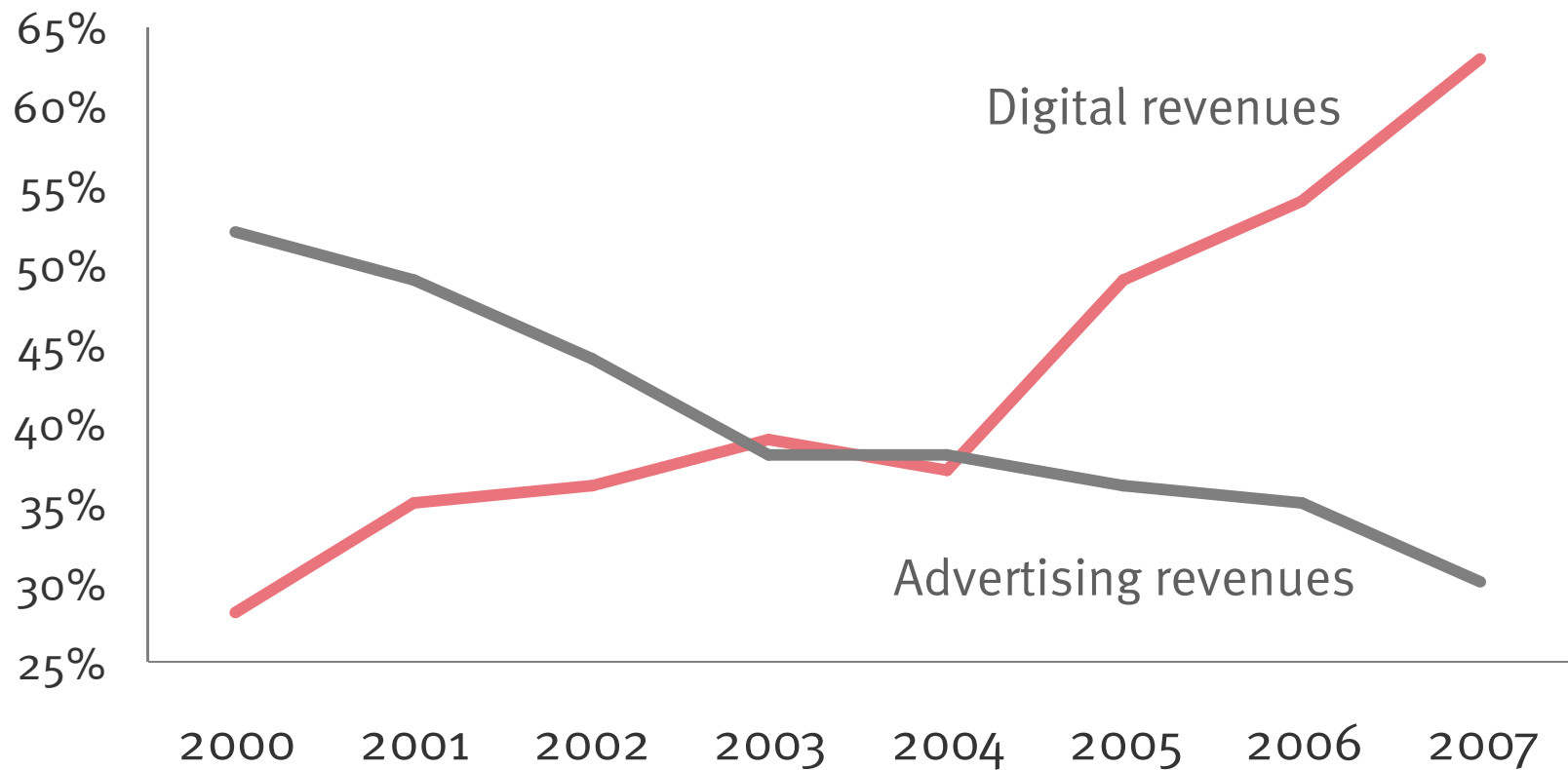
Technology & services: Penguin

E-book units sold by month (US)



Technology & Services: FT Group

Revenue mix, %



Margins

Margin improvement

	Margins			
£m	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

Margins: focus in 2008

International education

Assessment & testing

Integration of acquisitions

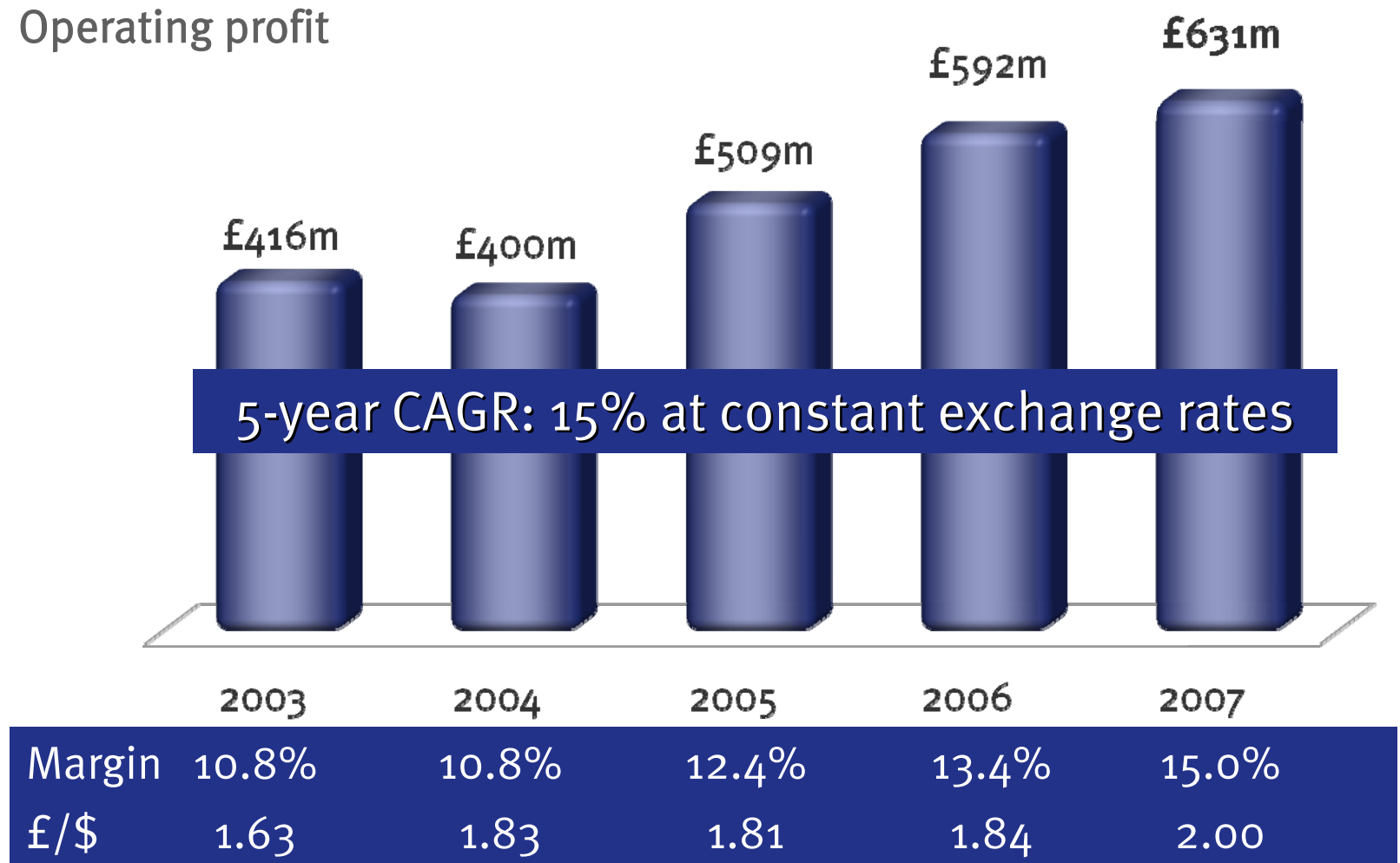
Continued benefit from shift to digital

Yield management

Shared operations

Sustained financial progress

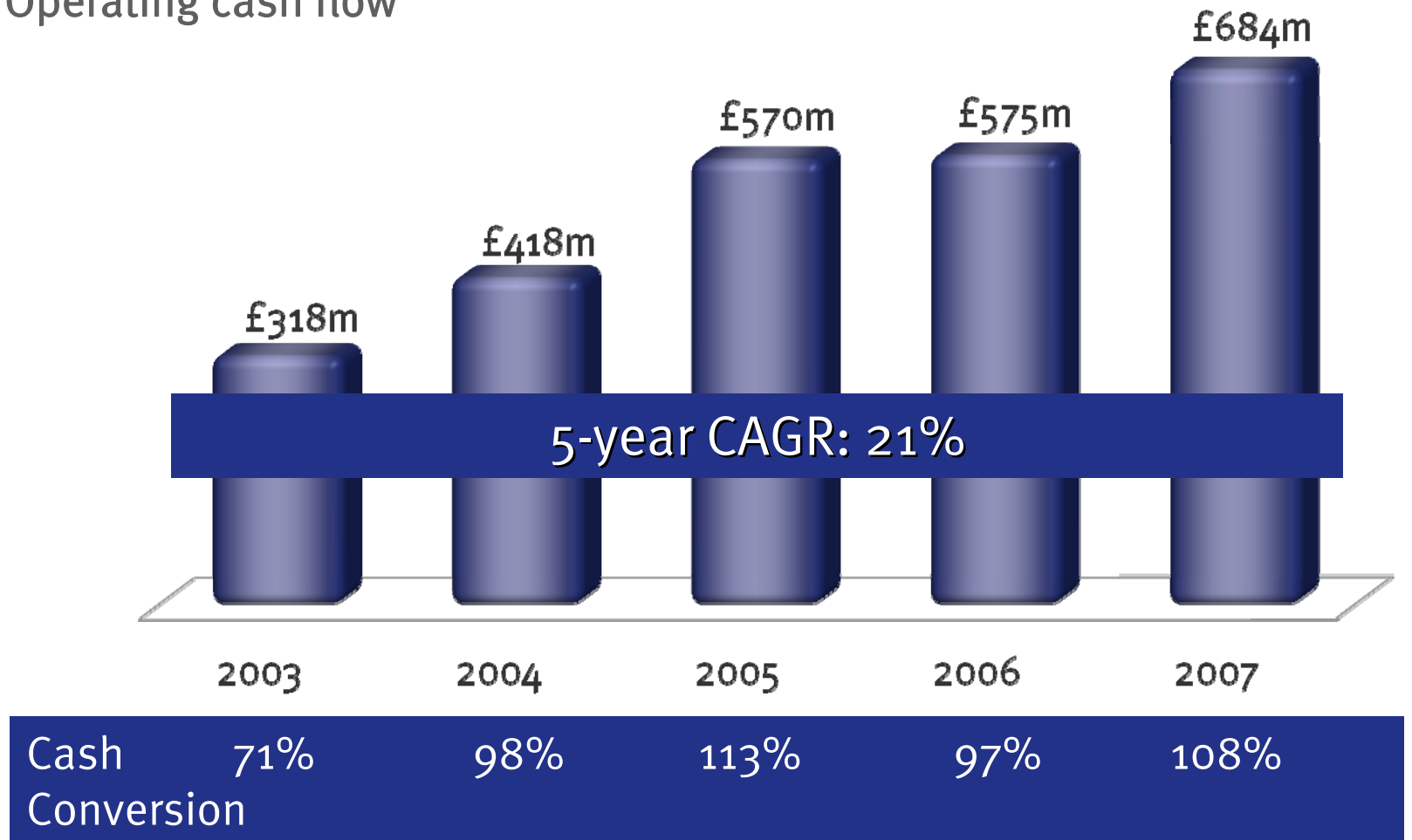
Operating profit



Cash

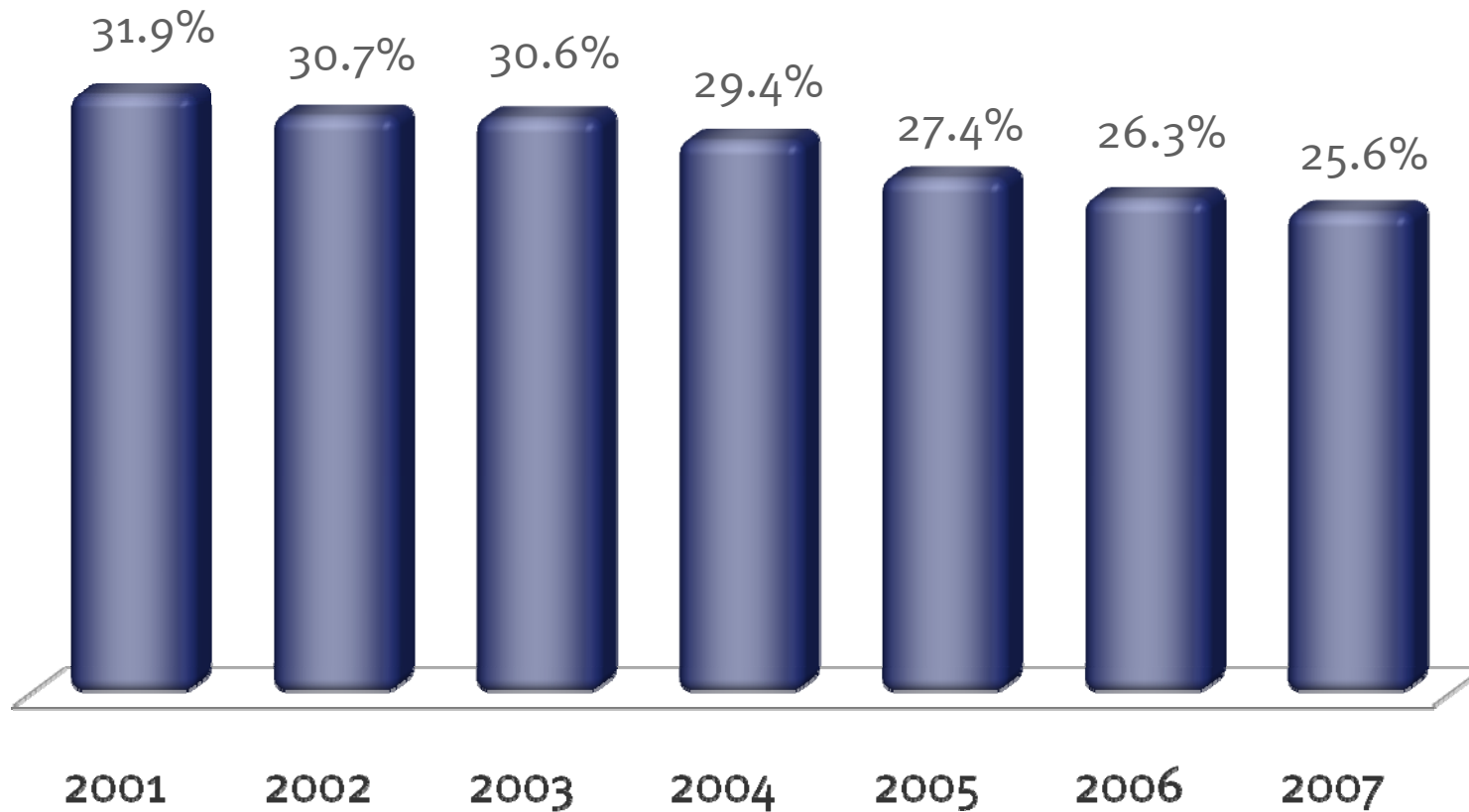
Strong cash generation

Operating cash flow



Cash and working capital discipline

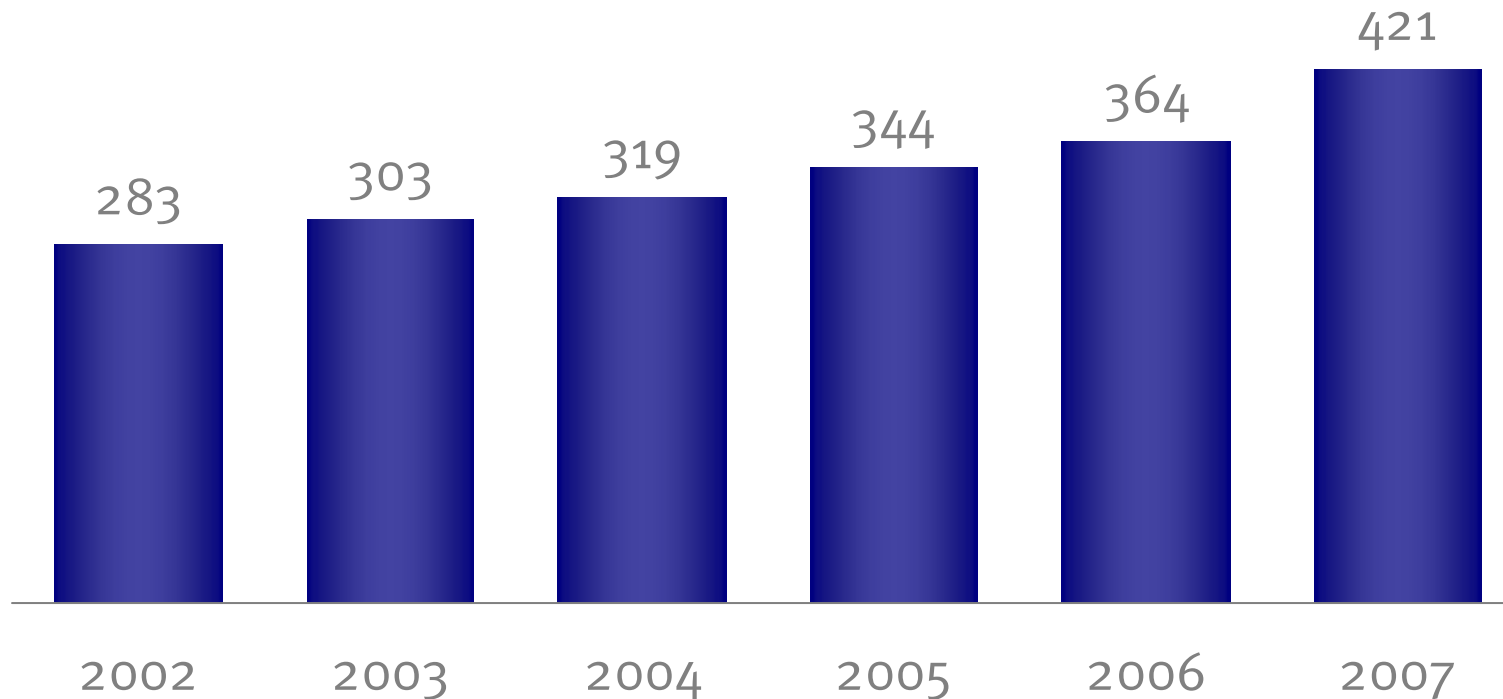
Average working capital/sales



Includes capitalised pre-publication costs and author advances

Capital allocation: organic investment

Education pre-publication expenditure, \$m



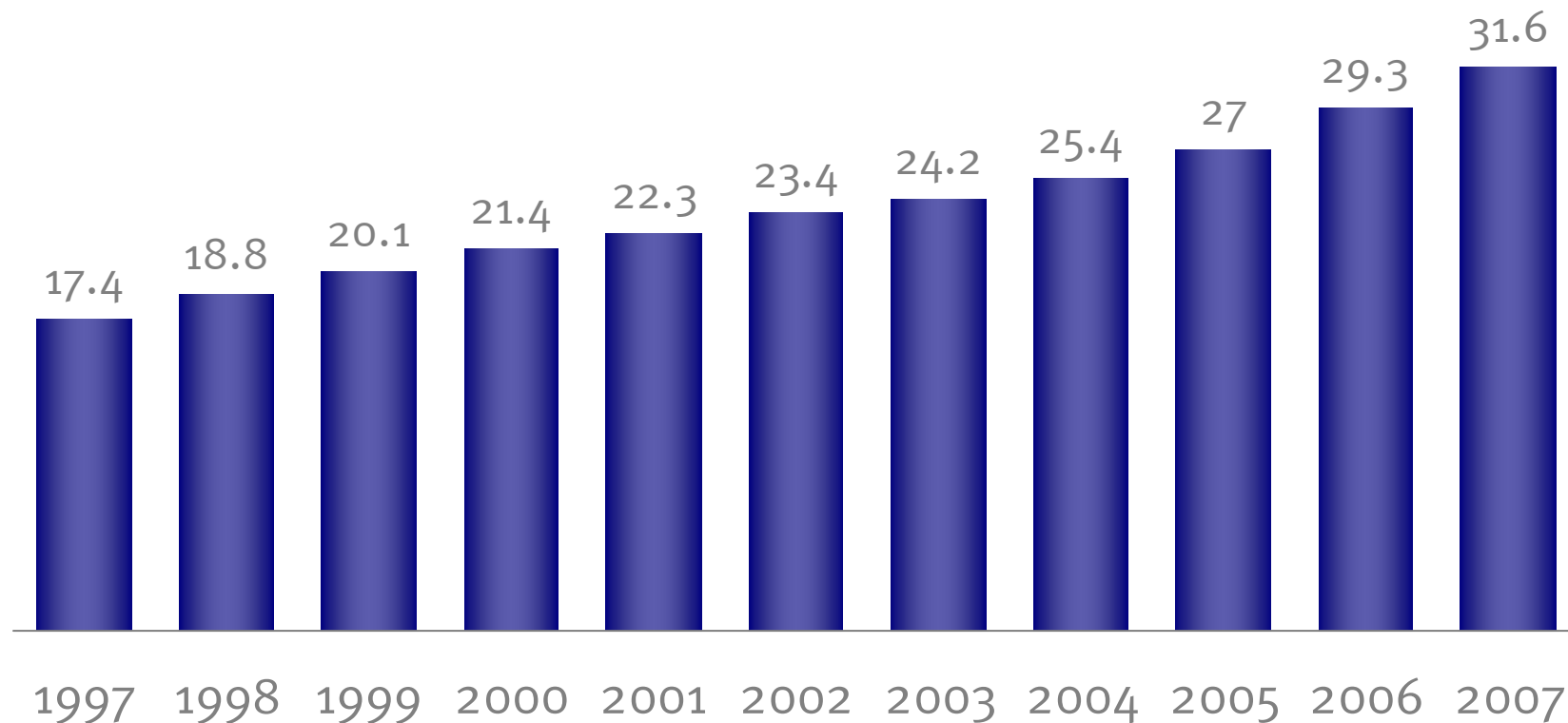
Capital allocation: bolt-on acquisitions

Year	Acquisitions	Disposals
2002	Abrams, DDC, SPS	RTL, Forum, PH Direct
2003	Edexcel, LessonLab, Comstock	El Mundo
2004	Altona Ed, BBC Children's, Causeway, Dominie Press, KAT, Futuresource	Capella Education, Business.com
2005	AGS, BBC Adult, Co-nect, Index Books, IS Teledata	Recoletos, Marketwatch
2006	Promissor, NES, PowerSchool, Chancery, PBM, Ellis, EET, Quote.com, Mergermarket	
2007	Harcourt International,, eCollege, Exec appointments, Infinata, xcitek, Edustructures	Government Solutions , SBG Religion, Index books, Les Echos
2008	Harcourt Assessment, MoneyMedia, OCO	Data Management, Ft Deutschland, Business Standard
\$3.0bn		\$3.6bn

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Capital allocation: dividend growth

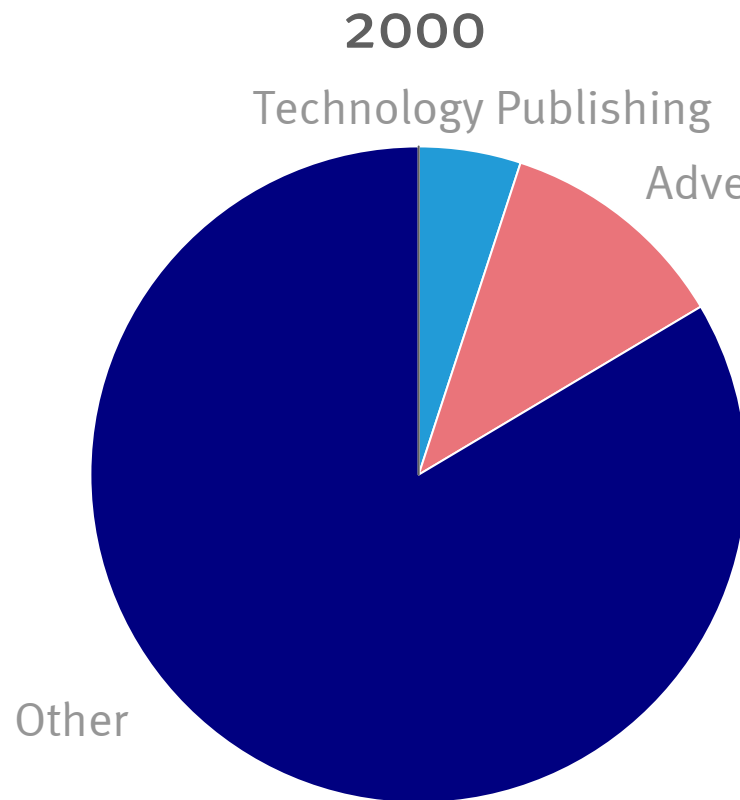
Pence per share



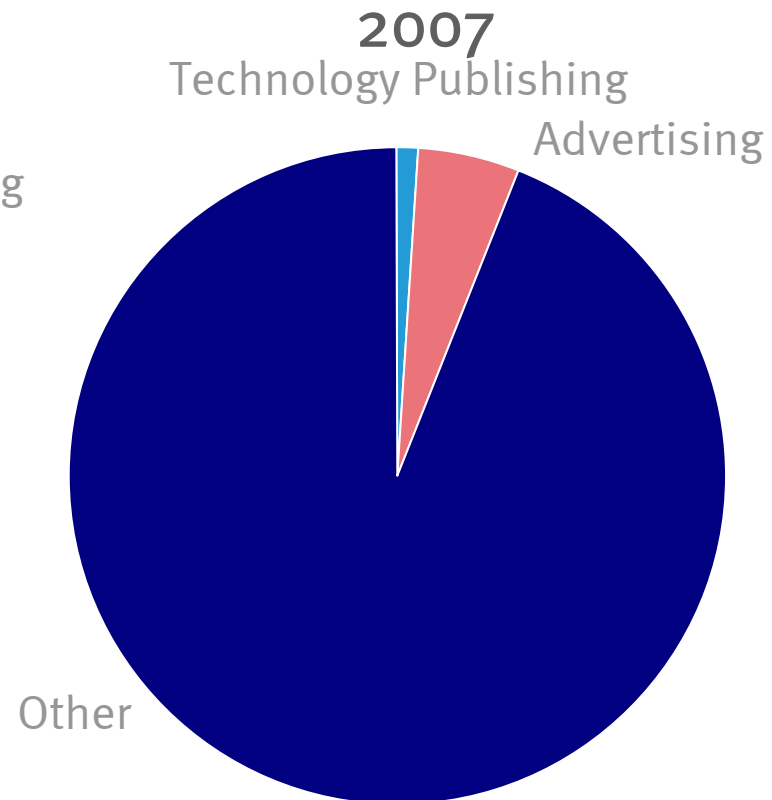
Resilience

Resilience:

Less exposure to advertising and tech publishing



£3.9bn @ £/\$ 1.52

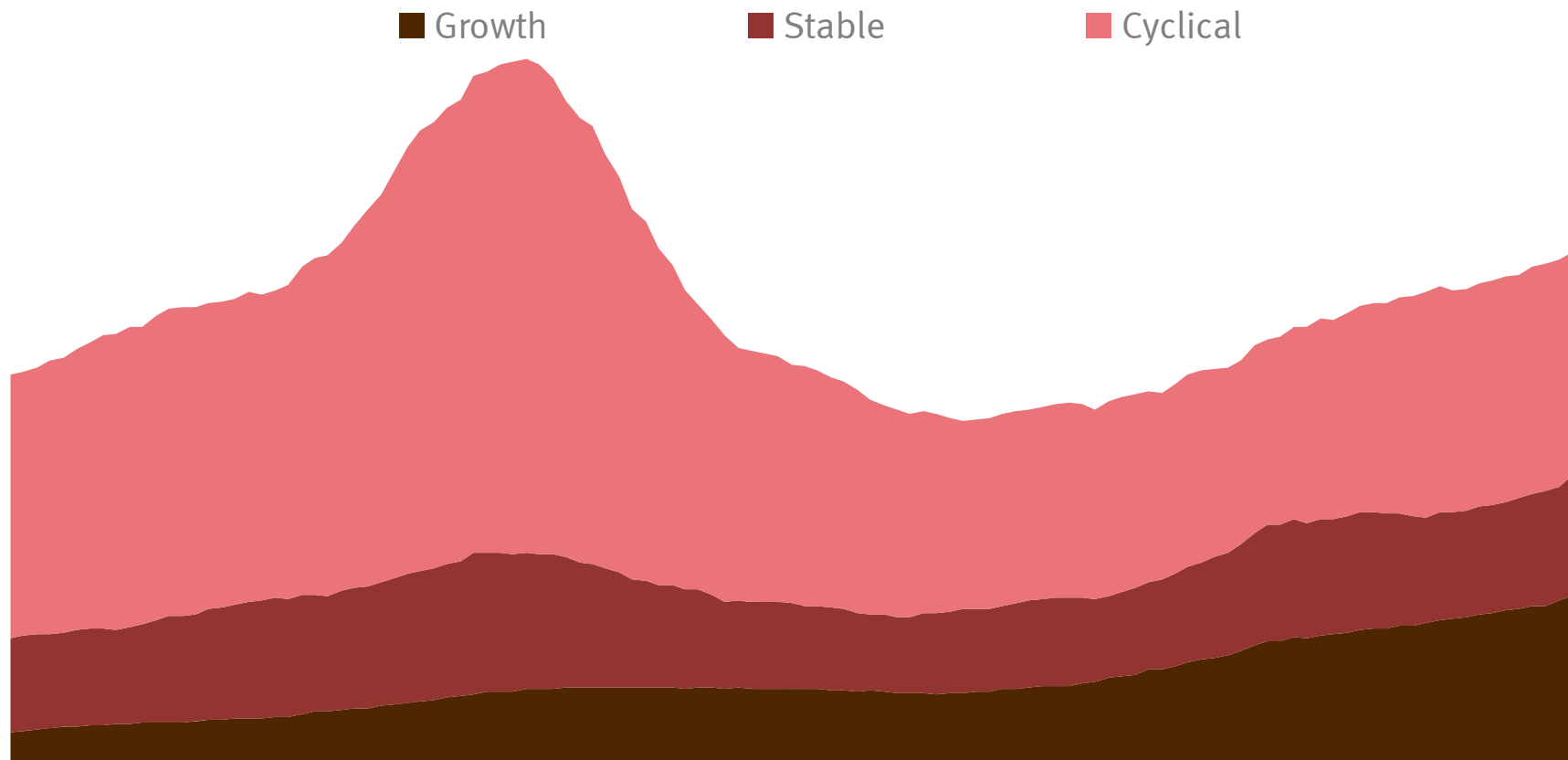


£4.2bn @ £/\$ 2.00

Resilience:

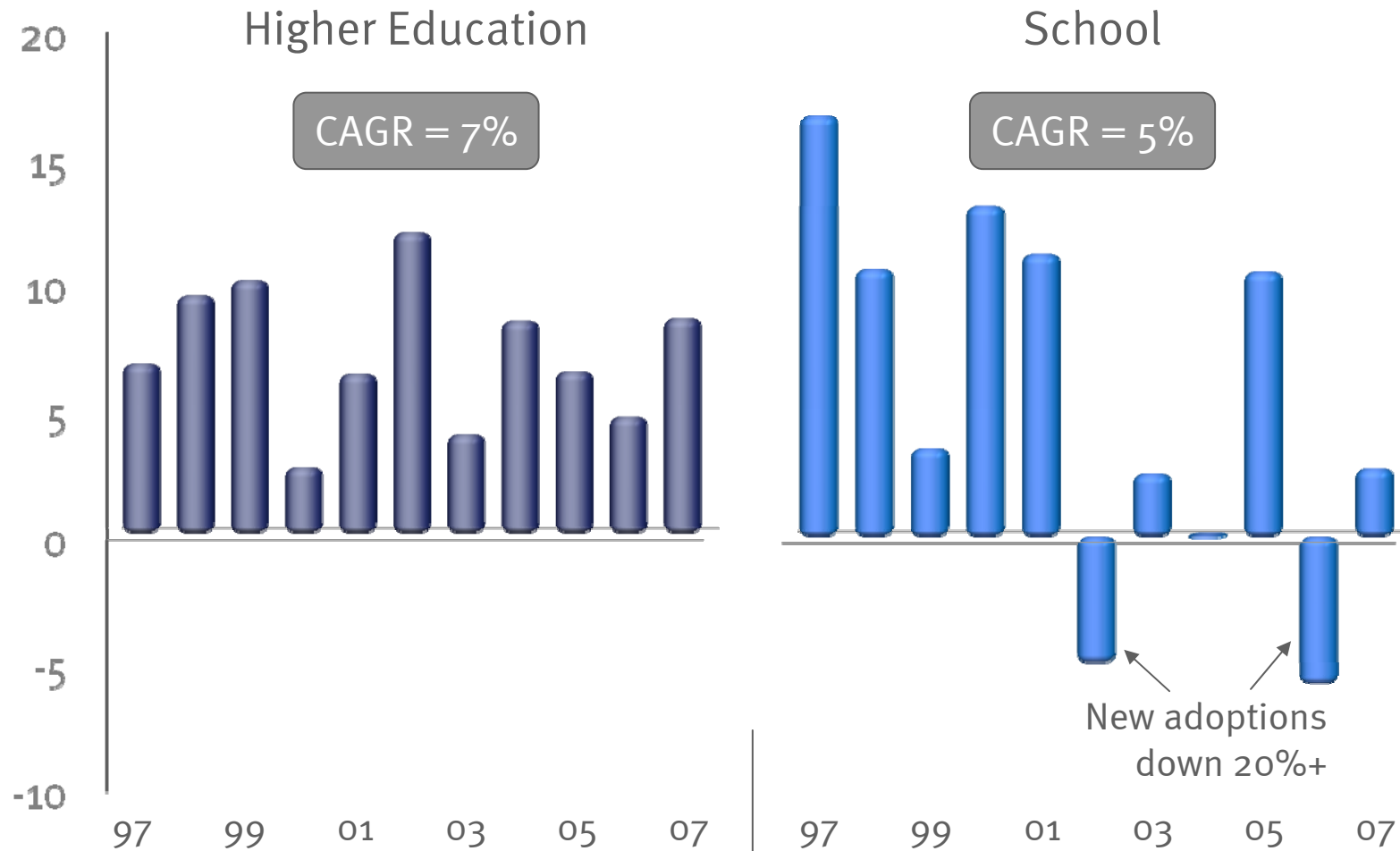
More diverse advertiser base

FT Newspaper advertising revenues 1997-2007



Resilience: Sustained growth in US education

Year-on-year US publishing industry sales growth

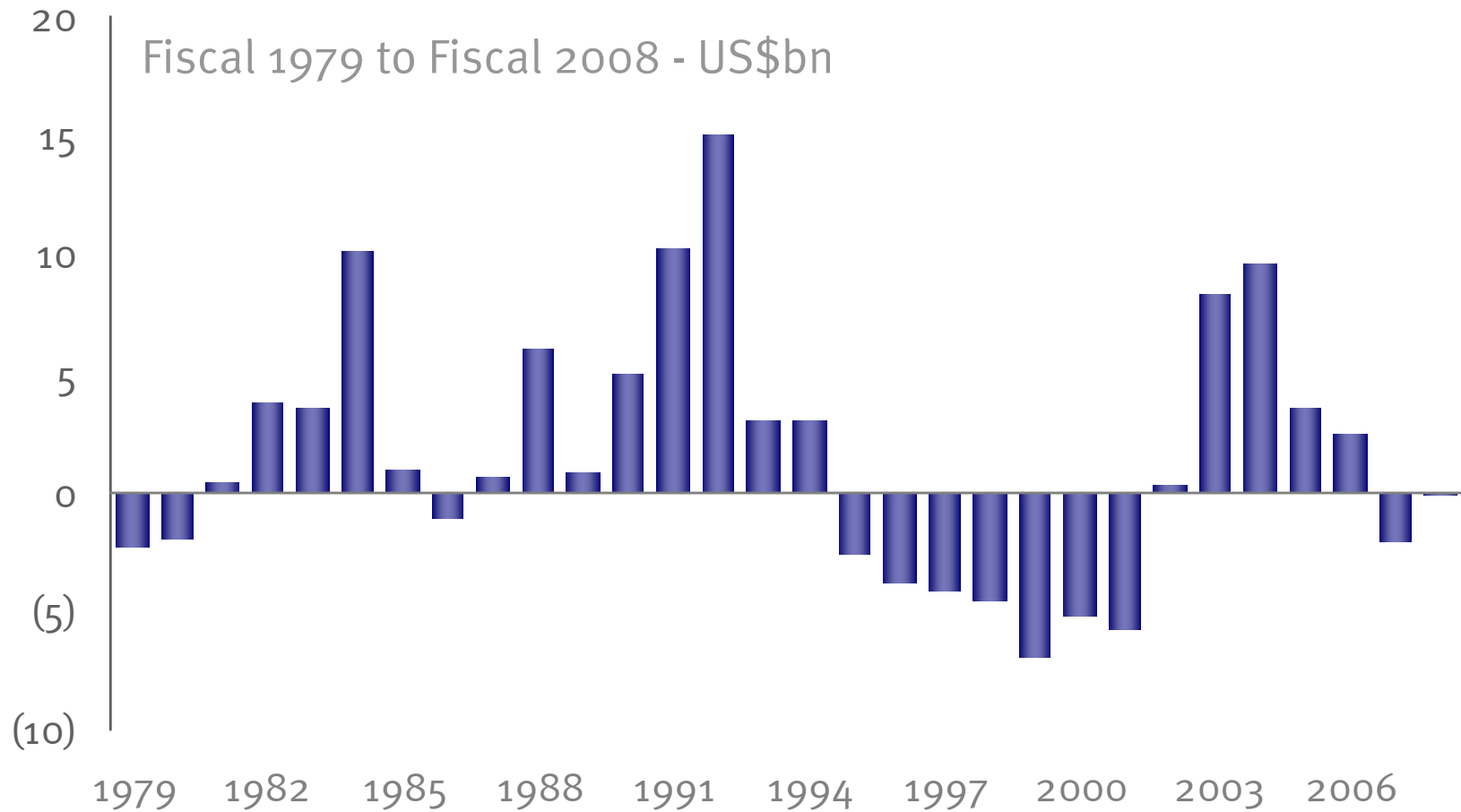


Sources: Pearson, AAP

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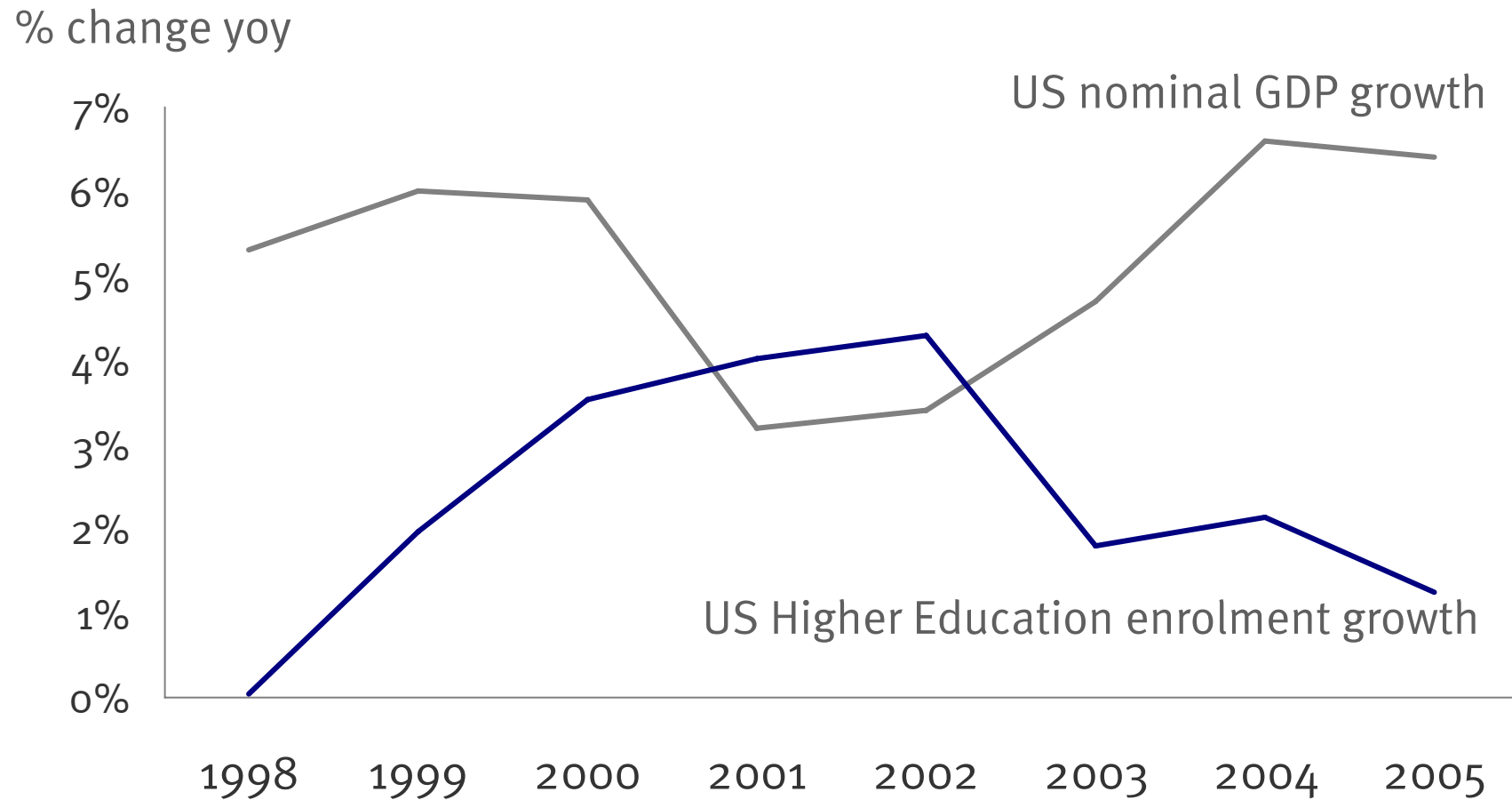
Resilience: funding

Enacted State revenue changes, \$bn



Source: NASBO

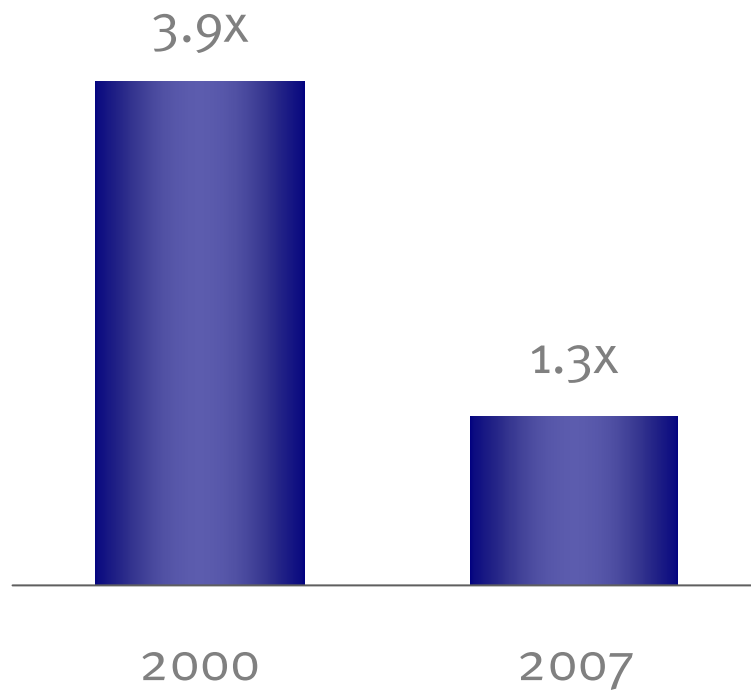
Resilience: higher education



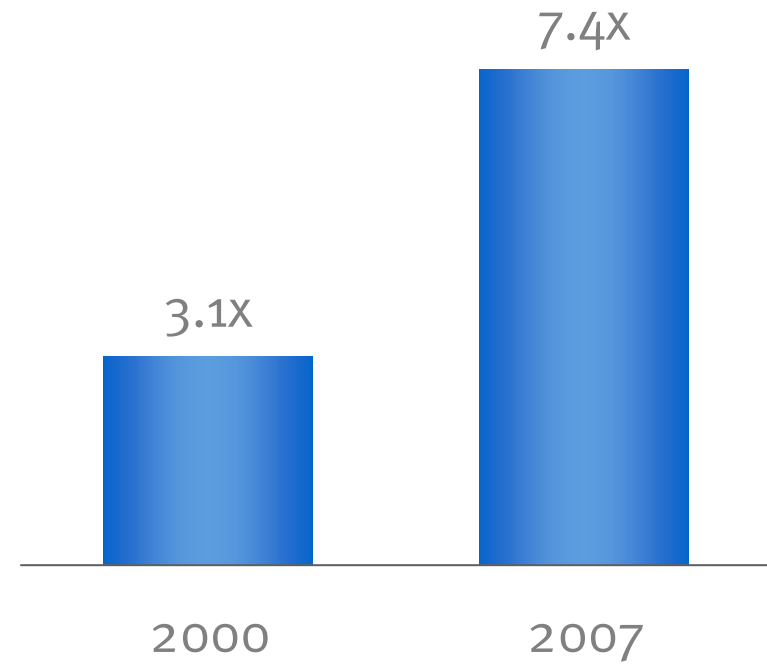
Source: NCES, US Department of Commerce

Resilience: balance sheet

Net debt/EBITDA



Interest cover



Conclusions

Strong market positions

Growth

Margins

Cash

Resilience



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