

The word "PEARSON" is written in a white, serif, all-caps font. Below the text is a white, curved line that starts under the 'P', arches over the 'A' and 'R', and ends under the 'N'.

PEARSON

2007 results

3 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.

Record results

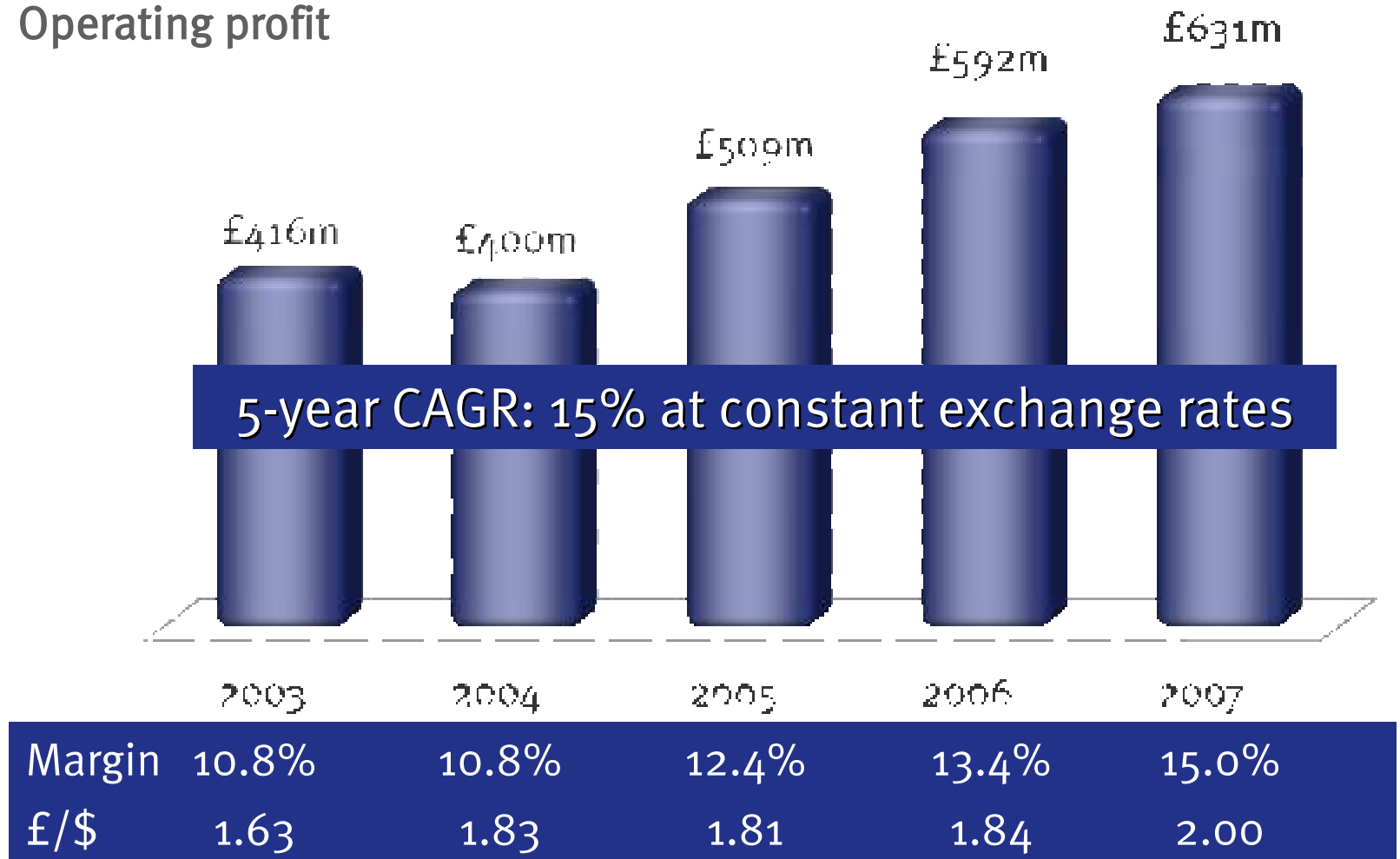
£m	2007	2006	Headline growth	Underlying growth
Sales*	4,218	4,051	4%	6%
Operating profit*	631	565	12%	14%
Margin*	15.0%	13.9%	1.1 <i>ppts</i>	
Adjusted eps	46.7p	43.1p	8%	15% ^{**}
Operating cash flow	684	575	19%	
ROIC	8.2%	8.0%	0.2 <i>ppts</i>	
Dividend	31.6p	29.3p	7.8%	

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

**At constant currency

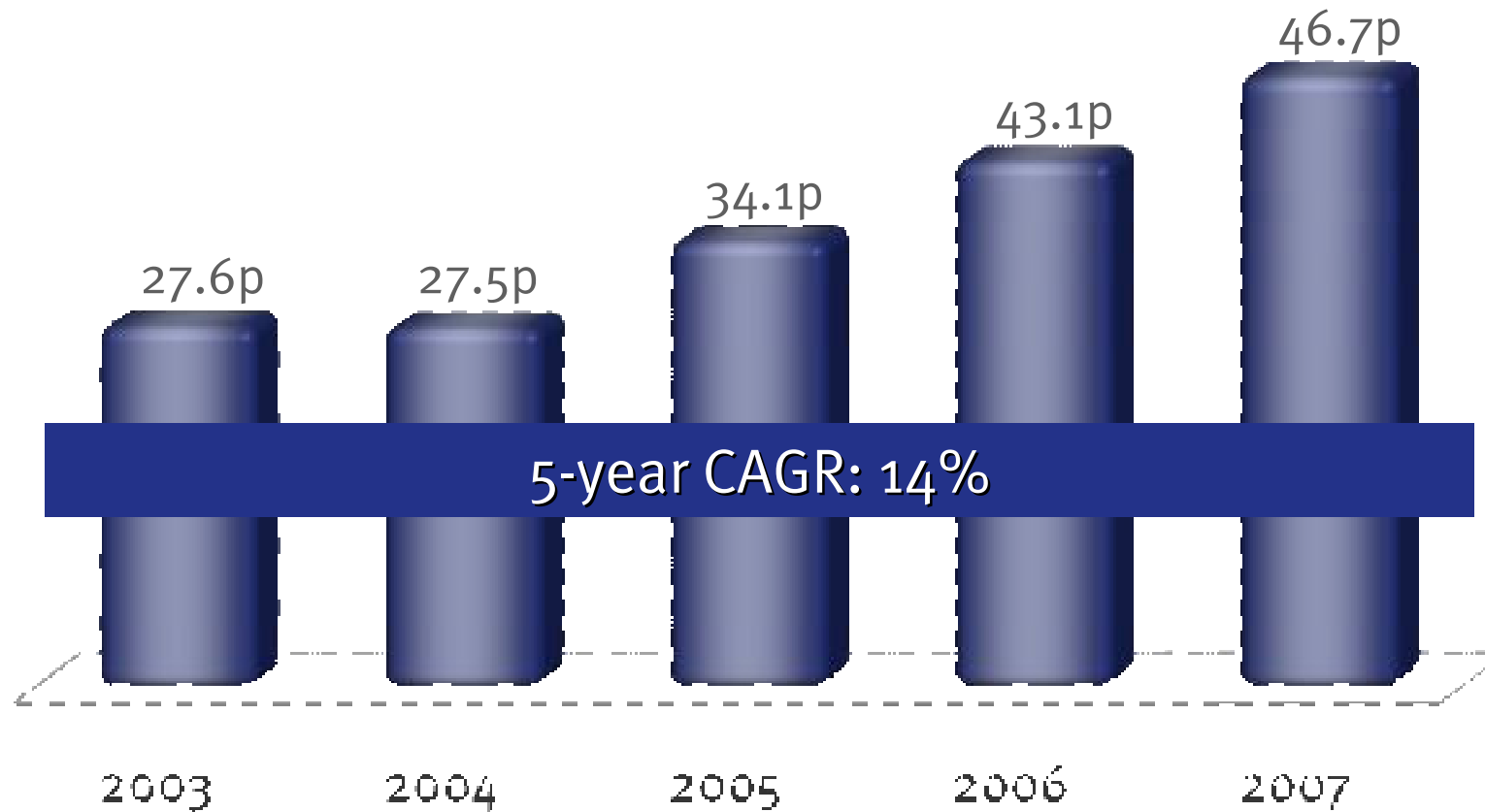
Sustained financial progress

Operating profit



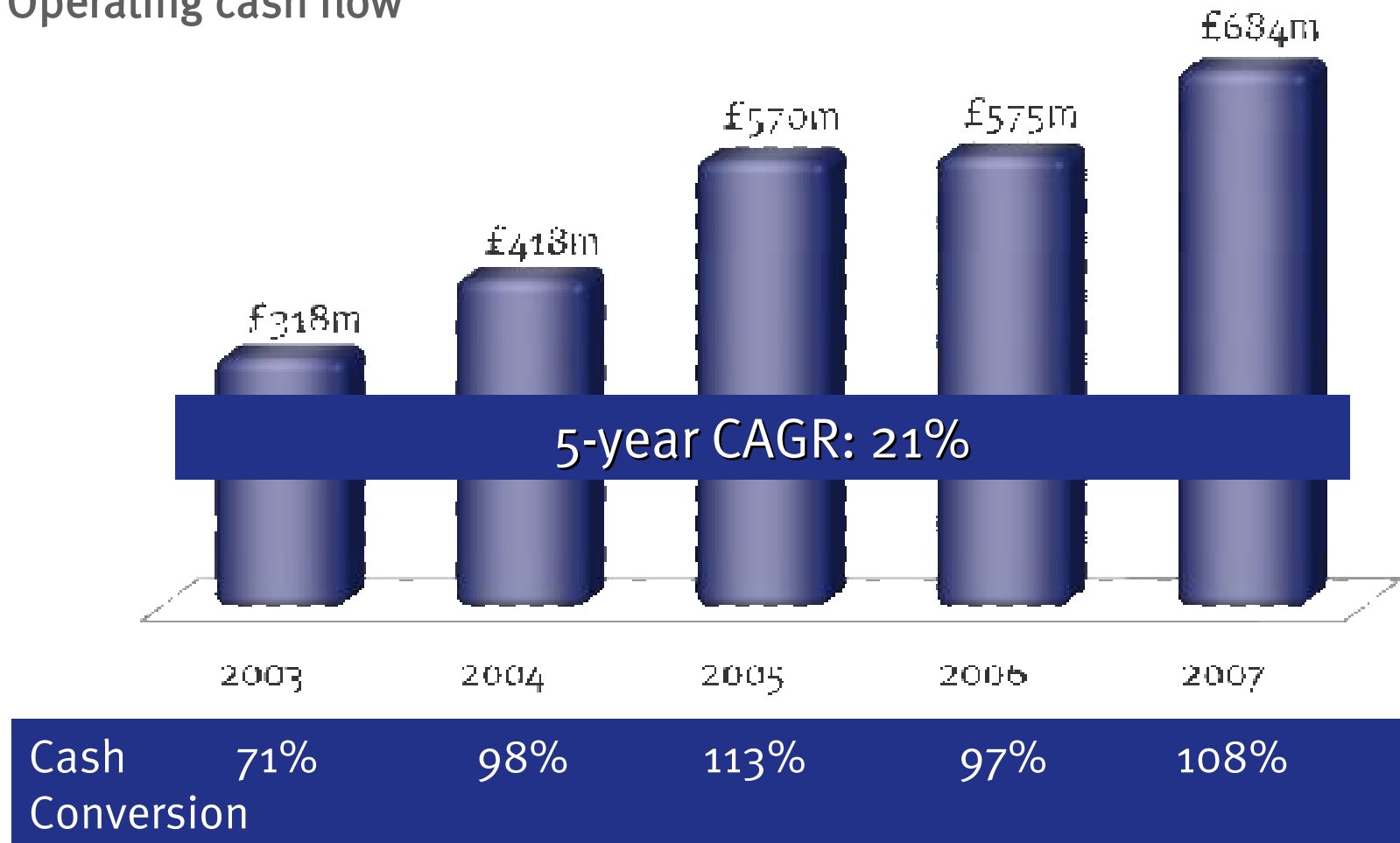
Sustained financial progress

Adjusted EPS



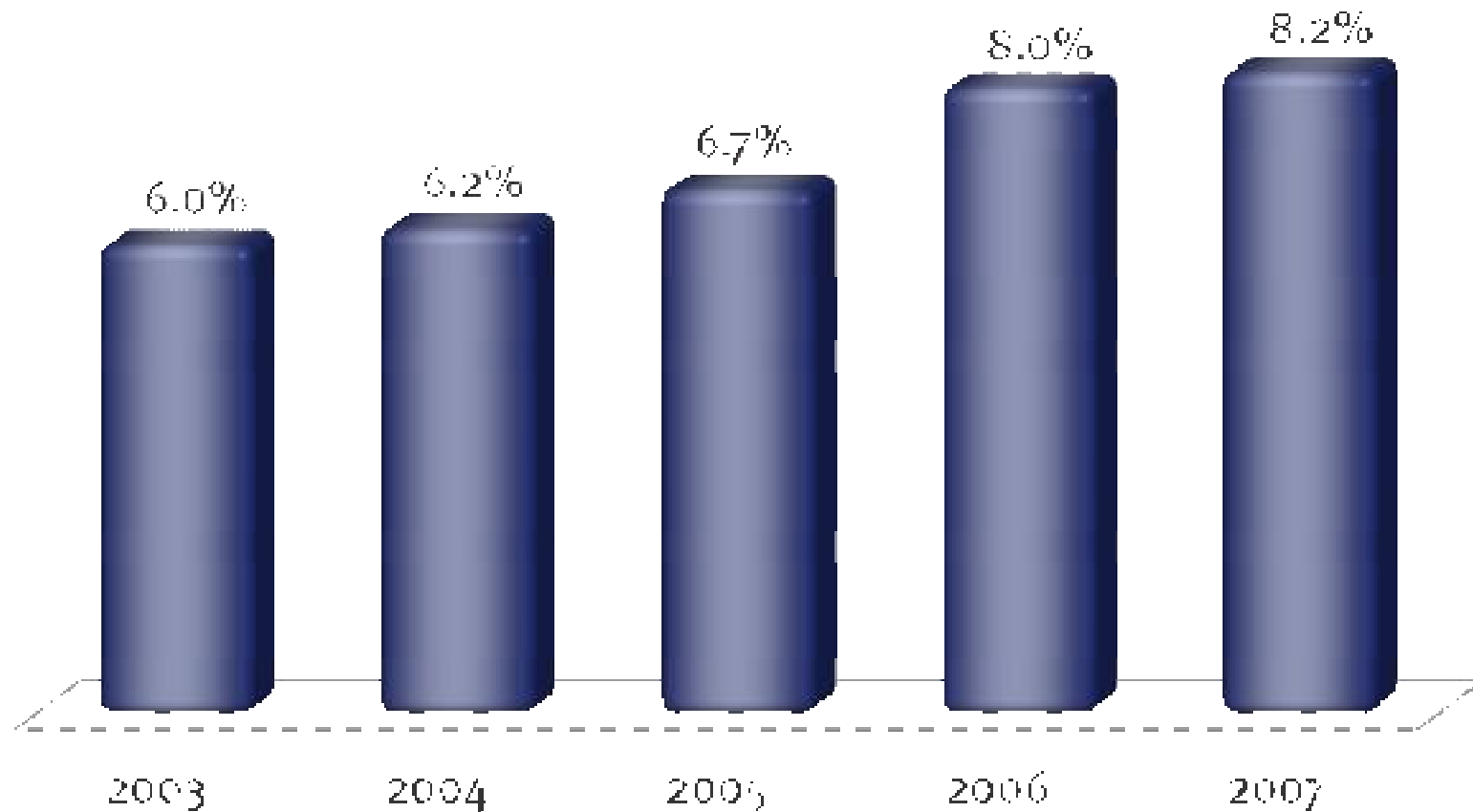
Sustained financial progress

Operating cash flow



Sustained financial progress

Return on invested capital



The background of the slide is a photograph of a sunset or sunrise over a calm ocean. The sky is a deep blue, transitioning to a lighter blue near the horizon where the sun is setting. The ocean is dark blue and reflects the light from the sky. The Pearson logo is centered in the upper half of the image.

PEARSON

Strong, sustainable growth

PEARSON



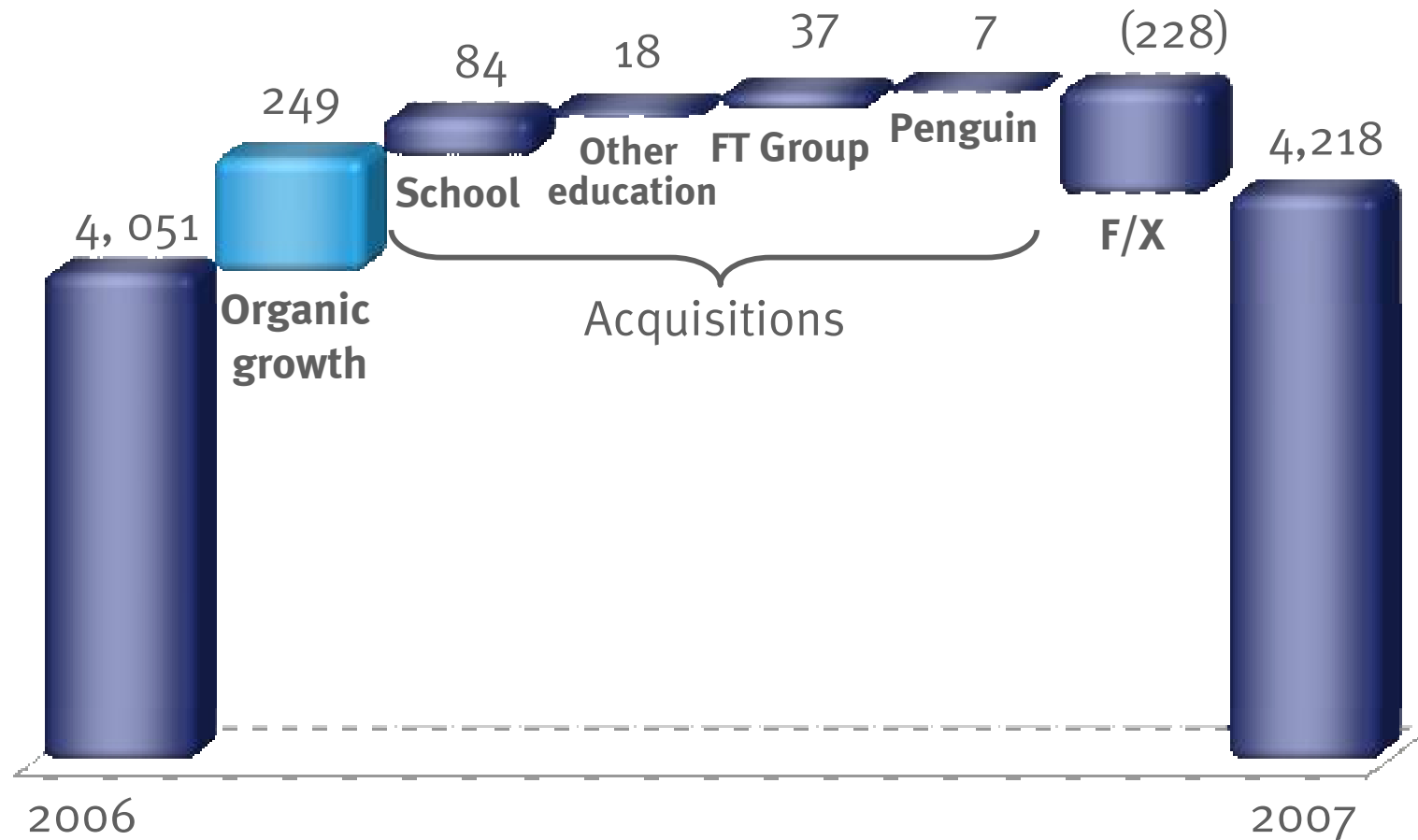
Financial performance

Sales growth

£m	2007	2006	Underlying growth
School	1,537	1,455	6%
Higher Education	793	795	5%
Professional*	354	341	9%
Pearson Education	2,684	2,591	6%
FT Publishing	344	280	12%
Interactive Data	344	332	8%
FT Group	688	612	10%
Penguin	846	848	3%
Total	4,218	4,051	6%

*Includes Data Management (Scanners)

Sales growth, £m



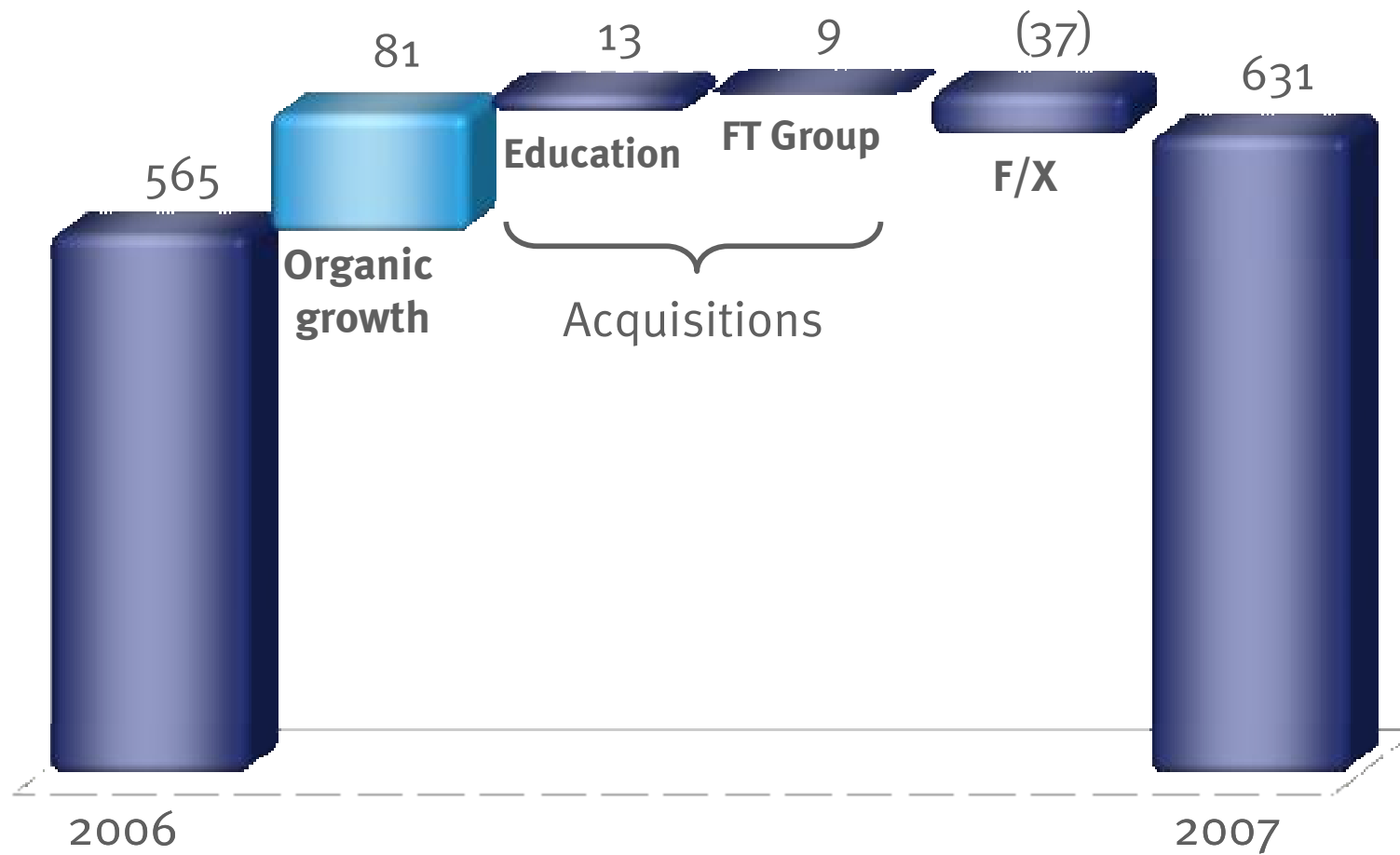
Includes Data Management (Scanners)

Profit growth

£m	2007	2006	Underlying growth
School	203	184	11%
Higher Education	161	161	5%
Professional*	40	38	11%
Pearson Education	404	383	9%
FT Publishing	56	27	85%
Interactive Data	97	89	13%
FT Group	153	116	30%
Penguin	74	66	20%
Total	631	565	14%

*Includes Data Management (Scanners)

Profit growth, £m



Includes Data Management (Scanners)

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

Adjusted EPS

£m	2007	2006	Headline growth
Operating profit	634	592	7%
Interest	(85)	(90)	6%
Taxation	(145)	(130)	(12)%
<i>Tax rate</i>	26.4%	25.9%*	
Profit after tax	404	372	9%
Minorities	(32)	(28)	(14)%
Adjusted earnings	372	344	8%
<i>Shares in issue</i>	796.8	798.4	
Adjusted EPS	46.7p	43.1p	8%

*Restated for tax treatment of goodwill amortisation

Statutory P&L

£m	2007	2006	Headline growth
Operating profit	574	522	10%
Interest	(85)	(90)	6%
Finance costs – IAS39 / IAS21	(21)	16	-
Profit before tax	468	448	4%
Taxation	(131)	(4)	-
Profit after tax	337	444	(24)%
Discontinued operations	(27)	25	-
Profit for the period	310	469	(34)%
Basic EPS (total)	35.6p	55.9p	(36)%
Basic EPS (continuing)	39.0p	52.7p	(26)%

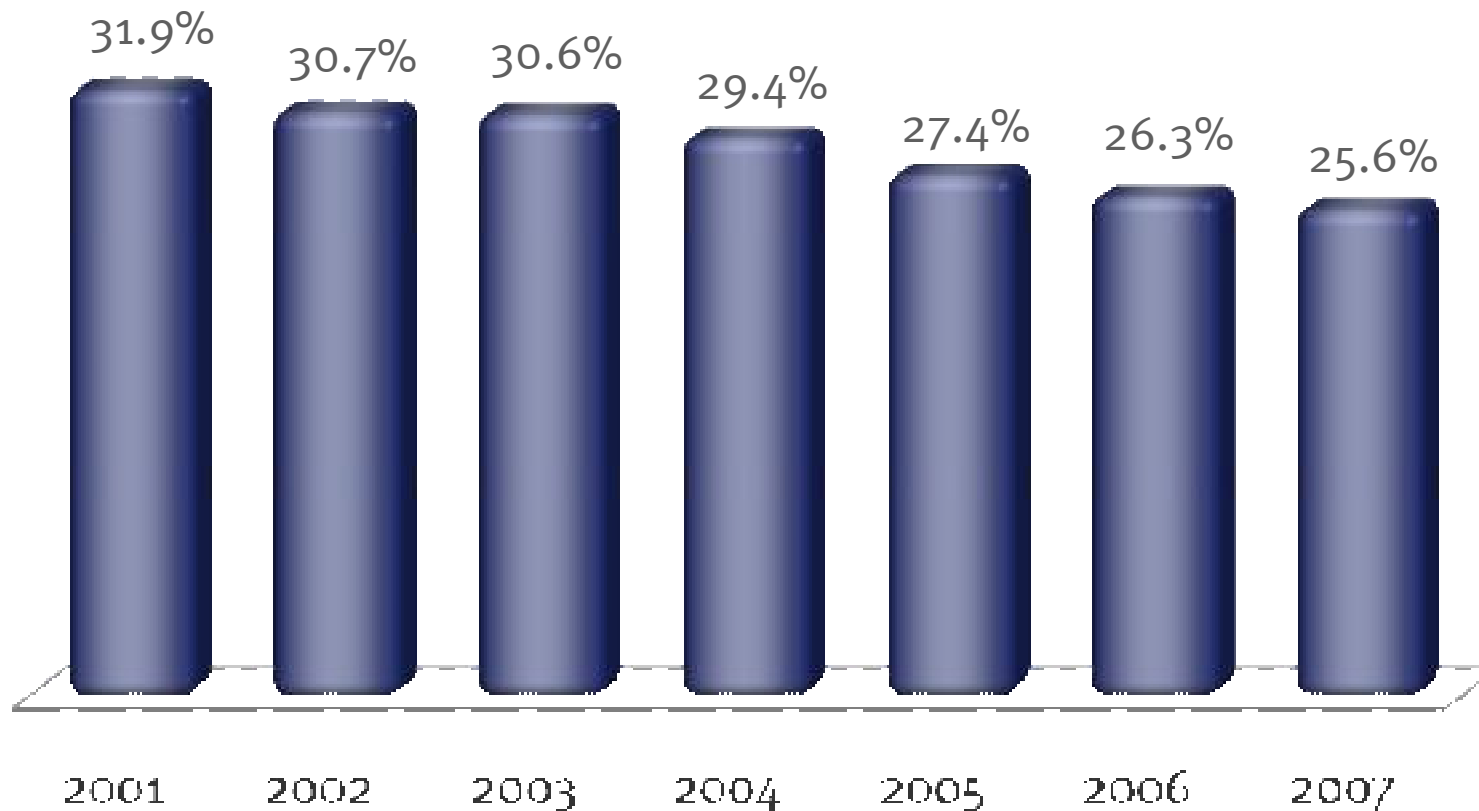
Operating cash flow

£m	2007	2006	var
Operating profit	634	592	42
Working capital	36	(25)	61
Net capital expenditure	(100)	(92)	(8)
Depreciation	93	100	(7)
Dividends from associates	32	45	(13)
Exchange and other movements	(11)	(45)	34
Operating cash flow	684	575	109
<i>Cash conversion %</i>	<i>108%</i>	<i>97%</i>	

Working capital includes pre-publication

Cash and working capital discipline

Average working capital/sales



Includes capitalised pre-publication costs and author advances

Free cash flow

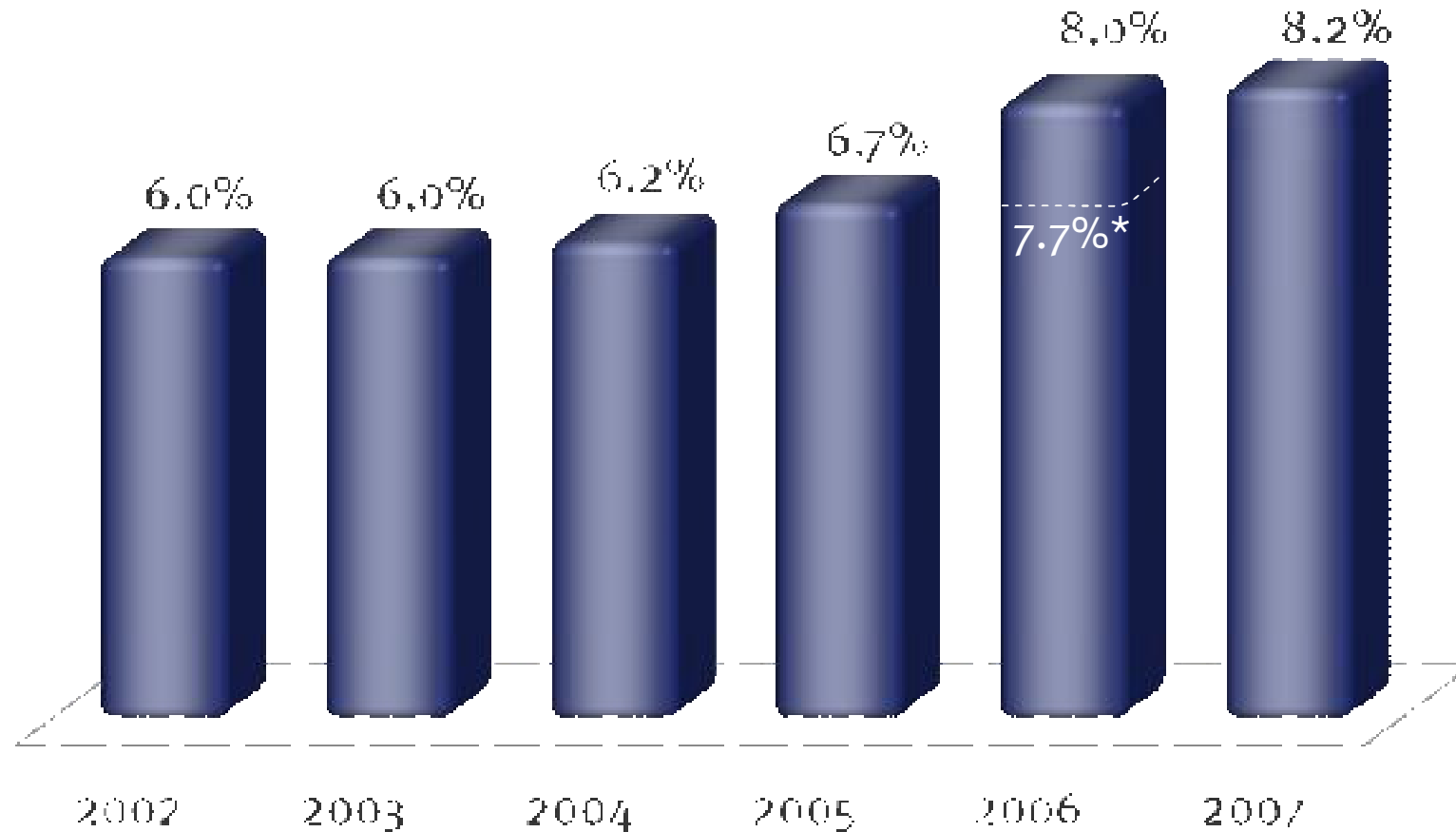
£m	2007	2006	var
Operating cash flow	684	575	109
Operating tax paid	(61)	(59)	(2)
<i>Cash tax %</i>	9%	10%	
Operating finance charges	(90)	(82)	(8)
Operating free cash flow	533	434	99
Special pension contribution	(100)	-	(100)
Other non operating	(26)	(1)	(25)
Total free cash flow	407	433	(26)
Operating free cash flow per share	67p	54p	13p
Free cash flow / share	51p	54p	(3p)

Balance sheet – total business

£m	2007	2006	var
Goodwill / intangible assets	3,910	3,809	101
Tangible fixed assets	362	357	5
Pre-publication	452	402	50
Working capital	239	323	(84)
Other net liabilities	(57)	(58)	1
Net trading assets	4,906	4,833	73
Shareholders' funds	3,694	3,476	218
Deferred tax asset	(41)	(172)	131
Provisions	101	302	(201)
Minorities	179	168	11
Net debt	973	1,059	(86)
Capital employed	4,906	4,833	73

All balances include Data Management (Scanners) held for resale

Return on invested capital



*At 2007 rates

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

The background of the slide is a photograph of a blue sky with wispy clouds over a dark blue ocean. The word "PEARSON" is centered in the upper half of the image in a white, serif, all-caps font. A thin white arc is positioned directly below the text.

PEARSON

Strong, sustainable growth

Changing Pearson

Content +

Technology and services

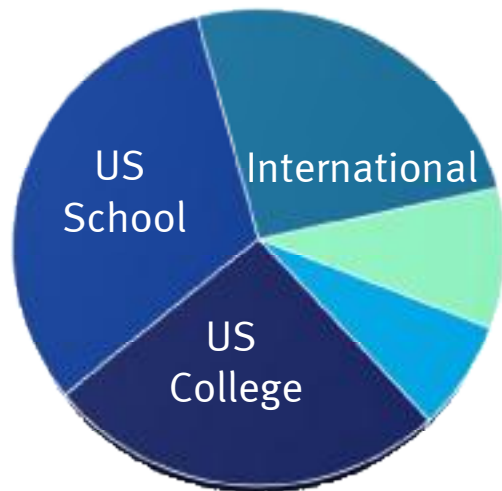
International expansion

Efficiency

Change in Education

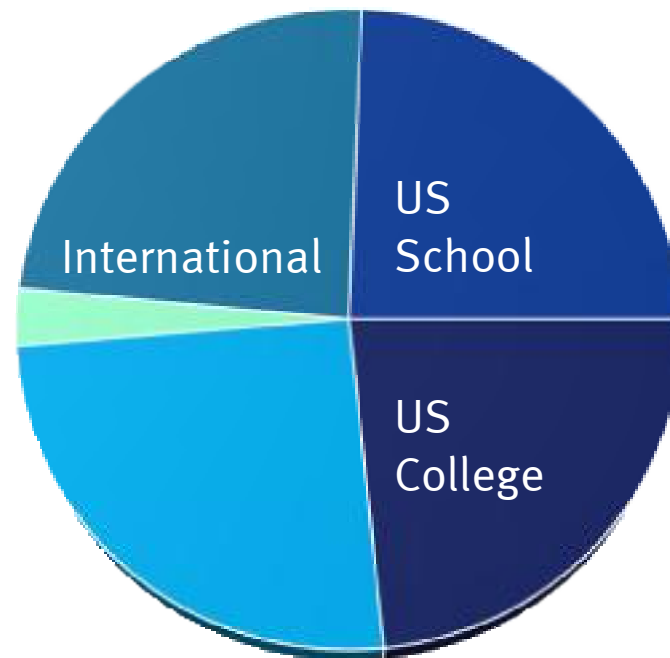
Revenue mix

2000



\$3.1bn

2007*



\$5.3bn

Technology
Publishing

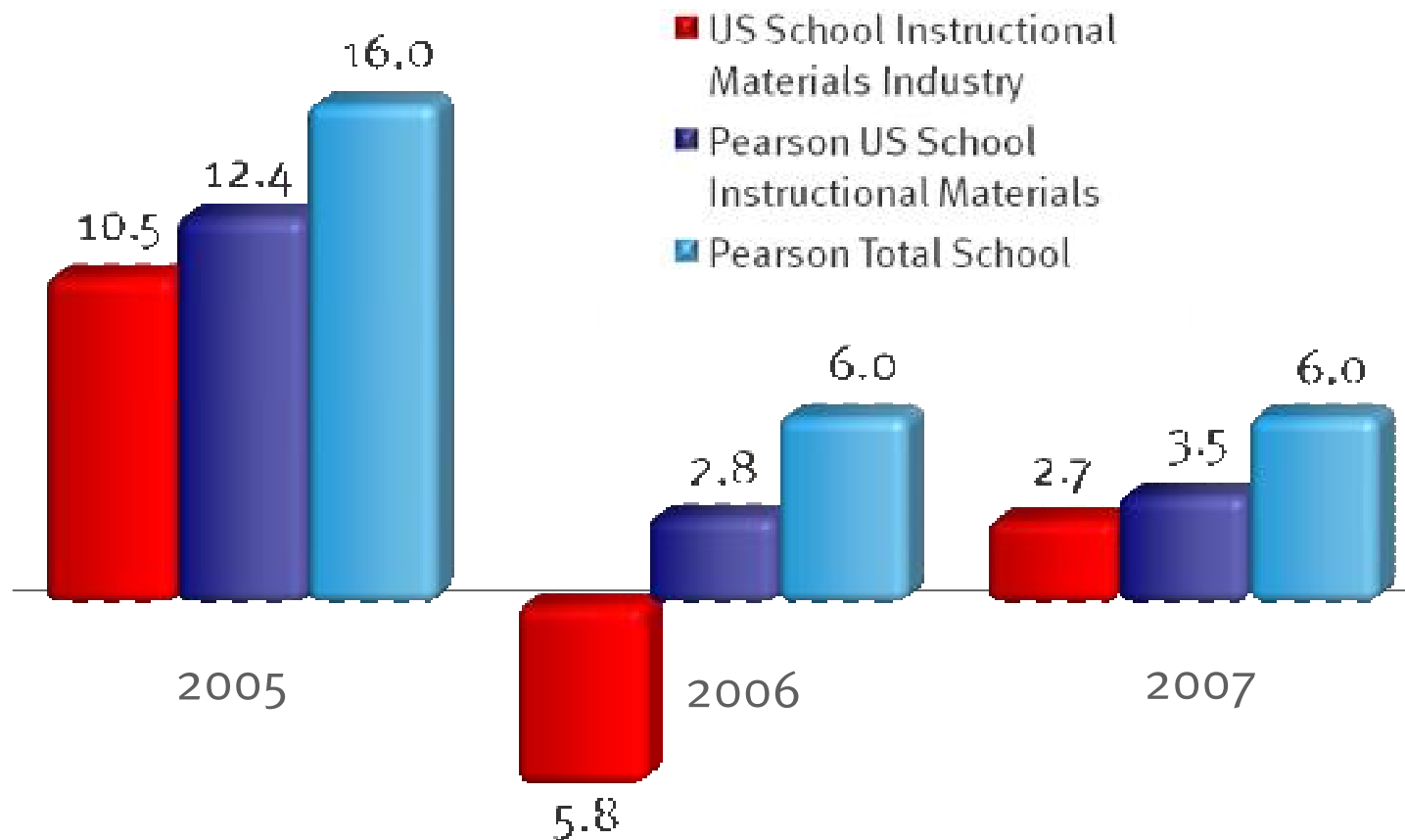
Worldwide
testing

*Continuing businesses

PEARSON

Sustained growth in School

Year-on-year growth, %



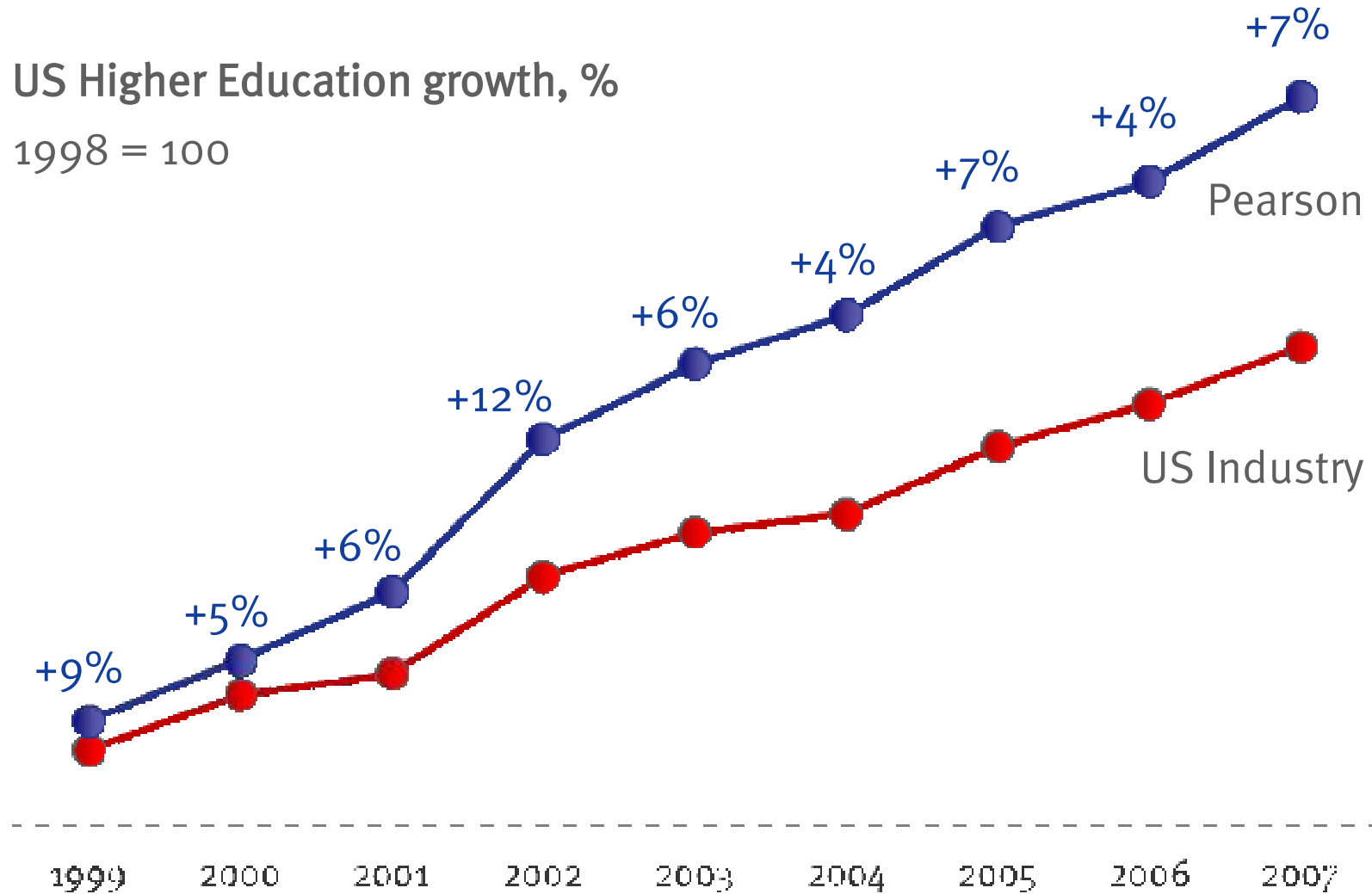
Sources: Pearson, AAP

PEARSON

Sustained growth in Higher Education

US Higher Education growth, %

1998 = 100



Sources: Pearson, AAP

PEARSON

myspanishlab *iHole!*
Where language learning knows no bounds

HOME | Learn About | Textbooks

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



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

ResultsPlus | Halibone High | GCSE Results Summer 2007

How our centre performed

All School GCSEs combined Summer 2007

Grade	Percentage
A*	28%
A	61%
B	11%
C	0%
D	0%

Nat. Ave. A* - C: 58%

Improving attainment

- Show me how the results compare with last year
- Show me how we performed in each subject
- Show me results and analysis for a class or group
- Show me how we compare with schools of our type, and with other types of schools
- Show me results by gender

Personalised learning

PAL PracticeAnatomyLab DEMO VERSION

WELCOME TO **PRACTICEANATOMYLAB**

Practice anatomy Lab is a unique lab study tool that gives you access 24/7 to a full range of virtual anatomy lab resources. Visit our Demos and be better prepared for your lab practicals.

Begin by selecting a Module below or by using the menu bar at the top.






[SUMMARY PAGER](#)
[ANATOMICAL MODELS](#)
[DISSECTORS](#)
[OCTAVIA TEST](#)

Copyright © 2007 PracticeAnatomyLab Inc. All rights reserved. PracticeAnatomyLab is a registered trademark of PracticeAnatomyLab Inc.

File	Category	Score	Grade
1901	Homework	100	A
1902	Quiz	100	A
1903	Homework	100	A
1904	Project	100	A
1905	Quiz	100	A
1906	Homework	100	A
1907	Quiz	100	A
1908	Test	100	A
1909	Observation	100	A
1910	Homework	100	A
1911	Project	100	A
1912	Quiz	100	A
1913	Homework	100	A
1914	Quiz	100	A
1915	Homework	100	A
1916	Quiz	100	A
1917	Test	100	A
1918	Observation	100	A
1919	Homework	100	A
1920	Project	100	A
1921	Quiz	100	A
1922	Homework	100	A
1923	Quiz	100	A
1924	Homework	100	A
1925	Quiz	100	A
1926	Test	100	A
1927	Observation	100	A
1928	Homework	100	A
1929	Project	100	A
1930	Quiz	100	A
1931	Homework	100	A
1932	Quiz	100	A
1933	Homework	100	A
1934	Quiz	100	A
1935	Test	100	A
1936	Observation	100	A
1937	Homework	100	A
1938	Project	100	A
1939	Quiz	100	A
1940	Homework	100	A
1941	Quiz	100	A
1942	Homework	100	A
1943	Quiz	100	A
1944	Test	100	A
1945	Observation	100	A
1946	Homework	100	A
1947	Project	100	A
1948	Quiz	100	A
1949	Homework	100	A
1950	Quiz	100	A
1951	Homework	100	A
1952	Quiz	100	A
1953	Test	100	A
1954	Observation	100	A
1955	Homework	100	A
1956	Project	100	A
1957	Quiz	100	A
1958	Homework	100	A
1959	Quiz	100	A
1960	Test	100	A
1961	Observation	100	A
1962	Homework	100	A
1963	Project	100	A
1964	Quiz	100	A
1965	Homework	100	A
1966	Quiz	100	A
1967	Test	100	A
1968	Observation	100	A
1969	Homework	100	A
1970	Project	100	A
1971	Quiz	100	A
1972	Homework	100	A
1973	Quiz	100	A
1974	Test	100	A
1975	Observation	100	A
1976	Homework	100	A
1977	Project	100	A
1978	Quiz	100	A
1979	Homework	100	A
1980	Quiz	100	A
1981	Test	100	A
1982	Observation	100	A
1983	Homework	100	A
1984	Project	100	A
1985	Quiz	100	A
1986	Homework	100	A
1987	Quiz	100	A
1988	Test	100	A
1989	Observation	100	A
1990	Homework	100	A
1991	Project	100	A
1992	Quiz	100	A
1993	Homework	100	A
1994	Quiz	100	A
1995	Test	100	A
1996	Observation	100	A
1997	Homework	100	A
1998	Project	100	A
1999	Quiz	100	A
2000	Homework	100	A
2001	Quiz	100	A
2002	Test	100	A
2003	Observation	100	A
2004	Homework	100	A
2005	Project	100	A
2006	Quiz	100	A
2007	Homework	100	A
2008	Quiz	100	A
2009	Test	100	A
2010	Observation	100	A
2011	Homework	100	A
2012	Project	100	A
2013	Quiz	100	A
2014	Homework	100	A
2015	Quiz	100	A
2016	Test	100	A
2017	Observation	100	A
2018	Homework	100	A
2019	Project	100	A
2020	Quiz	100	A
2021	Homework	100	A
2022	Quiz	100	A
2023	Test	100	A
2024	Observation	100	A
2025	Homework	100	A
2026	Project	100	A
2027	Quiz	100	A
2028	Homework	100	A
2029	Quiz	100	A
2030	Test	100	A
2031	Observation	100	A
2032	Homework	100	A
2033	Project	100	A
2034	Quiz	100	A
2035	Homework	100	A
2036	Quiz	100	A
2037	Test	100	A
2038	Observation	100	A
2039	Homework	100	A
2040	Project	100	A
2041	Quiz	100	A
2042	Homework	100	A
2043	Quiz	100	A
2044	Test	100	A
2045	Observation	100	A
2046	Homework	100	A
2047	Project	100	A
2048	Quiz	100	A
2049	Homework	100	A
2050	Quiz	100	A
2051	Test	100	A
2052	Observation	100	A
2053	Homework	100	A
2054	Project	100	A
2055	Quiz	100	A
2056	Homework	100	A
2057	Quiz	100	A
2058	Test	100	A
2059	Observation	100	A
2060	Homework	100	A
2061	Project	100	A
2062	Quiz	100	A
2063	Homework	100	A
2064	Quiz	100	A
2065	Test	100	A
2066	Observation	100	A
2067	Homework	100	A
2068	Project	100	A
2069	Quiz	100	A
2070	Homework	100	A
2071	Quiz	100	A
2072	Test	100	A
2073	Observation	100	A
2074	Homework	100	A
2075	Project	100	A
2076	Quiz	100	A
2077	Homework	100	A
2078	Quiz	100	A
2079	Test	100	A
2080	Observation	100	A
2081	Homework	100	A
2082	Project	100	A
2083	Quiz	100	A
2084	Homework	100	A
2085	Quiz	100	A
2086	Test	100	A
2087	Observation	100	A
2088	Homework	100	A
2089	Project	100	A
2090	Quiz	100	A
2091	Homework	100	A
2092	Quiz	100	A
2093	Test	100	A
2094	Observation	100	A
2095	Homework	100	A
2096	Project	100	A
2097	Quiz	100	A
2098	Homework	100	A
2099	Quiz	100	A
2100	Test	100	A

Electrical Stimulation

22nd Biology

Heart Rate (bpm) Time (sec)

Heart Rate Normal

Direct Heart Stimulation

Vagus Nerve Stimulation

Single Stimulus Multiple Stimulus

Voltage (V) Stimuli / sec

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, and keep hands down if it doesn't.

View Content View Teacher Pages Assign Standards

TEACHER RESOURCES

Research Center Online Study Premium Resources



Scott Foresman • Addison Wesley
en**Vision**MATH™

PEARSON
mystratlab

PEARSON
mybusinesslab

PEARSON
mycrimelab

PEARSON
mydevelopmentlab

PEARSON
mycomplab

PEARSON
mydiscilab

PEARSON
myeducationlab

PEARSON
myfoundationslab
mywritinglab • mymathlab • myreadinglab

PEARSON
myfamilylab

myhealthlab

PEARSON
myanthrolab

PEARSON
myhistorylab

PEARSON
myMISlab

PEARSON
mypsychlab

PEARSON
myspeechlab

PEARSON
mymasscommmlab

PEARSON
myspanishlab

PEARSON
myliteraturelab

PEARSON
mymarketinglab

PEARSON
mylogiclab

PEARSON
mycommunicationlab

PEARSON
myreadinglab

PEARSON
mymanagementlab

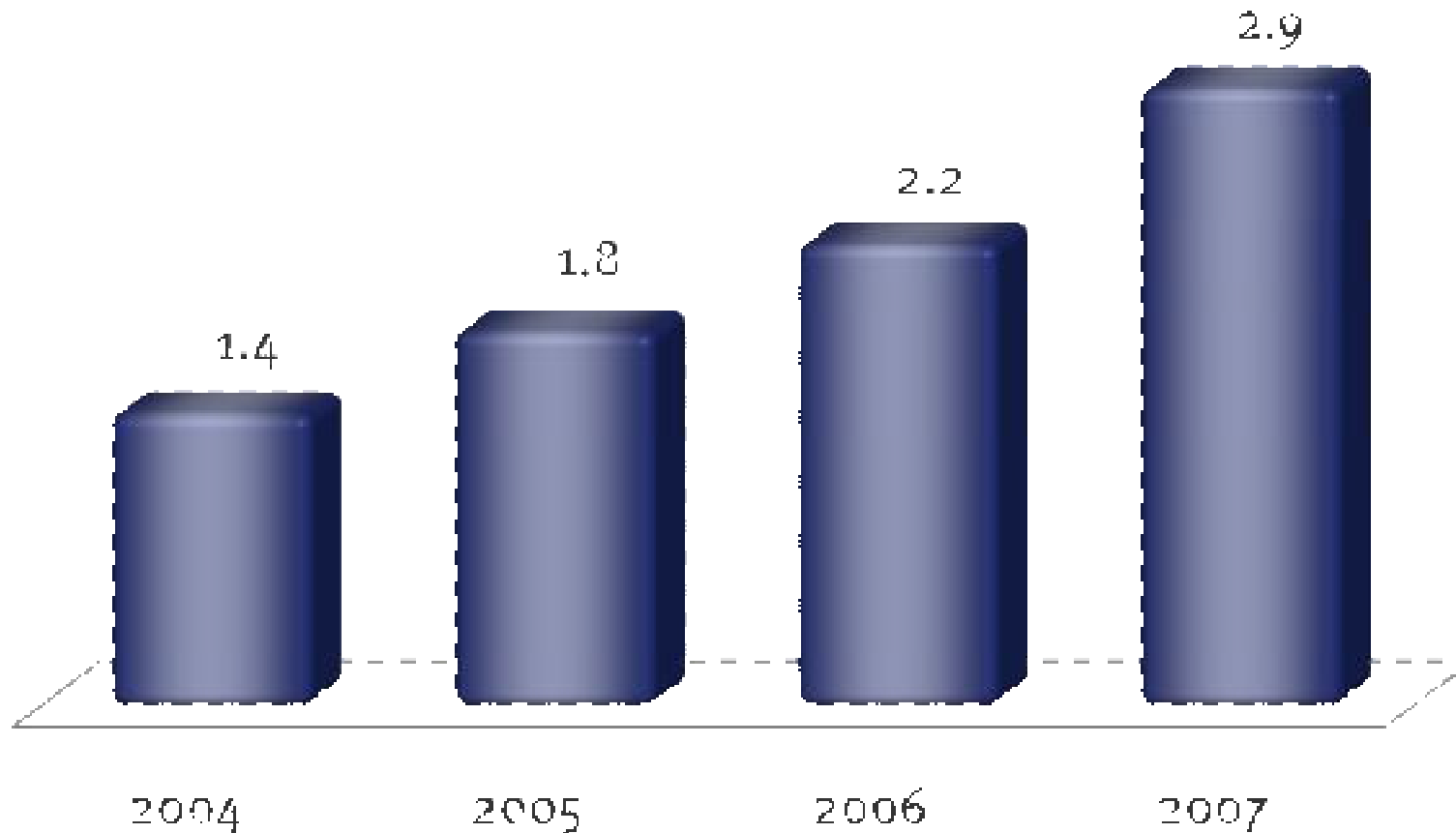
PEARSON
mysoclab

mynutritionlab

PEARSON

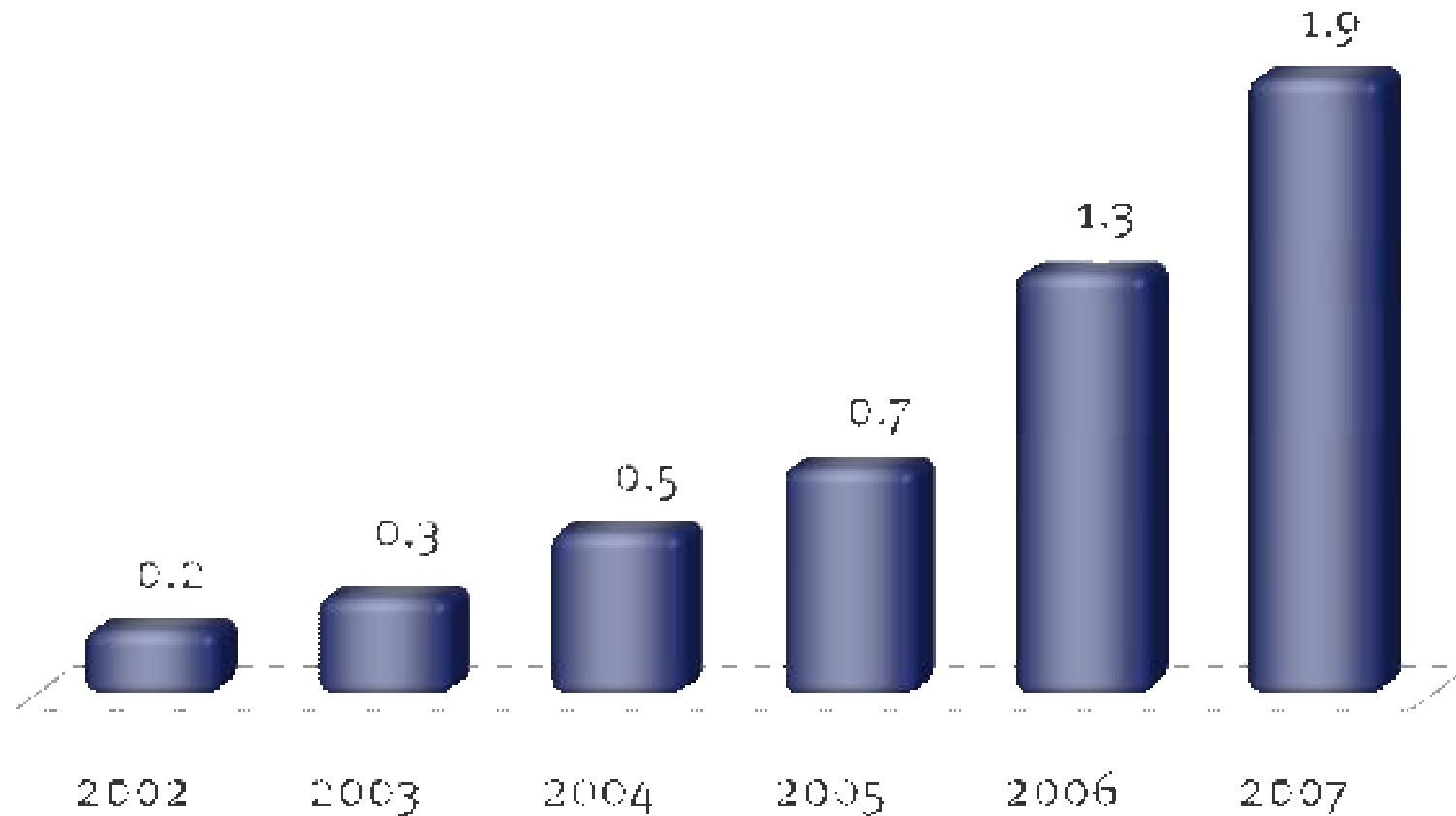
Change in education: more technology

MyLab registrations, m



Change in education: online distance learning

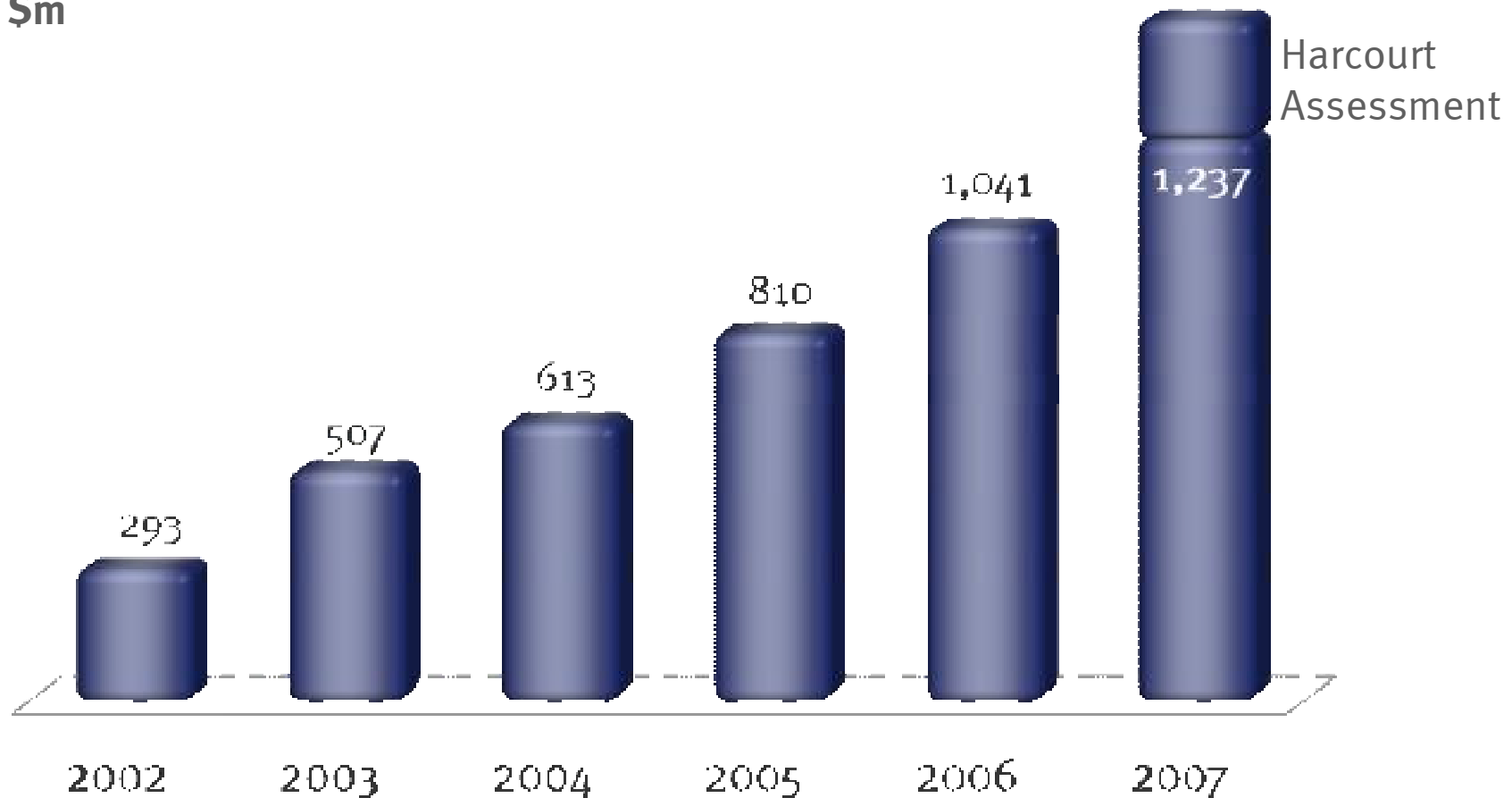
eCollege enrolments, m



Change in education: more services

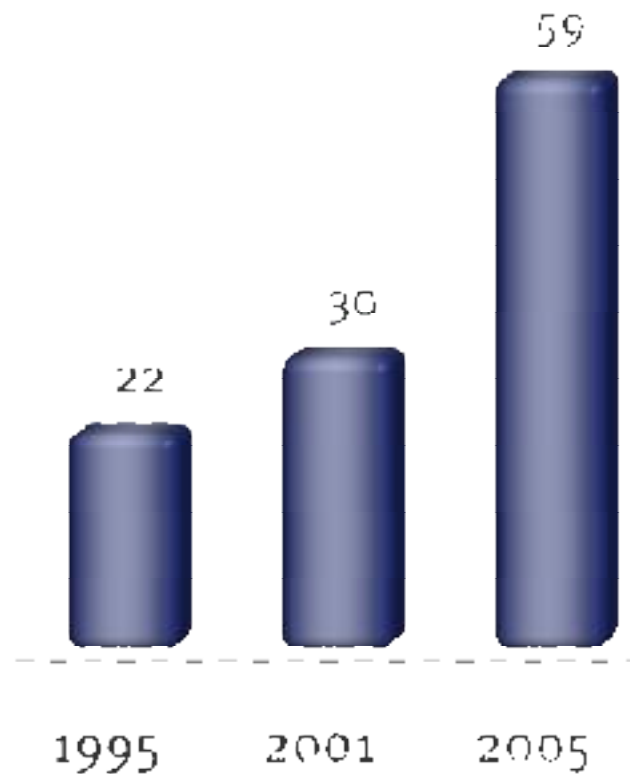
Worldwide School & Professional testing revenues

\$m



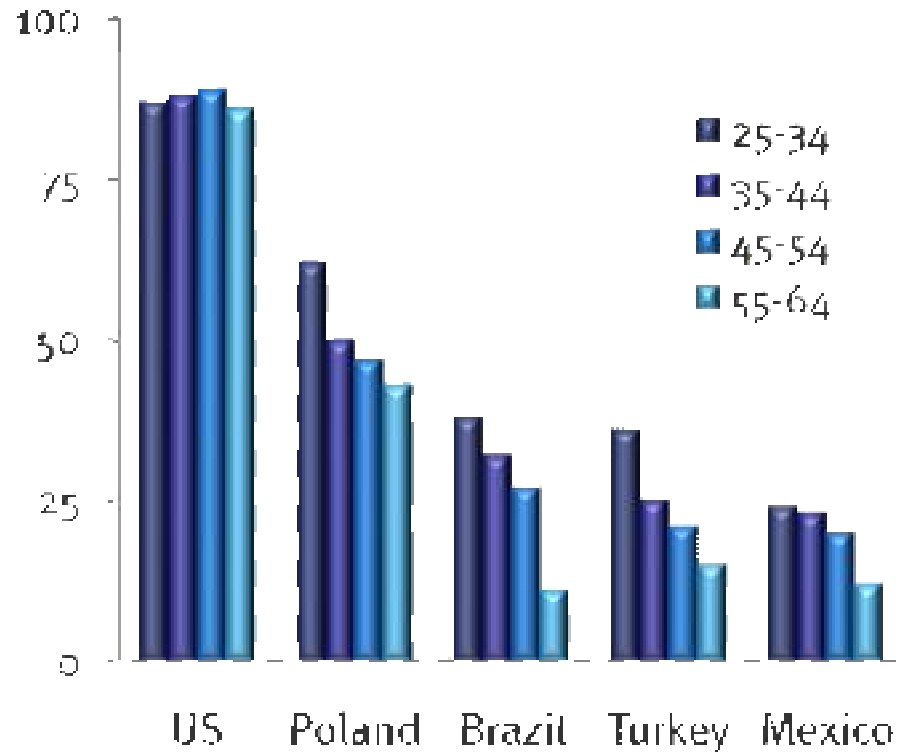
Change in education: professional opportunity

US adults taking work-related courses, %



Source: NCES

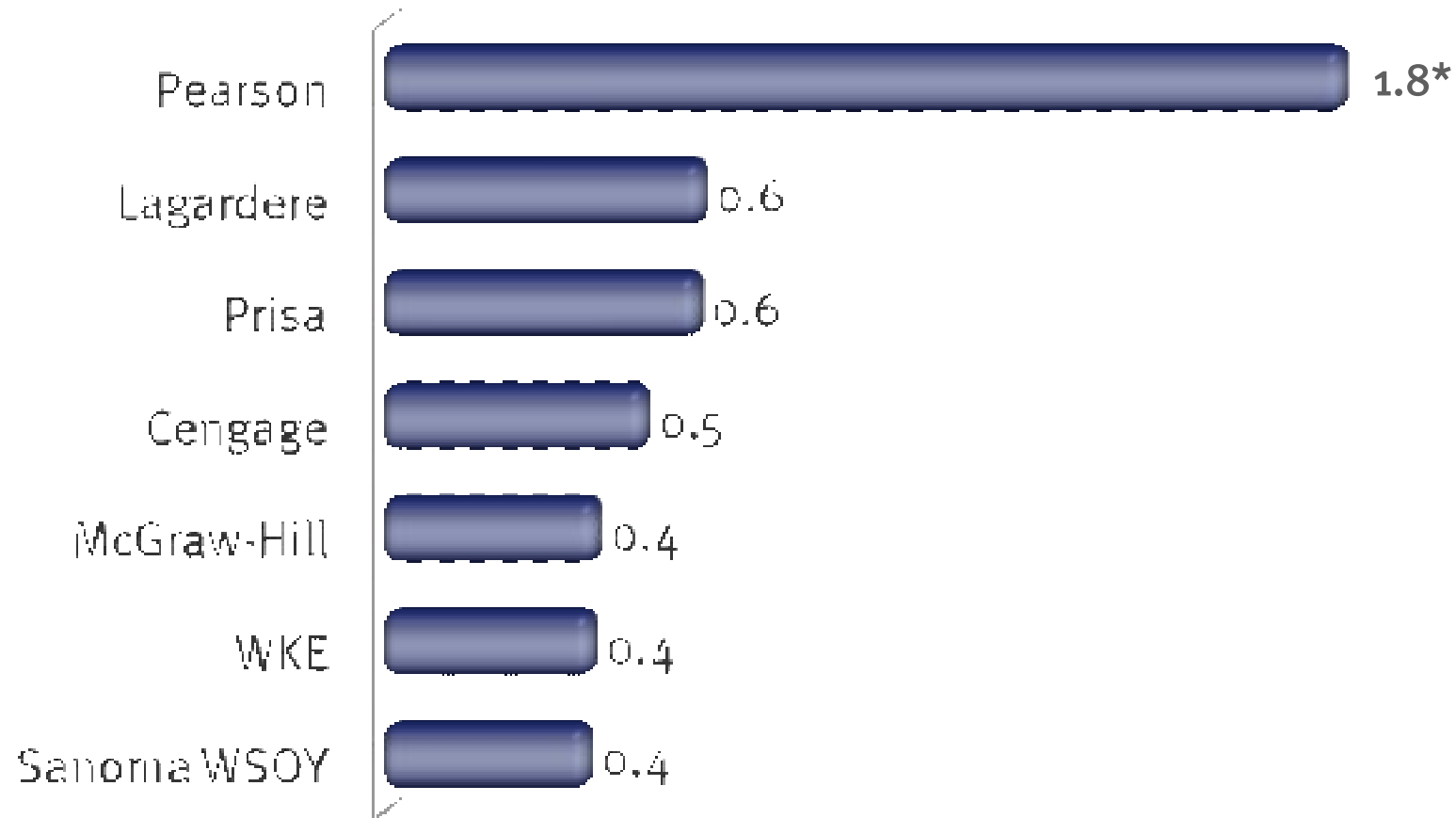
Adults attaining secondary education, %



Source: OECD, 2005

Change in education: more international

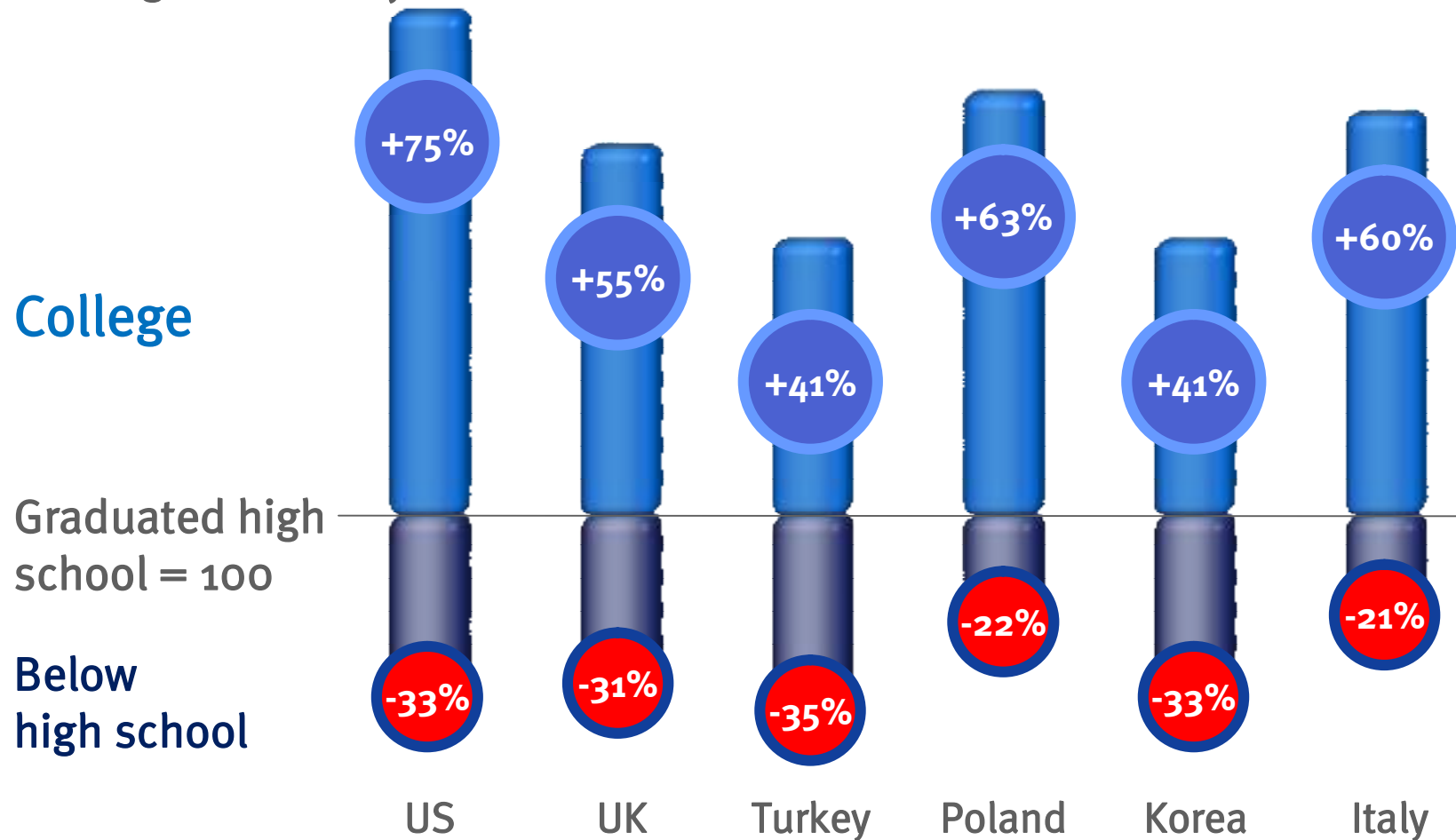
International education revenues, 2006 (\$bn)



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

Education pays

Average income by level of education

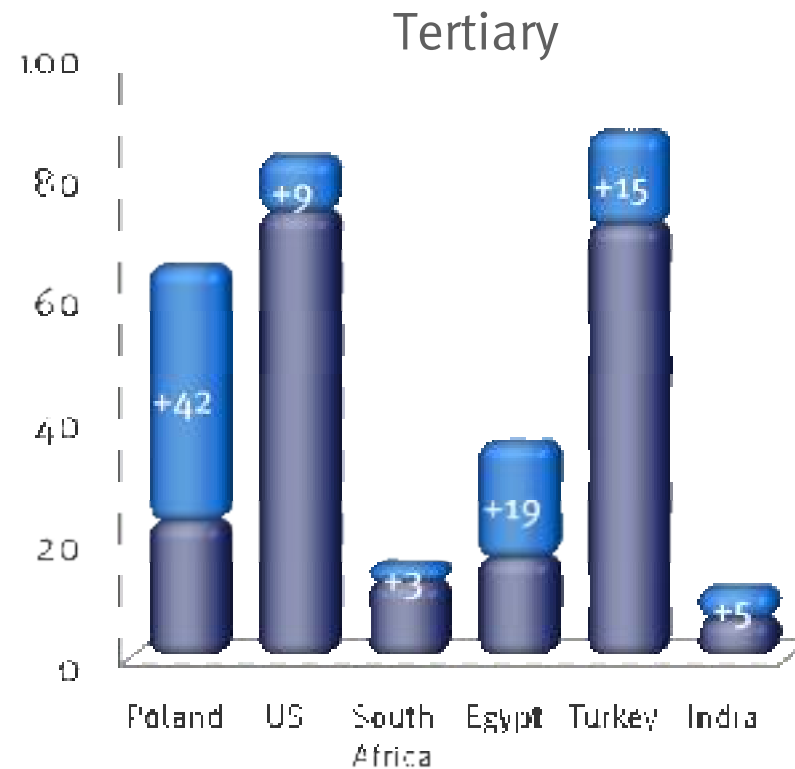
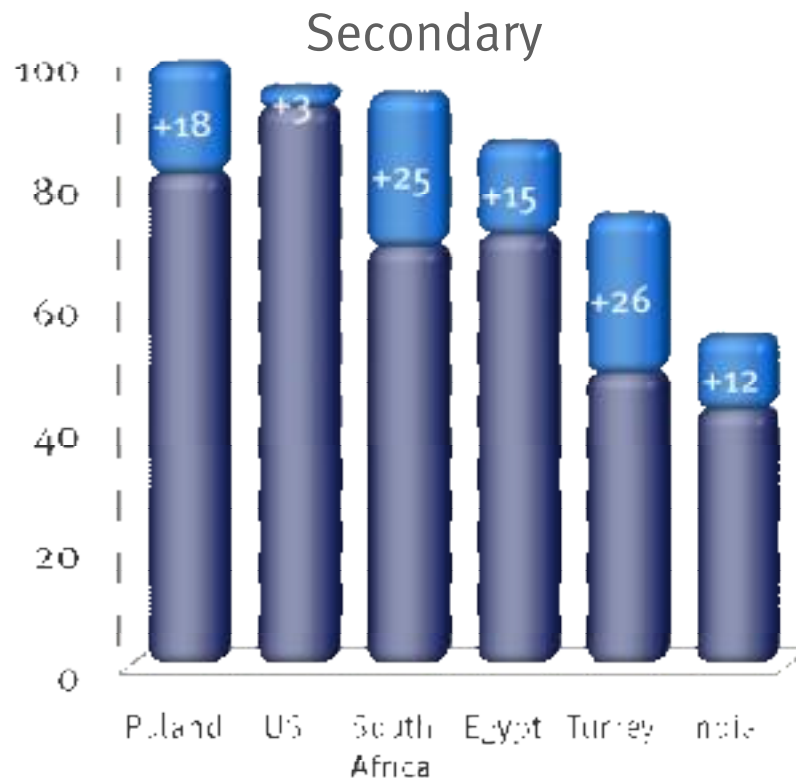


Source: OECD

Change in education: international opportunity

Change in participation rates
1991-2005

■ Increase 1991-2005
■ 1991 enrolment rate



Source: OECD

Sustained growth in education

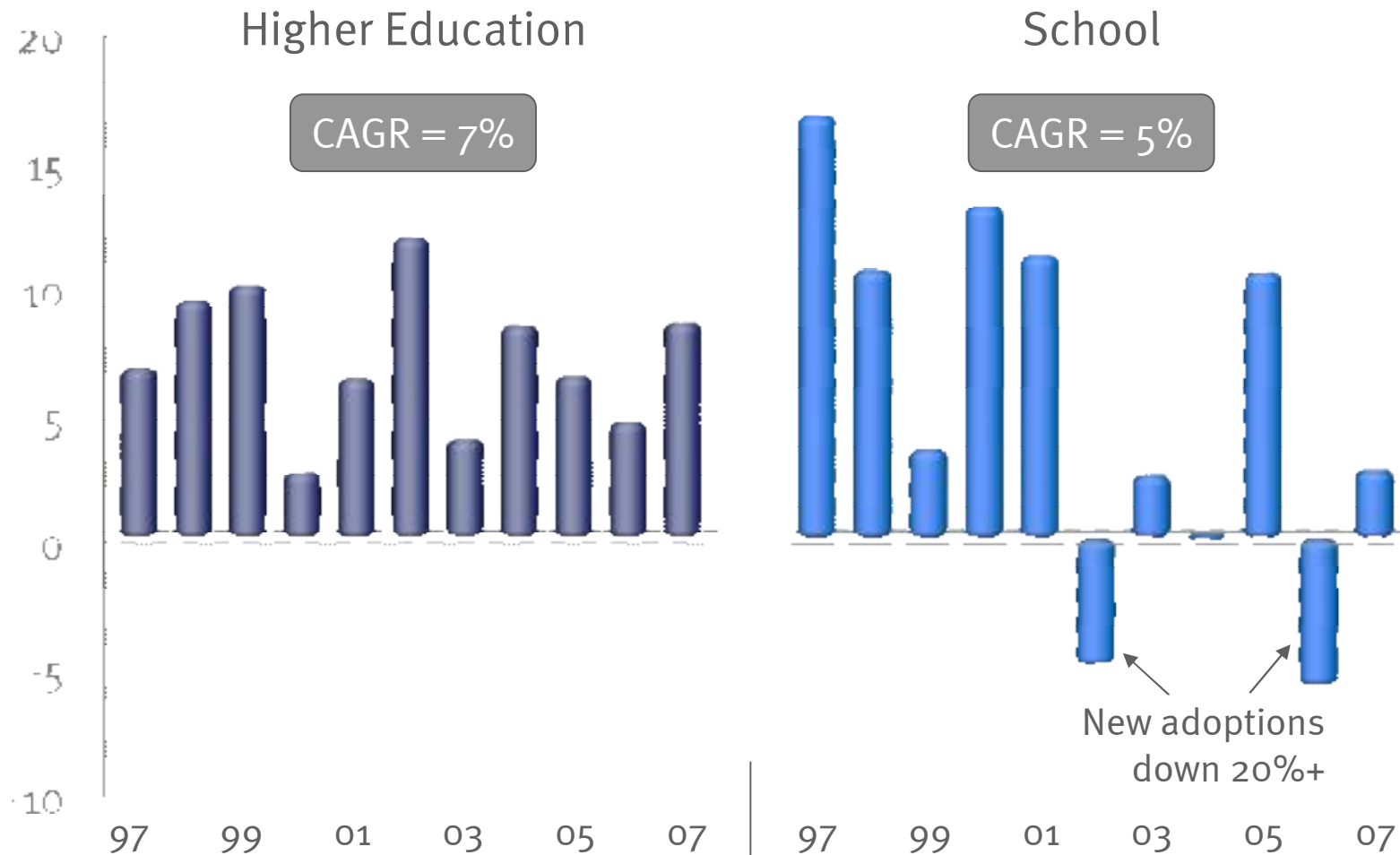
Pearson Education operating profit



As reported

Sustained growth in US education publishing

Year-on-year industry sales growth



Sources: Pearson, AAP

PEARSON

Education: change in 2008

School

Harcourt integration

Double digit sales growth at constant currency

Stable margins in '08, climbing to 15% in '09

Higher Education

Rapid expansion of MyLabs, eCollege

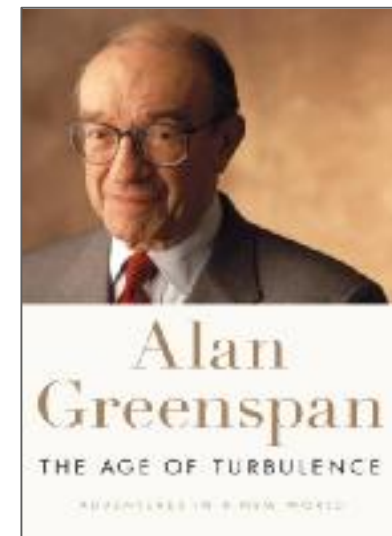
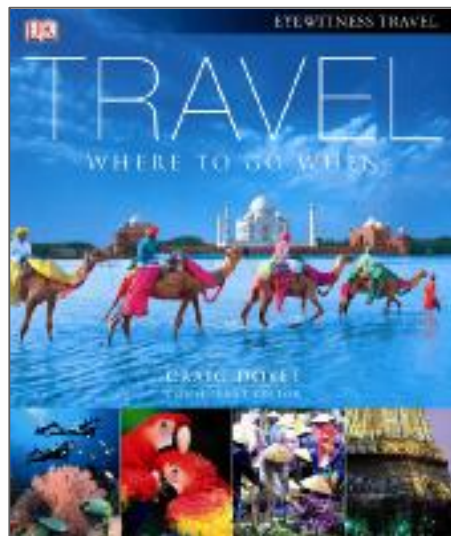
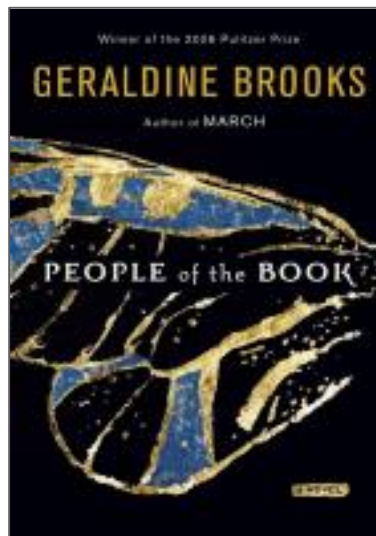
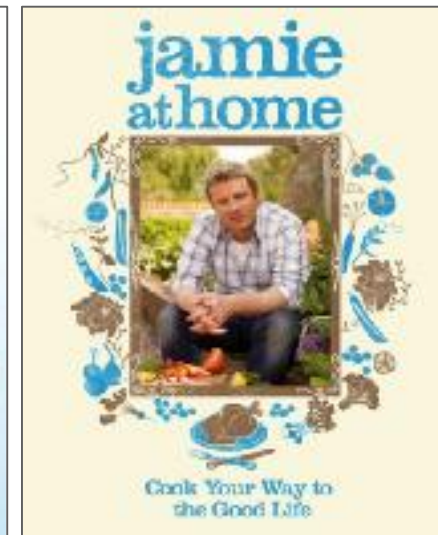
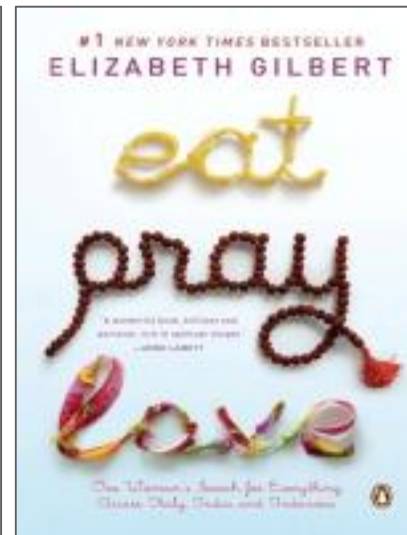
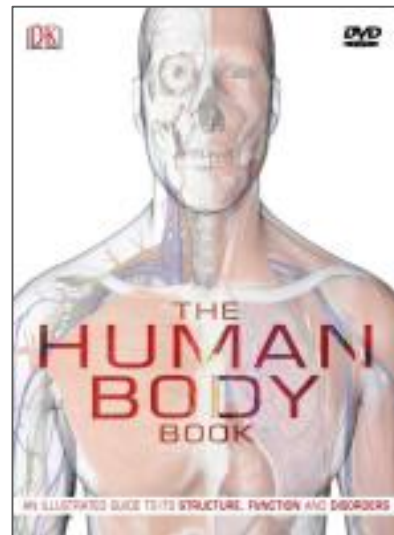
Mid single-digit underlying sales growth, stable margins

Professional

New professional / vocational markets

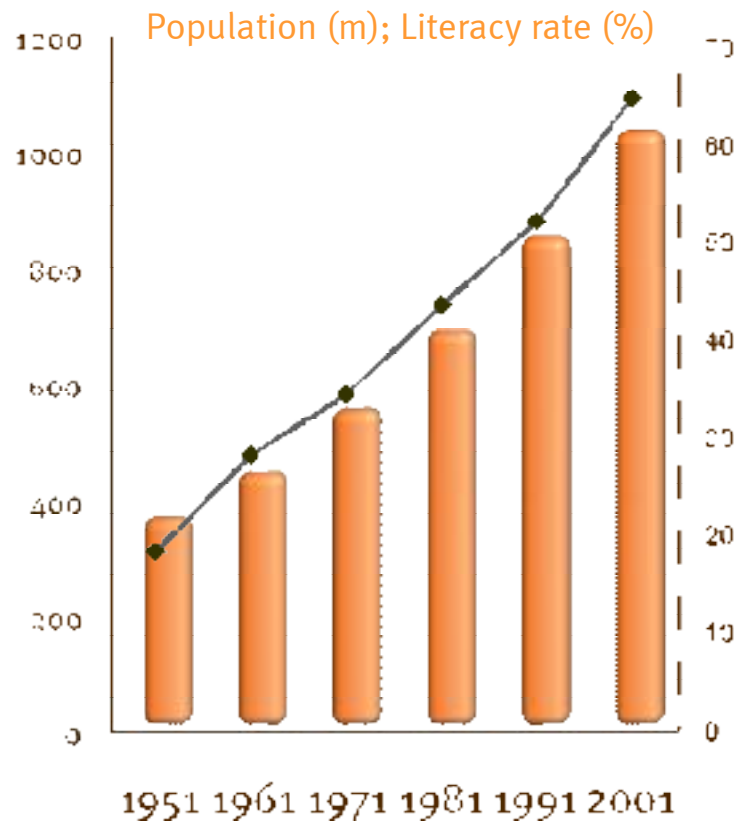
Low single digit sales growth, margins improving

Another good year in 2008



Change in Penguin: international opportunity

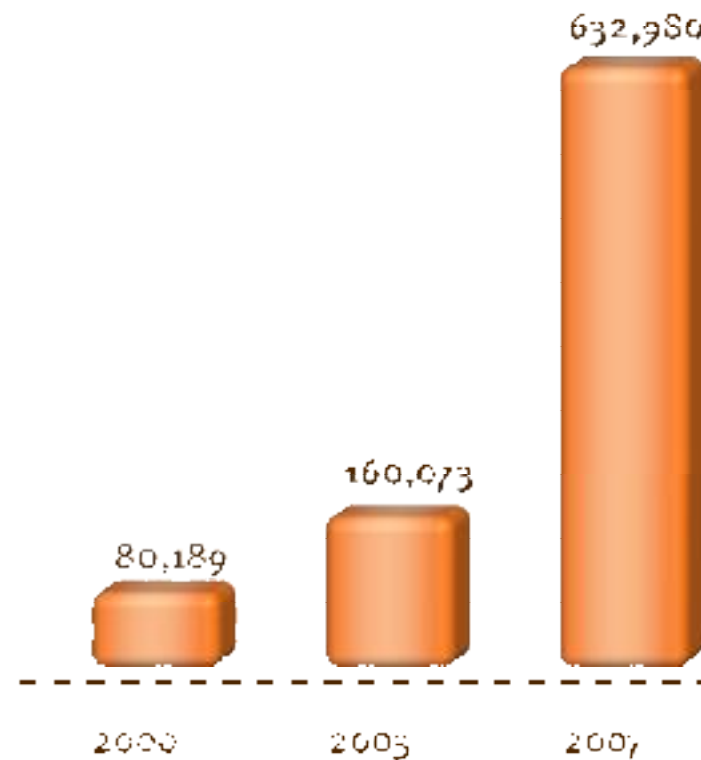
Rising literacy in India



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

Rising book retail space in India

Sq ft (top 3 book stores)

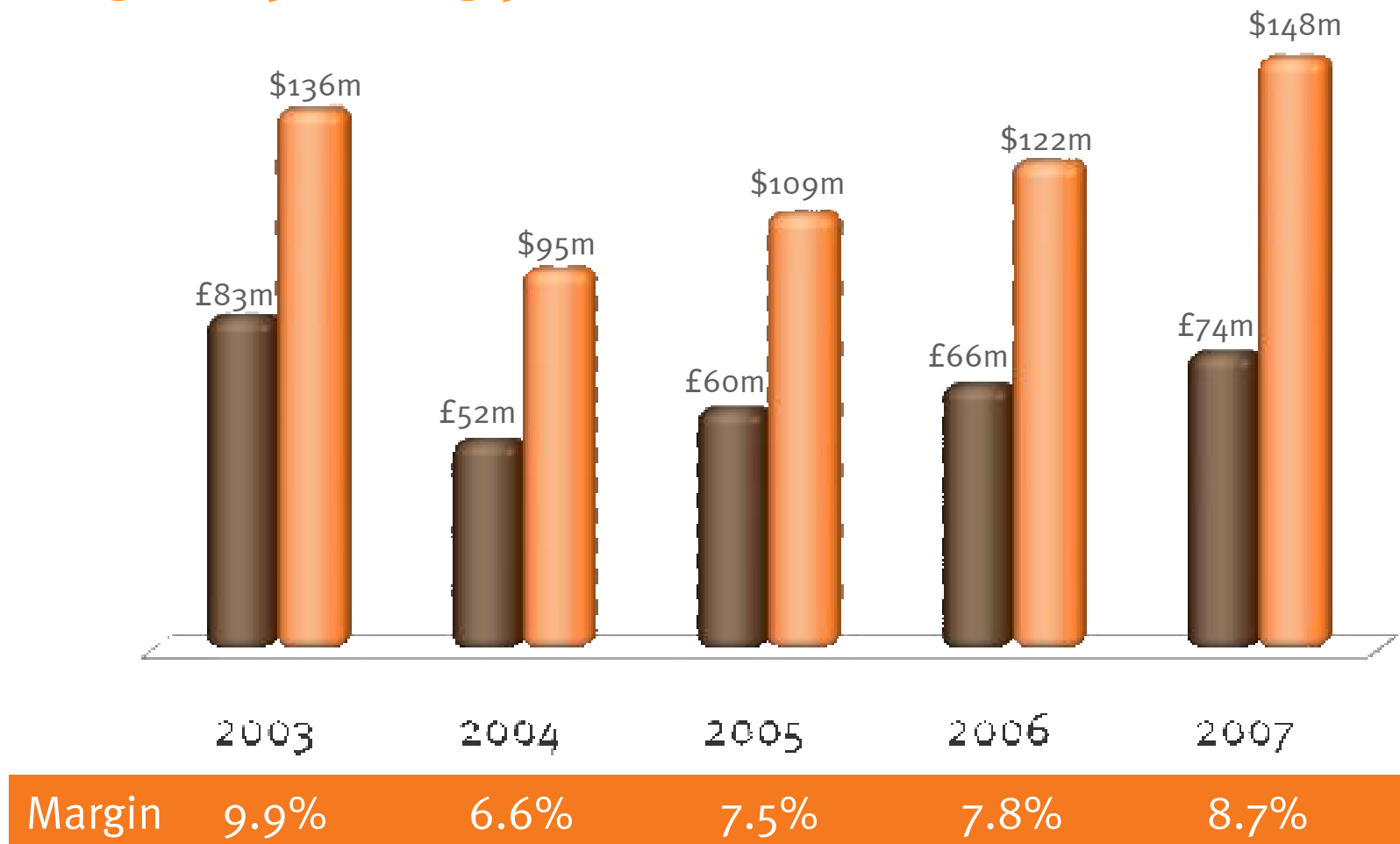


Source: Pearson

PEARSON

Sustained growth at Penguin

Penguin operating profit



Penguin: change in 2008

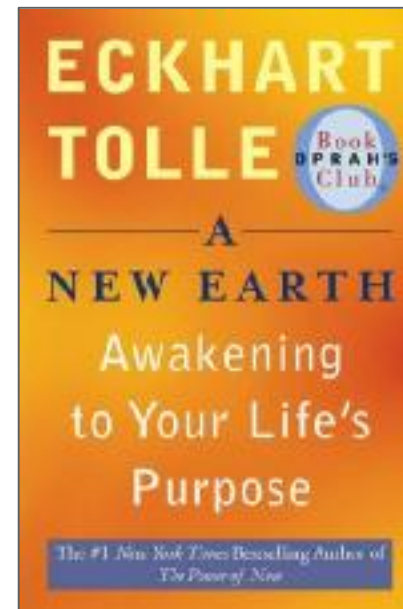
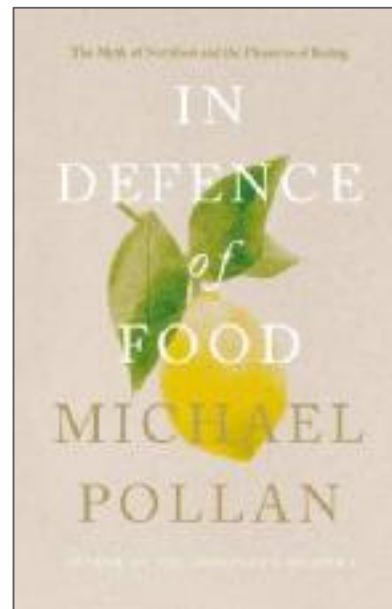
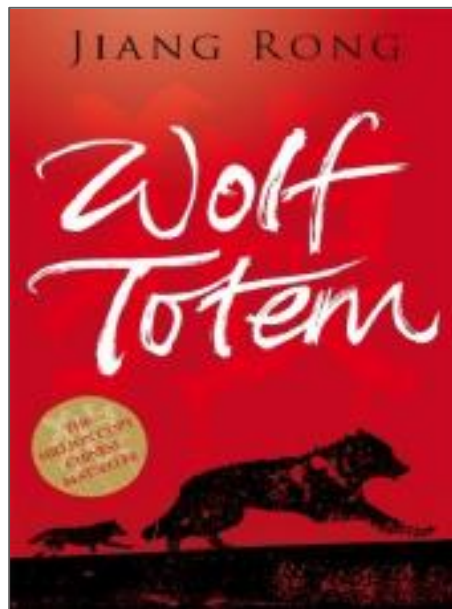
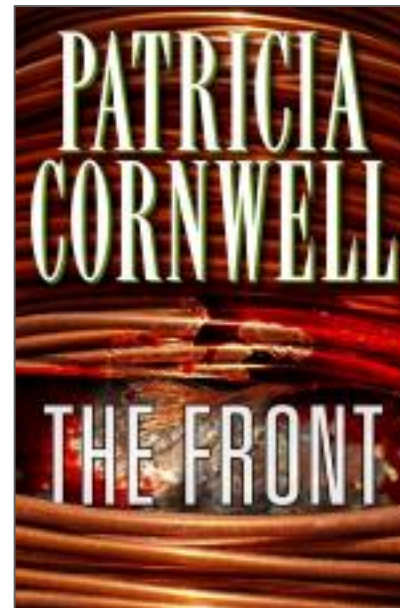
Balanced publishing schedule

Further efficiencies & working capital improvement

Digital marketing, emerging markets

Strong start to the year

Double digit margins in 2008



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

mergermarket



FINANCIAL TIMES

Wednesday, January 22, 2008 / \$1.60

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

CHINA AUTHORITY Page 41
MARTIN WOLF Page 15
ANISH KUMAR Page 2

Fed slashes rates to halt sell-off



FT 100 index Jan 22, 2008

FINANCIAL TIMES

how to spend it

FT.com

FINANCIAL TIMES

COMMENT & ANALYSIS
Blogs
FT Home - Comment & Analysis

- 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 g... week too well... else it may be... Federal Rese... boring. Indeed, by the sta... other central banks, it is... writes Martin Wolf

Undercover Economist
A corporate... Companies th... not to hire wor... because of th... the colour of their skin or... lose money

John Gapper
Google v Micr... Microsoft has... signs of being... threatened

FT.com

FINANCIAL TIMES

FT VIDEO
View from the Top
FT Home - Markets - FT Video - View from the Top

View from the Top | View from the Top Archive

Daily View Markets Events Enterprise Business School Special Reports Archive

View from the Top | View from the Top Archive

JOHN THAIN on... CEOs and...
John Thain on... world economy and jobs
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 crash
RON PERELMAN on Fed, Treasury and investing in US

00:37 06:48

Get our RSS feeds
Put FT video channel on your site

Search Videos

Now Playing
George Soros talks to Chryslia Freeland about the way the UK authorities dealt with Northern Rock, the debate on the US interest rates and explains his support for Barack Obama. (Location: courtesy Anabelle Shewton Whitehouse, Drexel)

now playing: View from the Markets
Get the latest

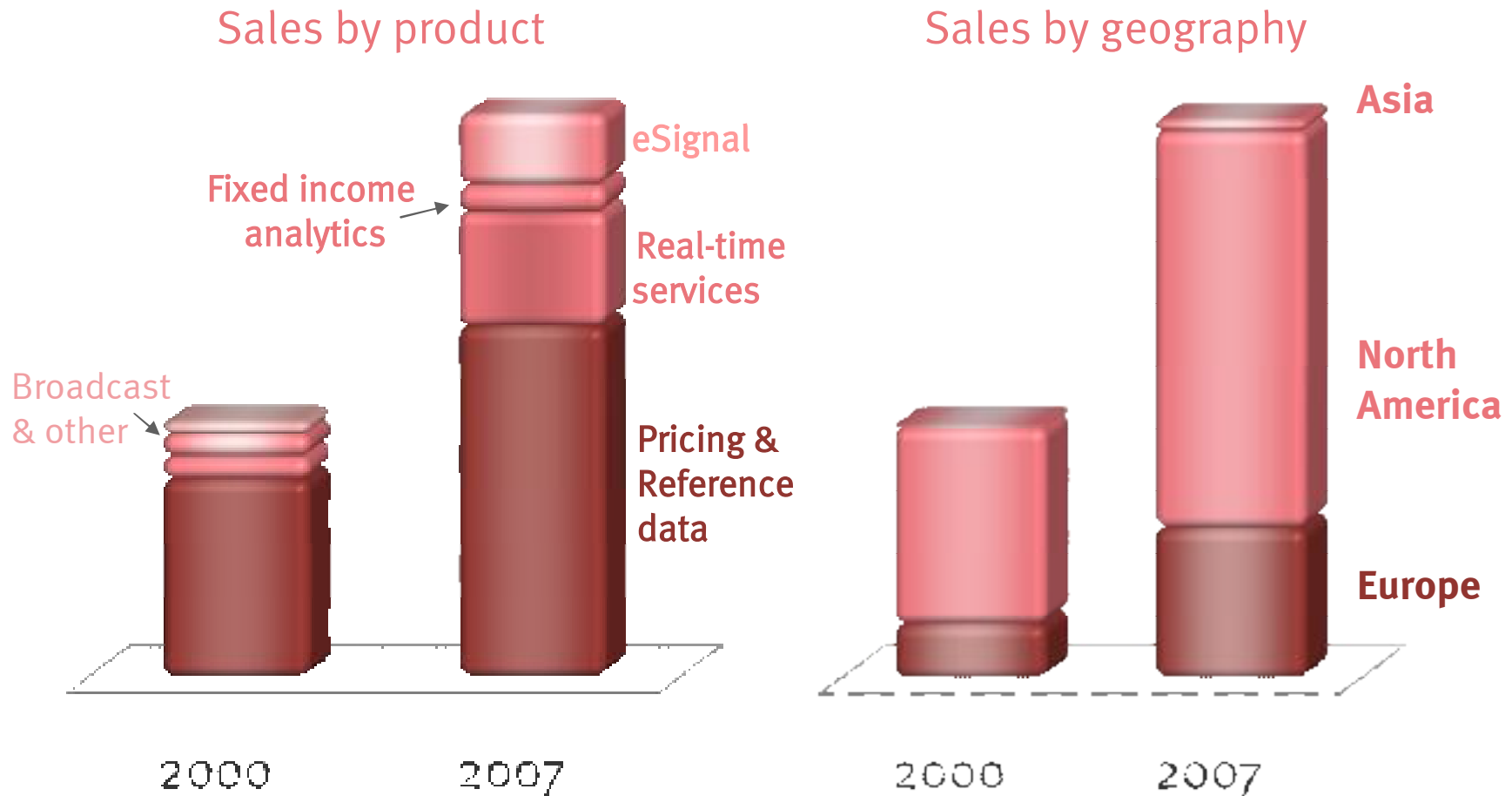
Mergers and Acquisitions.

In-depth coverage
We live in FINANCIAL TIMES



www.ft.com/gm

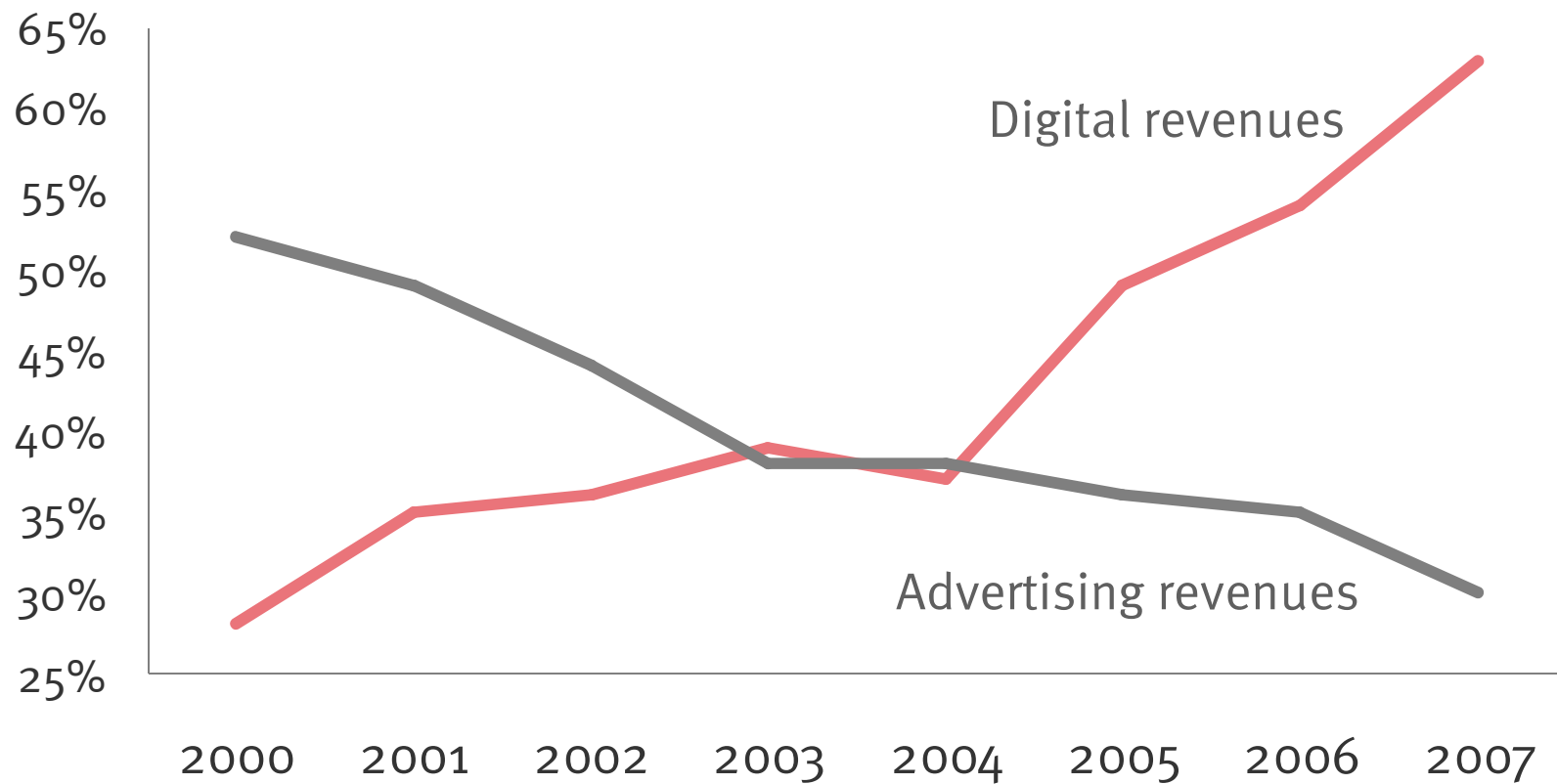
Change at Interactive Data



Source: Interactive Data

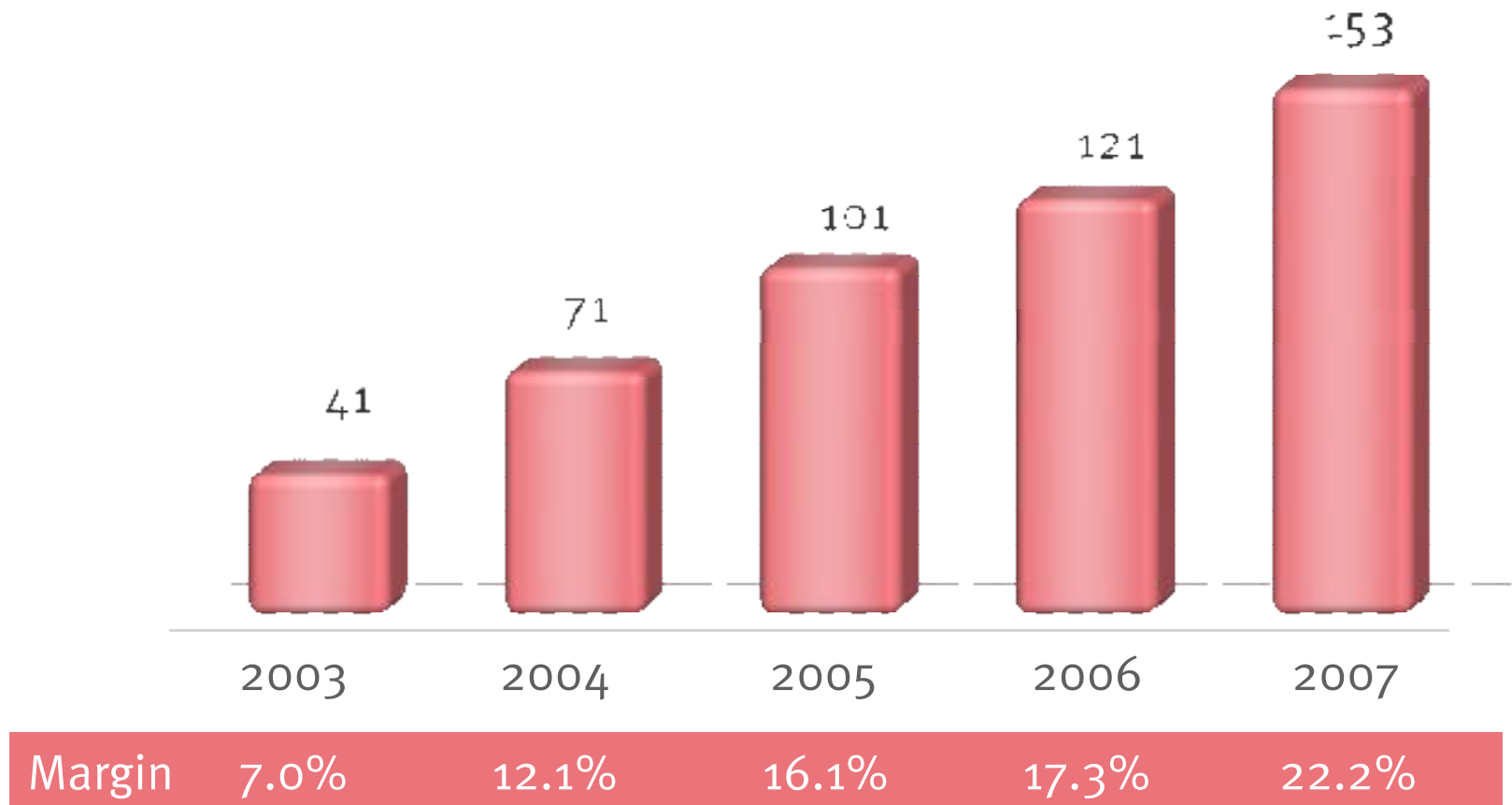
Change at the FT Group

Revenue mix, %



Sustained growth at the FT Group

FT Group operating profit, £m



As reported

The FT Group: change in 2008

Healthy outlook at Interactive Data

Good growth at Mergermarket, Money-Media,
Exec Appointments

Sustained investment in international, online expansion

Focus on content, subscription and brand revenues

***Further profit improvement,
even if no ad revenue growth***

PEARSON



Strong, sustainable growth