



PEARSON



BofA-ML TMT Conference
Robin Freestone
Chief Financial Officer

3 June 2009

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.

Agenda

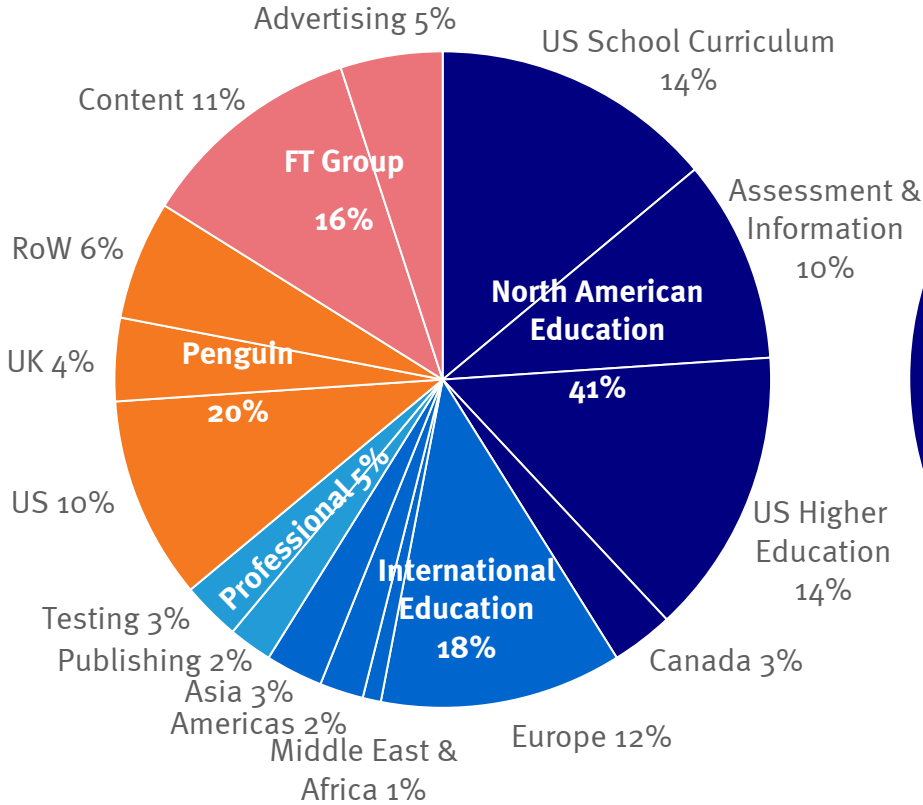
Sustained financial progress

Good secular growth opportunities

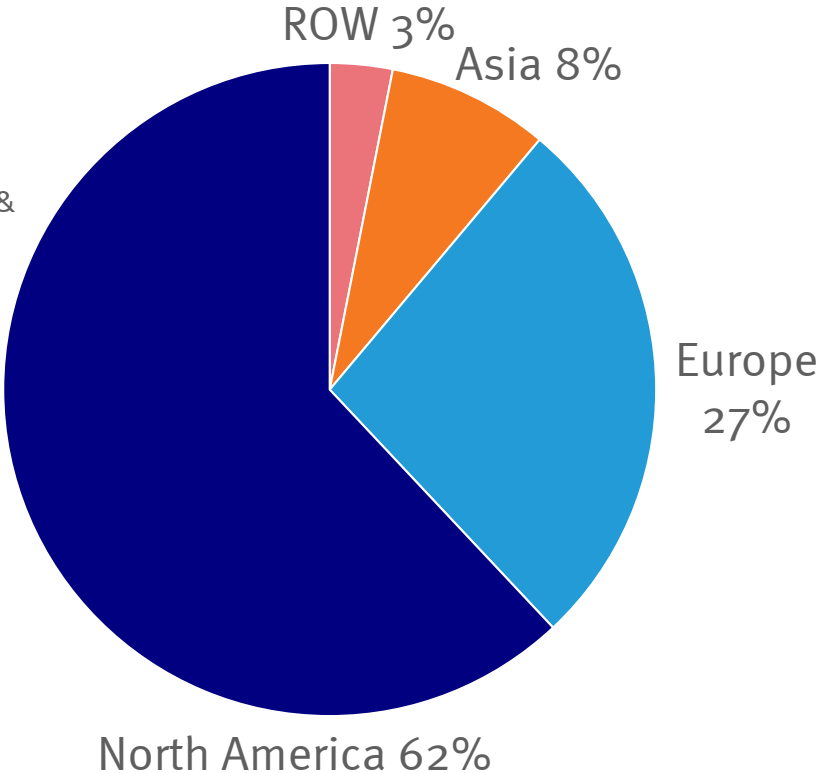
Strong market positions

Diversified revenue mix

Revenue by business



Revenue by geography



* Based on 2007 pro forma results

Business priorities

Content +

Technology and services

International expansion

Efficiency

Financial goals

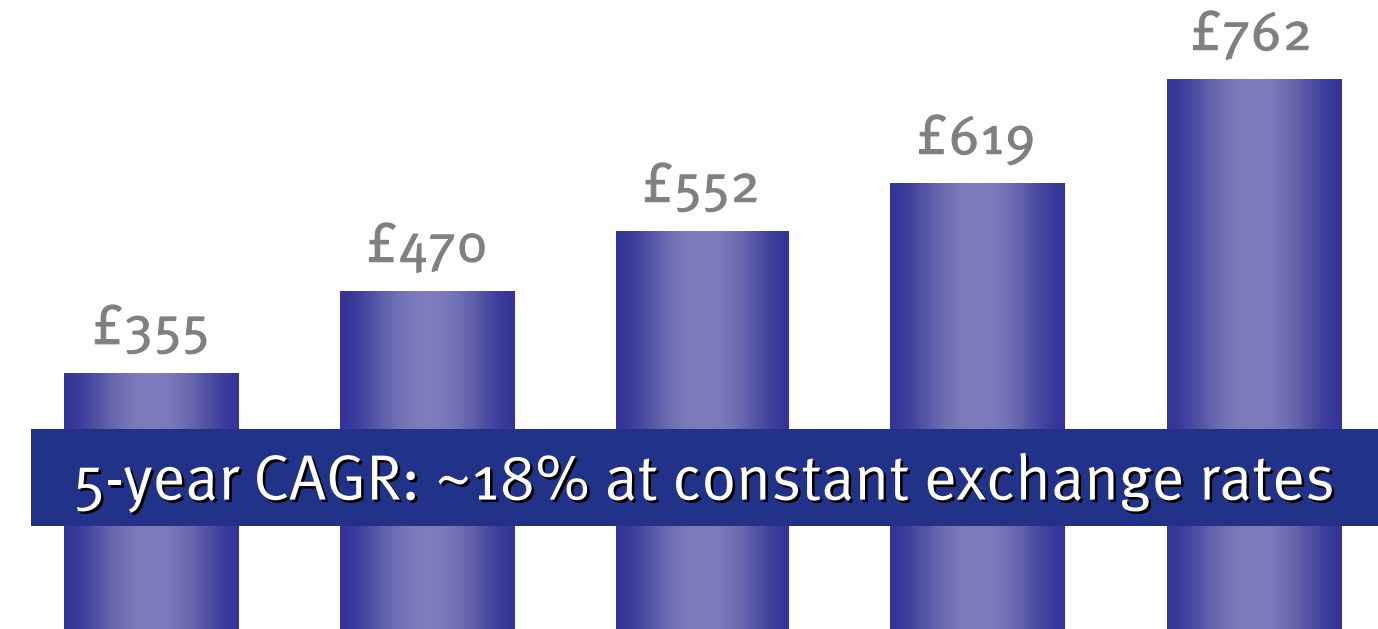
Earnings

Cash

ROIC

Sustained financial progress

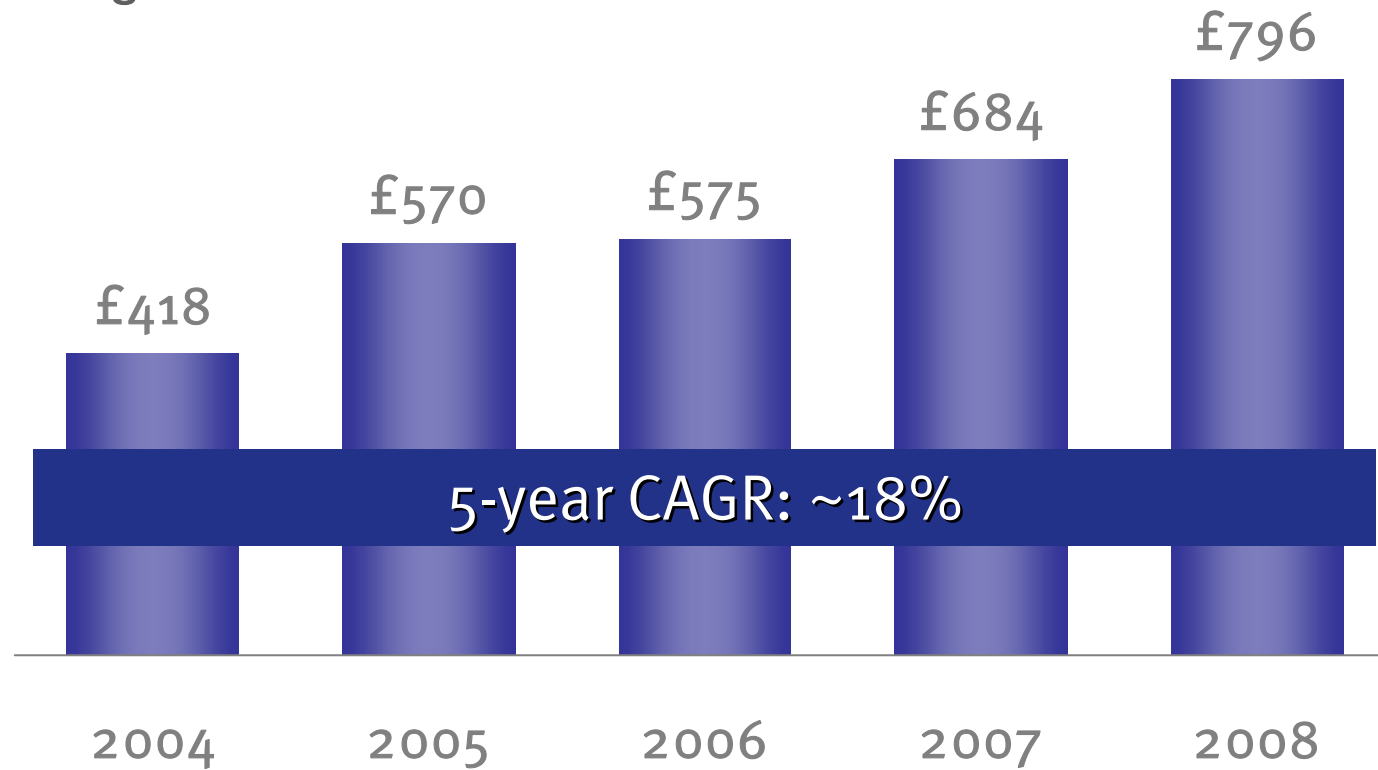
Adjusted operating profit (continuing)



	2004	2005	2006	2007	2008
Margin	10.6%	12.8%	13.8%	14.9%	15.8%
£/\$	1.83	1.81	1.84	2.00	1.85

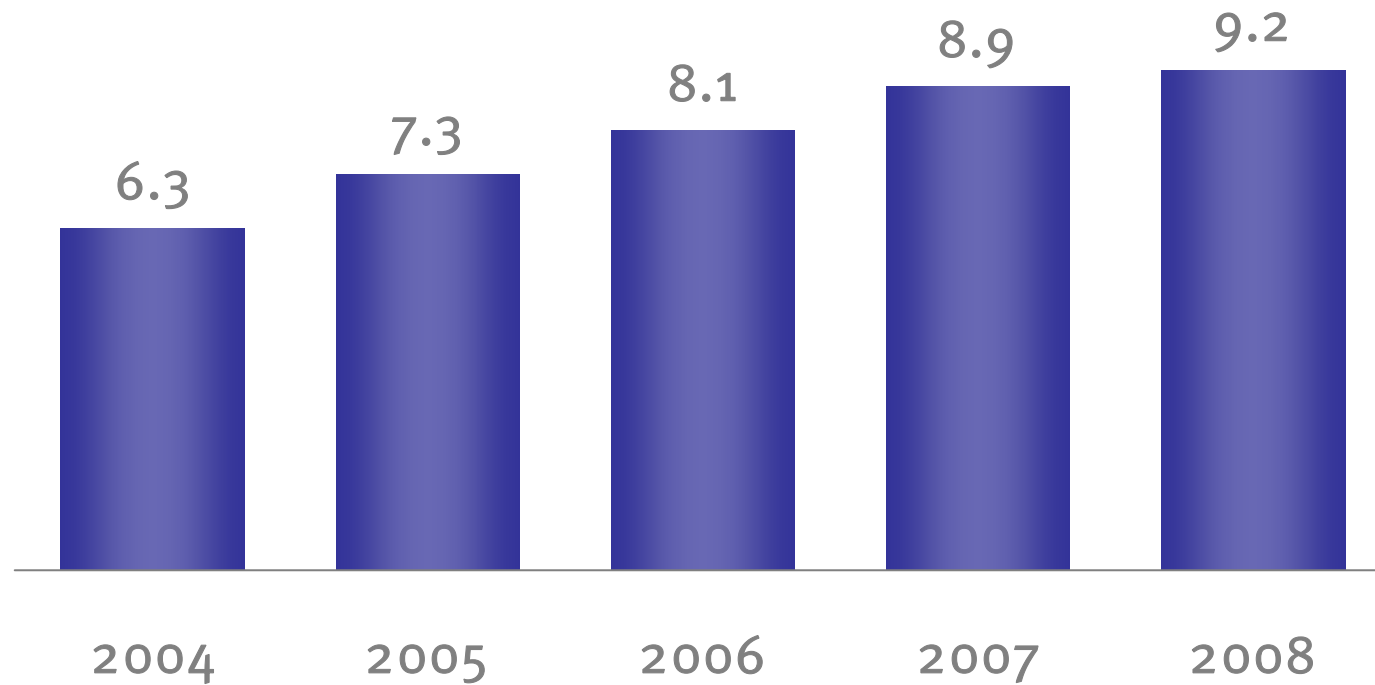
Strong cash generation

Operating cash flow



Cash Conversion	98%	113%	97%	108%	104%
FCF per share (p)	34.9	55.1	54.4	67.0	79.2

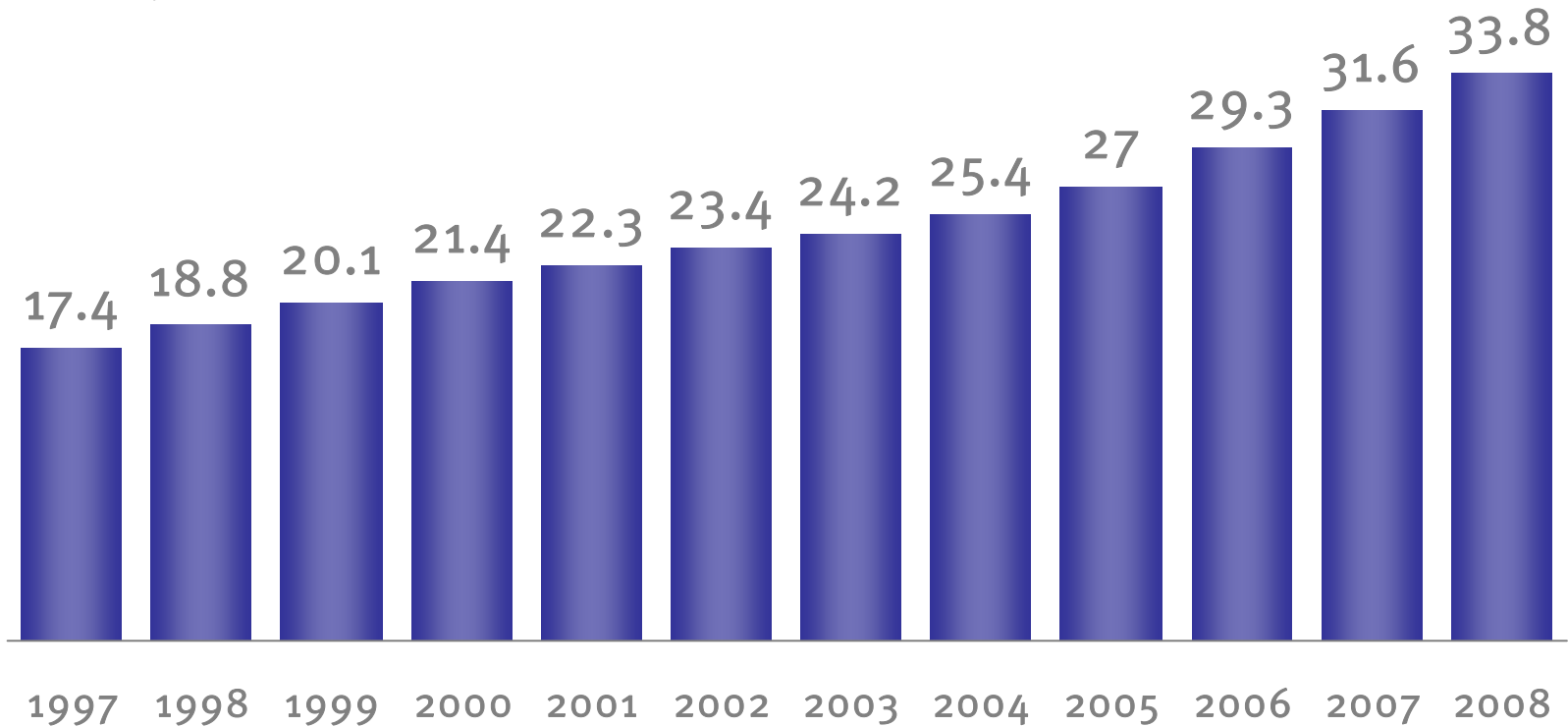
Rising return on invested capital (%)



Average capital/actual cash tax

Growing dividend

Pence per share



2008 record results

£m	2008	2007	Headline growth	CER growth
Sales	4,811	4,162	16%	8%
Operating profit	762	619	23%	11%
Margin	15.8%	14.9%	0.9 ppts	
Adjusted eps	57.7p	46.7p	24%	
Operating cash flow	796	684	16%	
ROIC	9.2%	8.9%	0.3ppts	
Dividend	33.8p	31.6p	7.0%	

Outlook for 2009

Uncertain economic backdrop

Early actions to prepare

Strong balance sheet

Continuing to invest

Resilient business mix

Our markets in 2009

North American Education

- College enrolments and funding robust
- K-12 publishing market weak; testing resilient
- Federal stimulus: funding and reform

International Education

- Global education spending resilient in '09
- Testing, qualifications, Higher Education relatively unaffected
- Strong secular growth trends

Our markets in 2009

Business information

- Healthy demand for premium content and services
- Advertising market weak
- Subscription businesses resilient

Consumer publishing

- Healthy demand for bestsellers
- Retailer and consumer confidence low
- Strong growth in digital content, channels, devices

Good secular growth opportunities

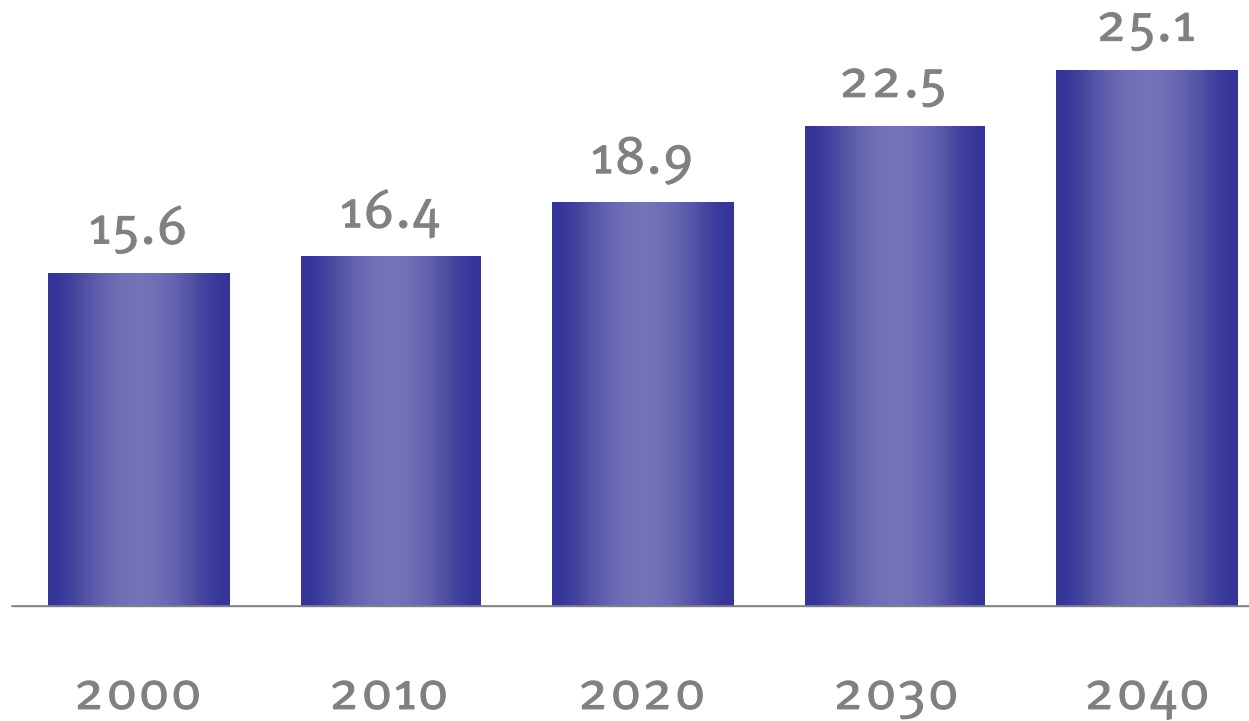
Consumer Books

Business Information

Education

Trade publishing trends: ageing populations

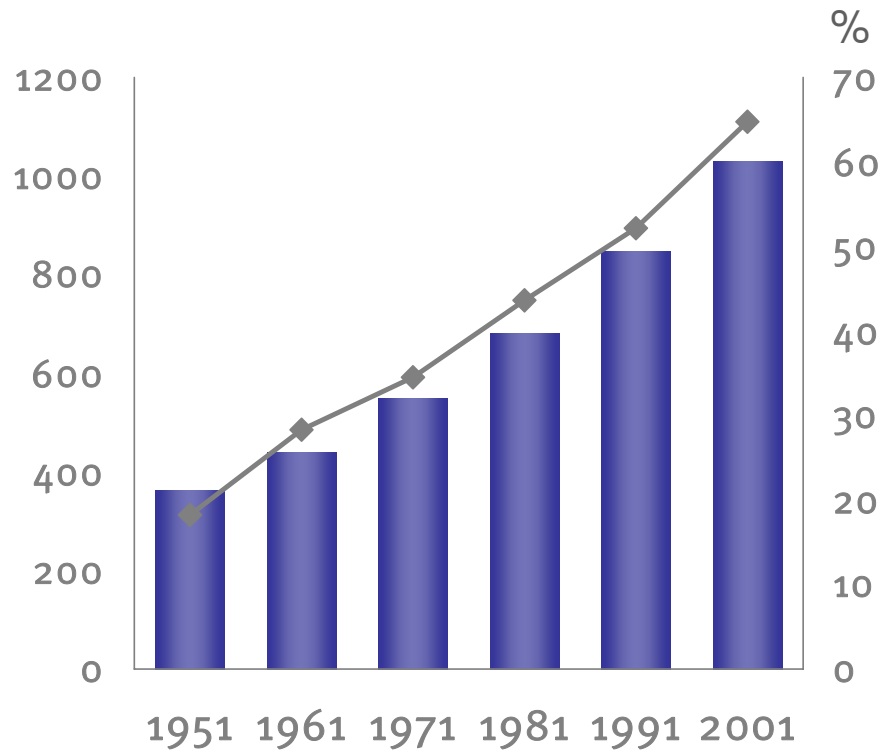
% UK population aged 65+ years old



Source: US Census Bureau

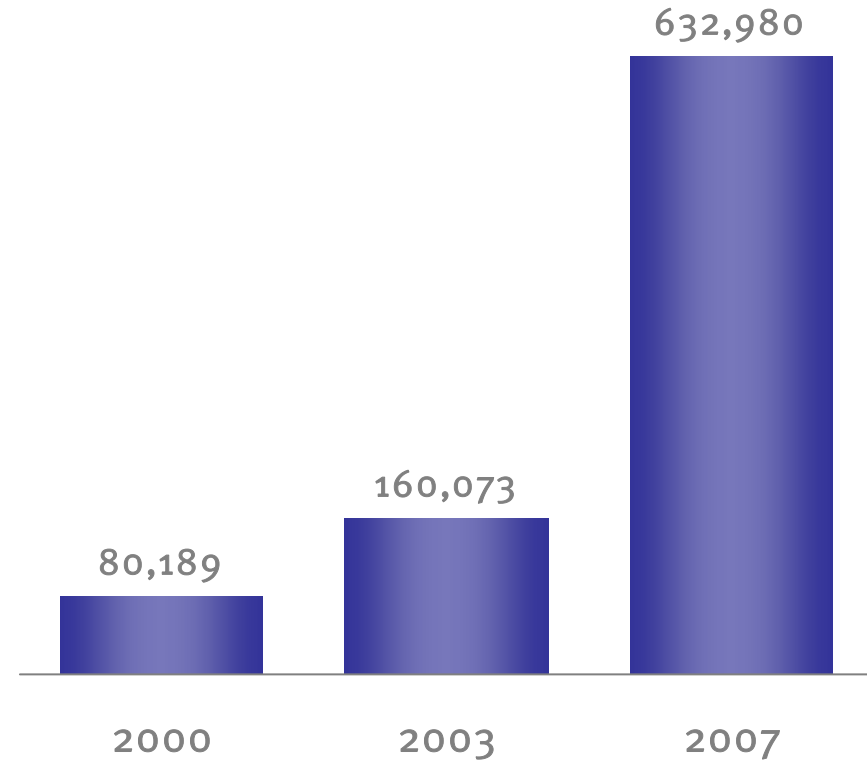
Trade publishing trends: rising literacy

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

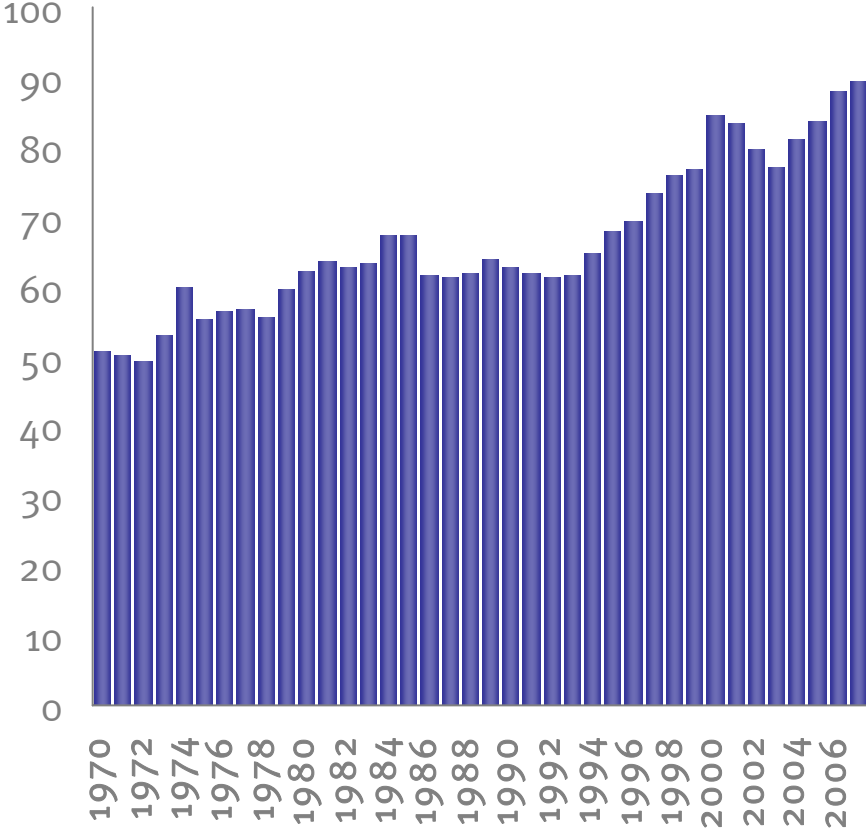
Trade publishing trends: digital

E-book units sold by month (US)



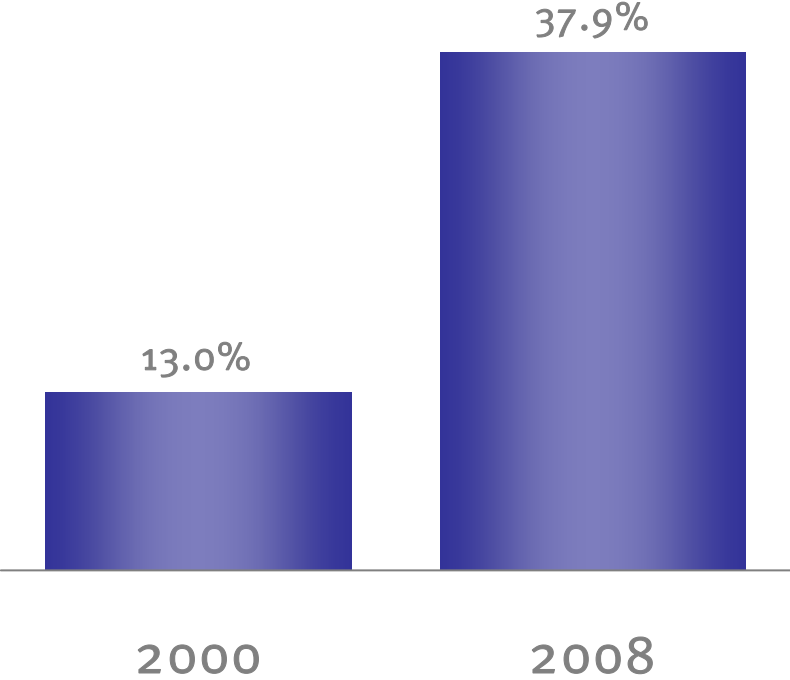
Business info trends: globalisation

Trade-to-GDP-ratio



Source: OECD

Non-US GMAT examinees % of total non-US

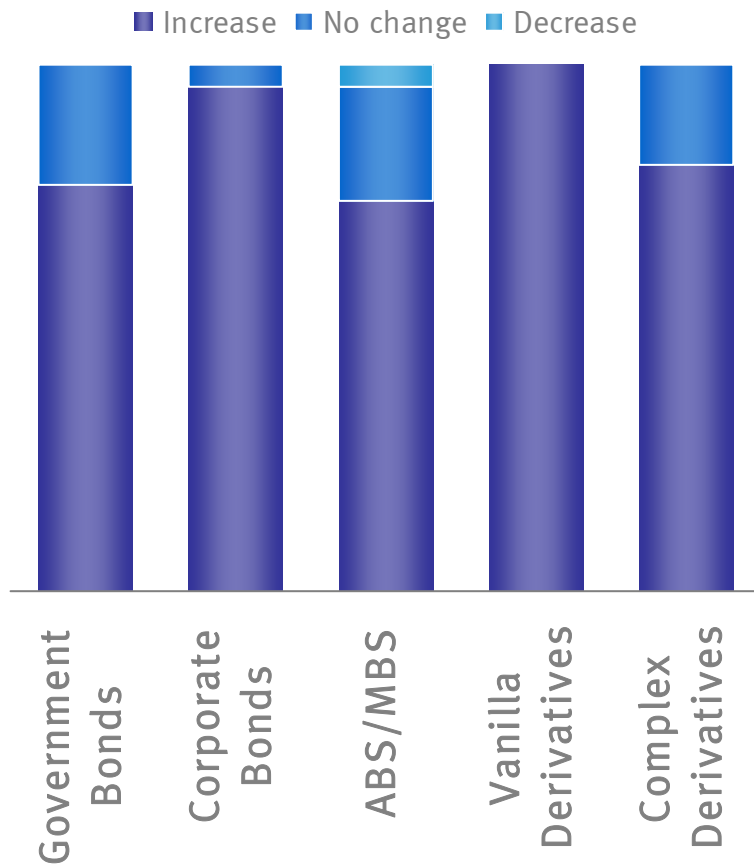


Source: GMAC



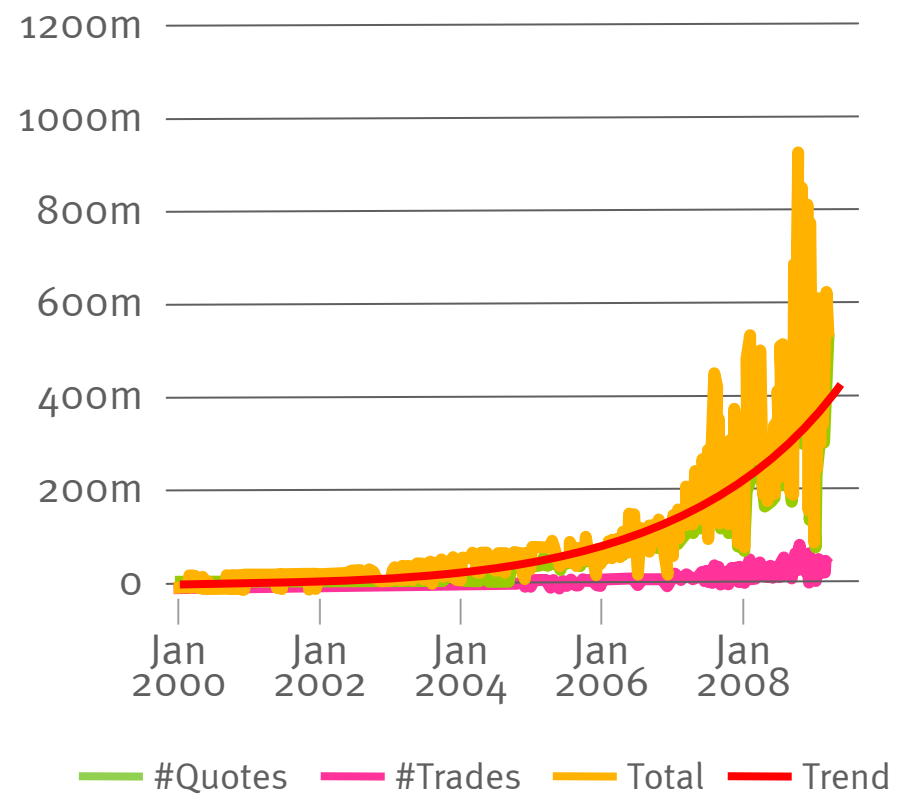
Business info trends: focus on valuations, latency

Expected change in number of assets priced over next 3 years



Source: A-Team Group

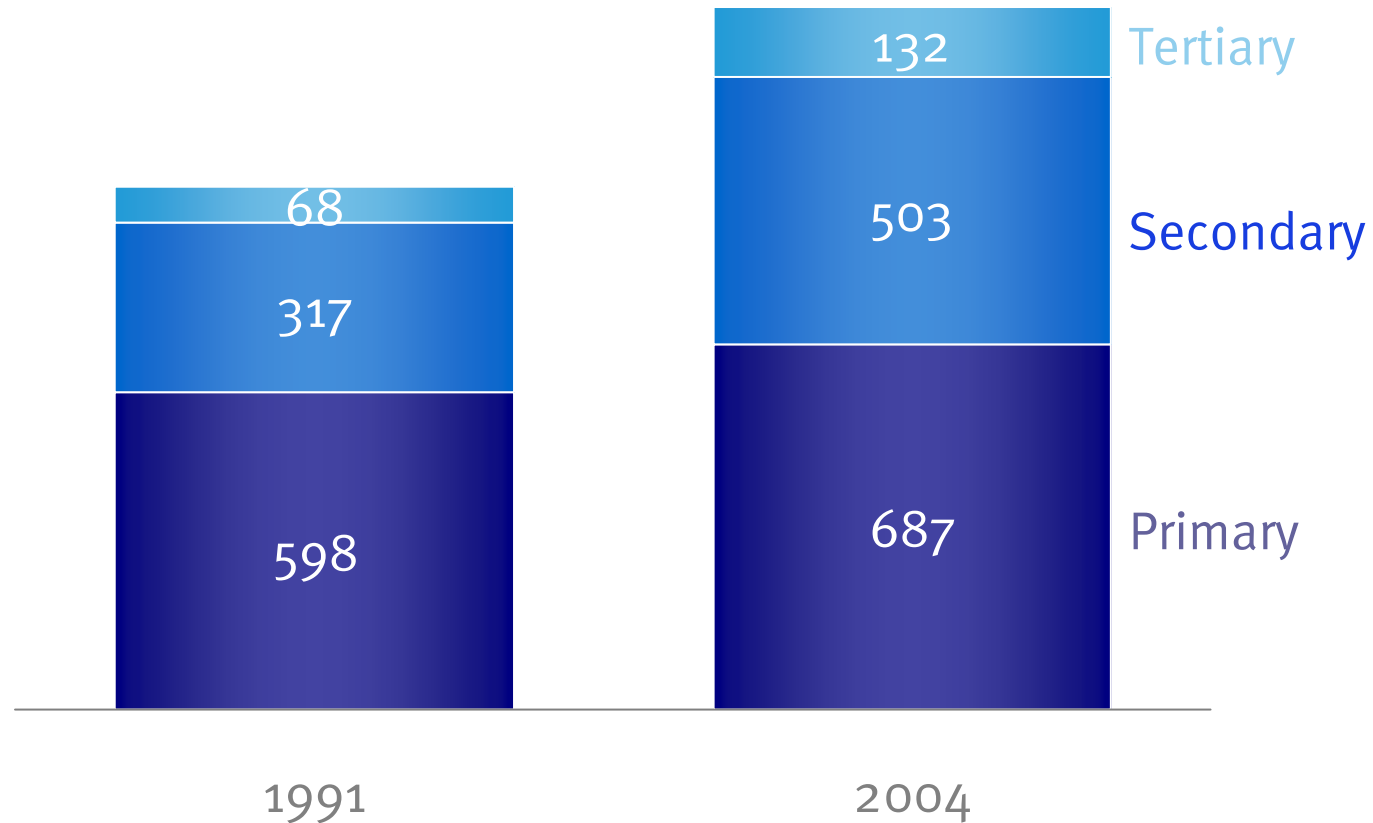
NYSE, Amex, NYSE Arca and Nasdaq combined daily market data



Source: NYSE Euronext and Aite Group

Education trends: rising participation

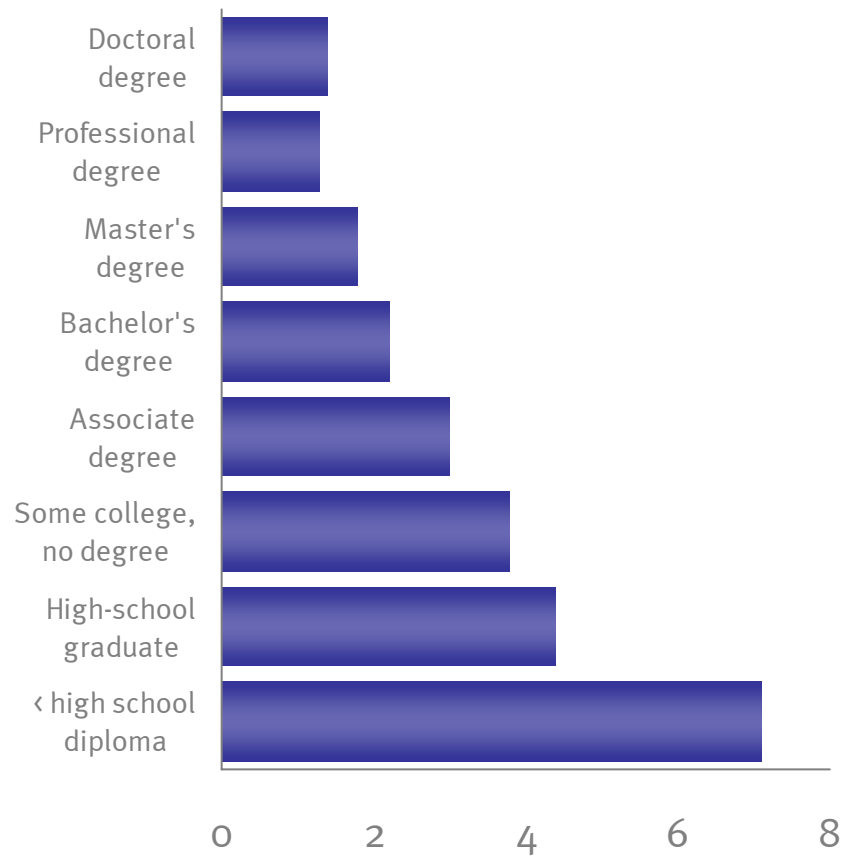
Number of pupils (m)



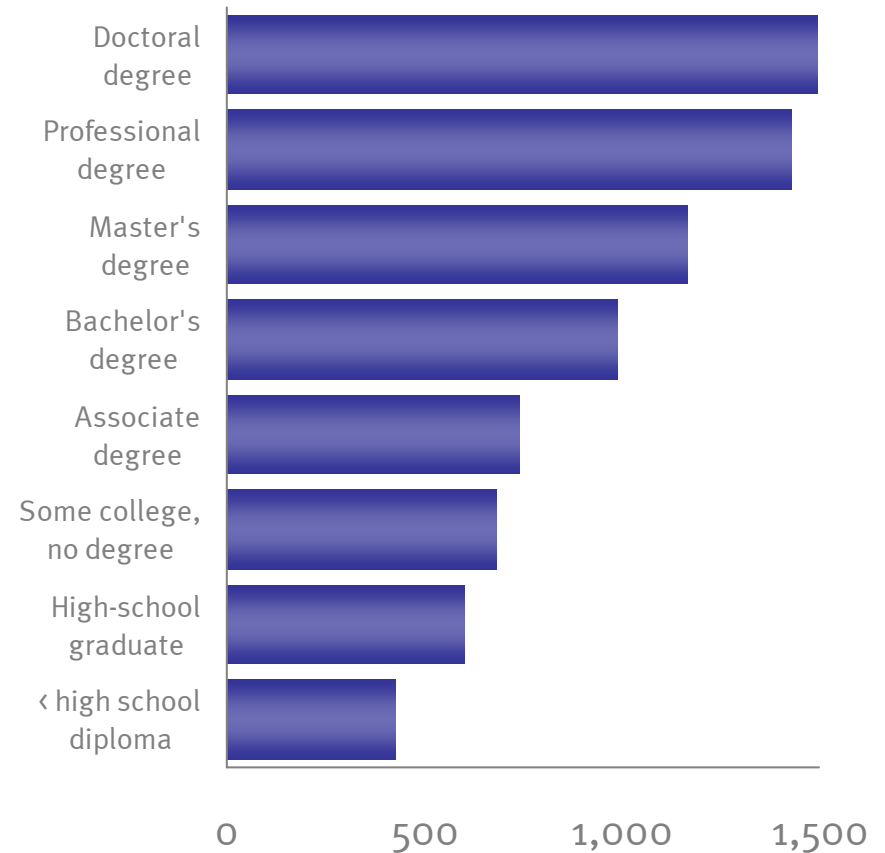
Source: UNESCO, World Bank

Education trends: increasing expenditure

US Unemployment Rate, % (2007)



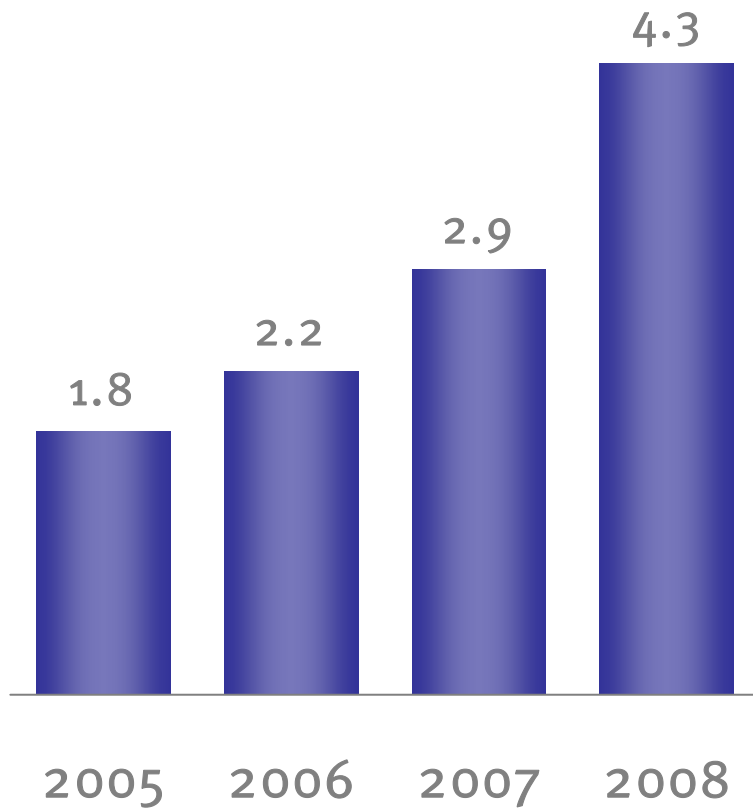
US Median Weekly Earnings, \$ (2007)



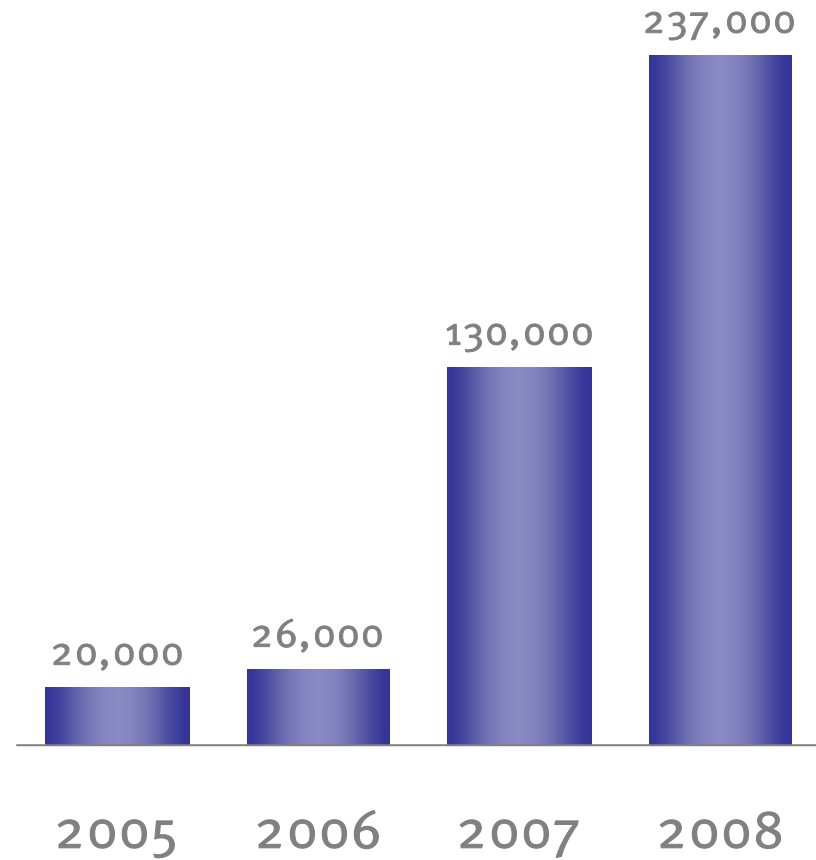
Source: US Department of Labor

Education trends: global

Total MyLab registrations, (m)



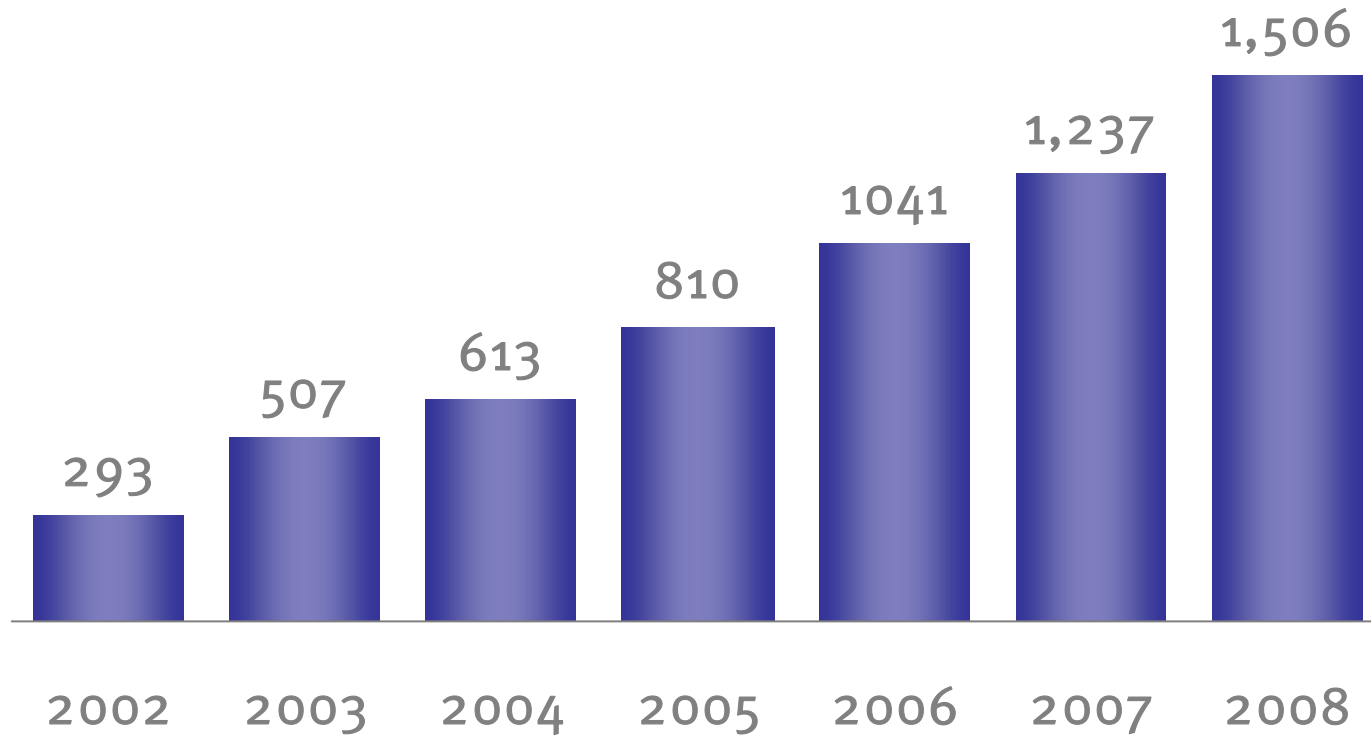
International MyLab registrations



Source: Pearson

Education trends: software & services

Worldwide School & Professional testing revenues, \$m



Strong market positions

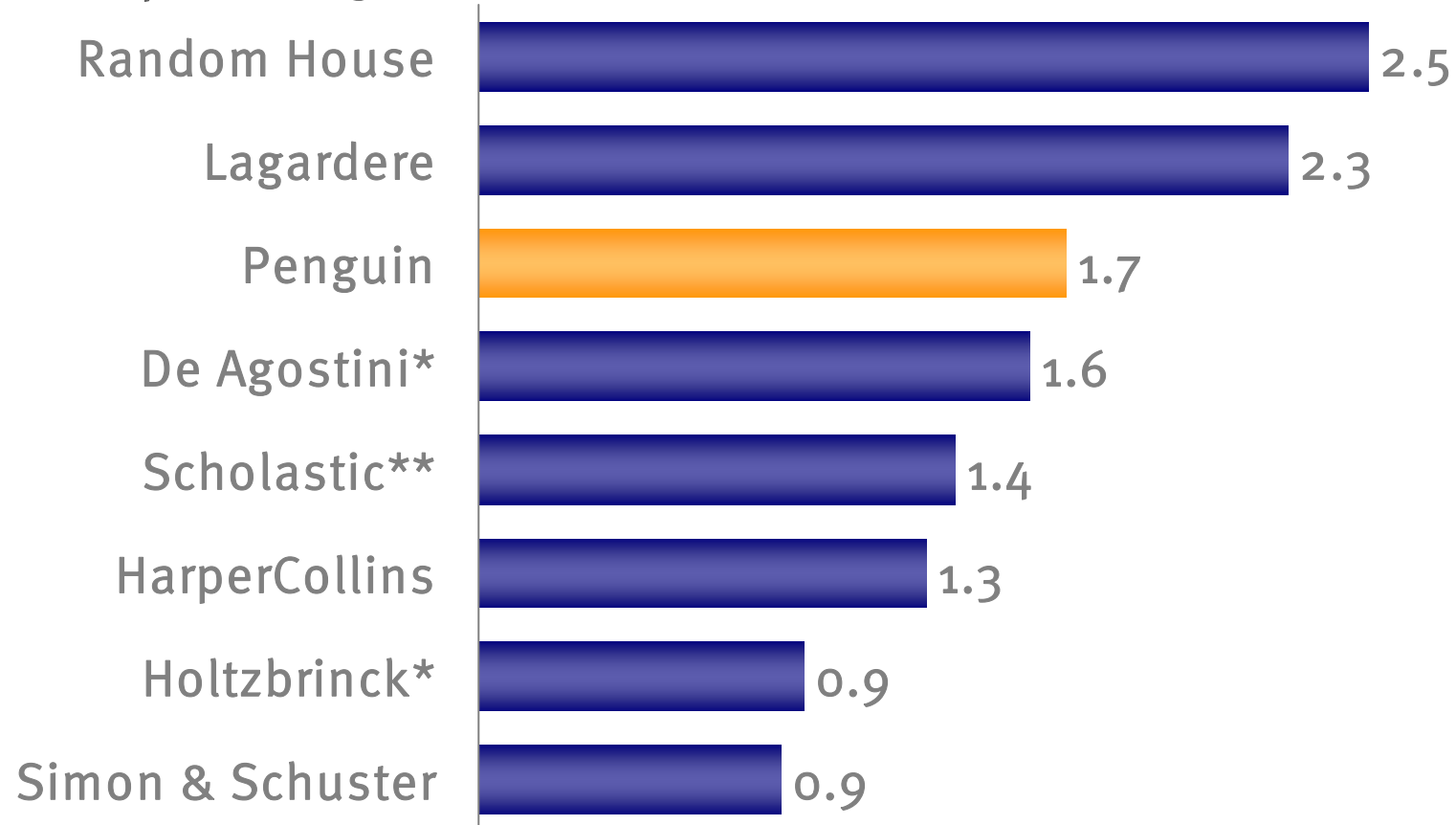
Consumer Books

Business Information

Education

Penguin

Trade publishing revenues, 2008 (\$bn)



Source: Pearson, Company Accounts

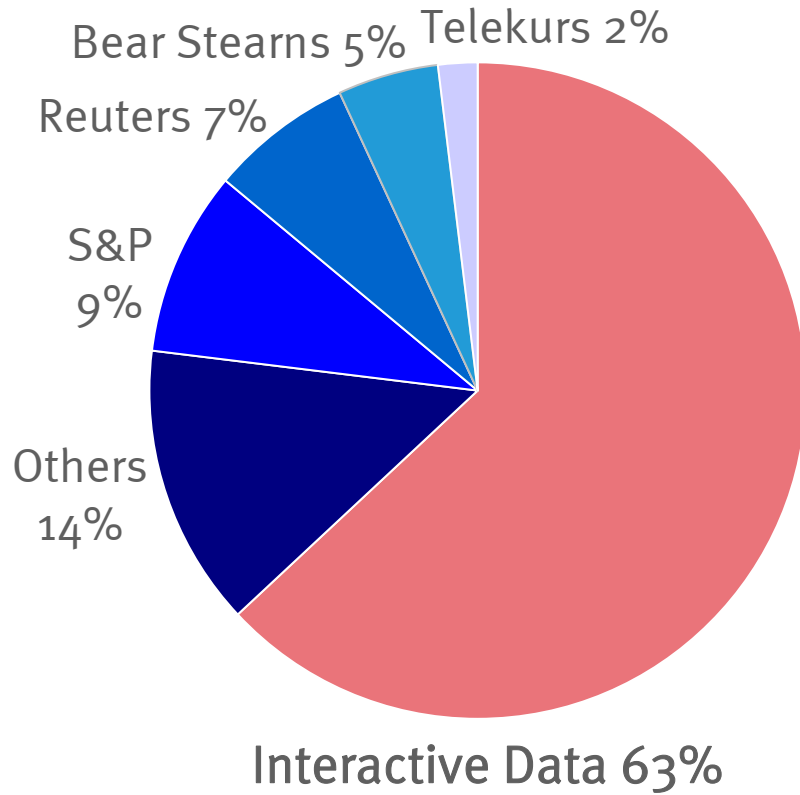
* Most recent year available (2007)

** Year to February 2009

\$ amounts converted at the average exchange rate for the year

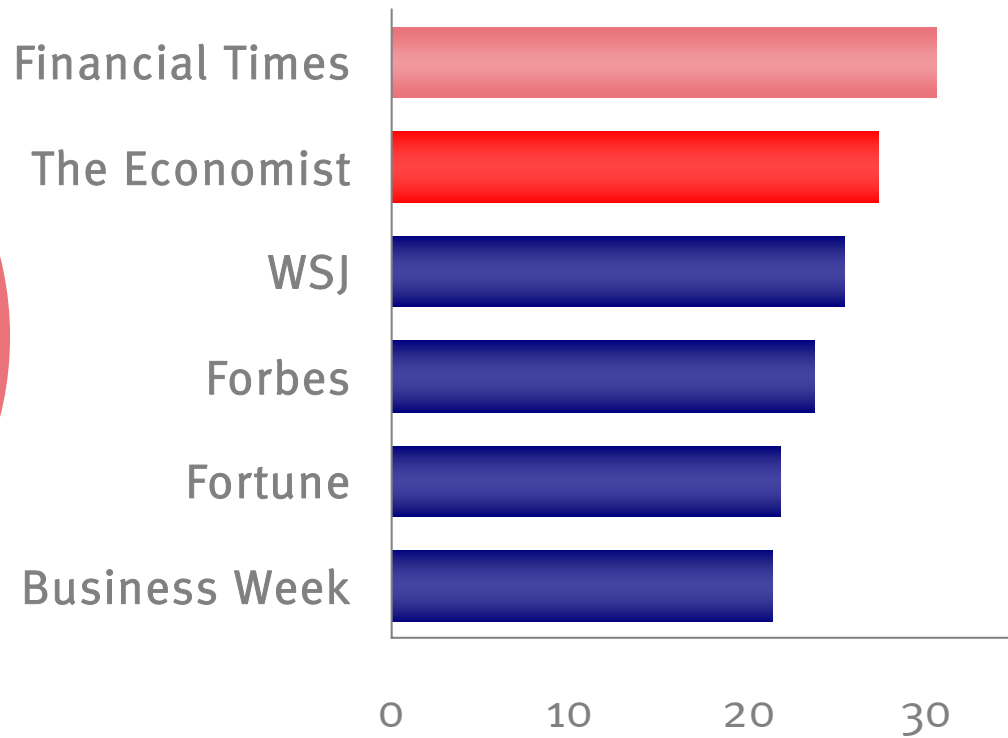
The FT Group

Global market for Evaluated Pricing Data by Vendor (2007)



Source: Interactive Data investor day presentation

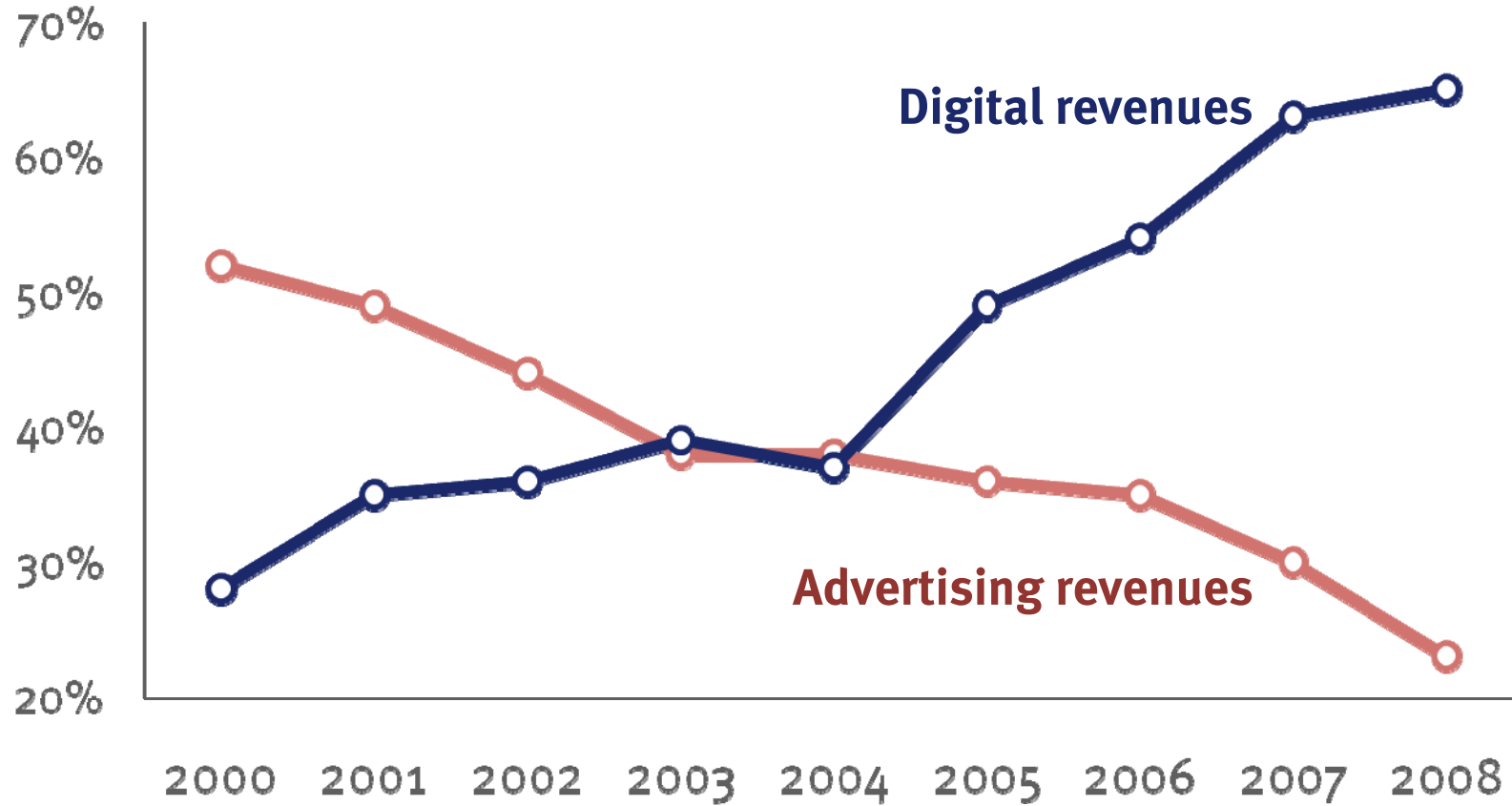
US % C-Suite readership



Source: Mendelsohn Survey

Technology and services

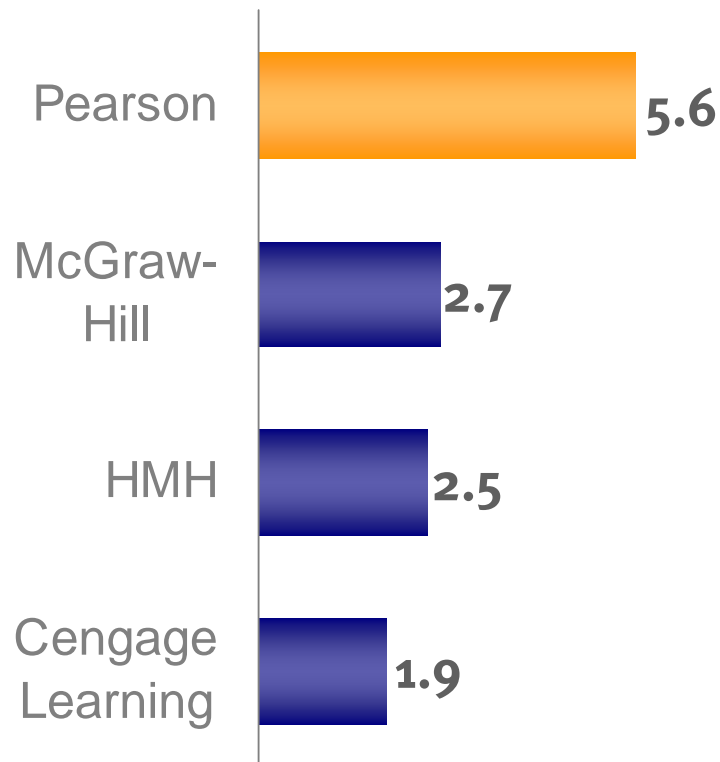
FT Group revenue mix, %



The largest education publishing & services company

#1 in Global education publishing & services

Largest education publisher in the world
(US\$ revenue in billions, 2007)



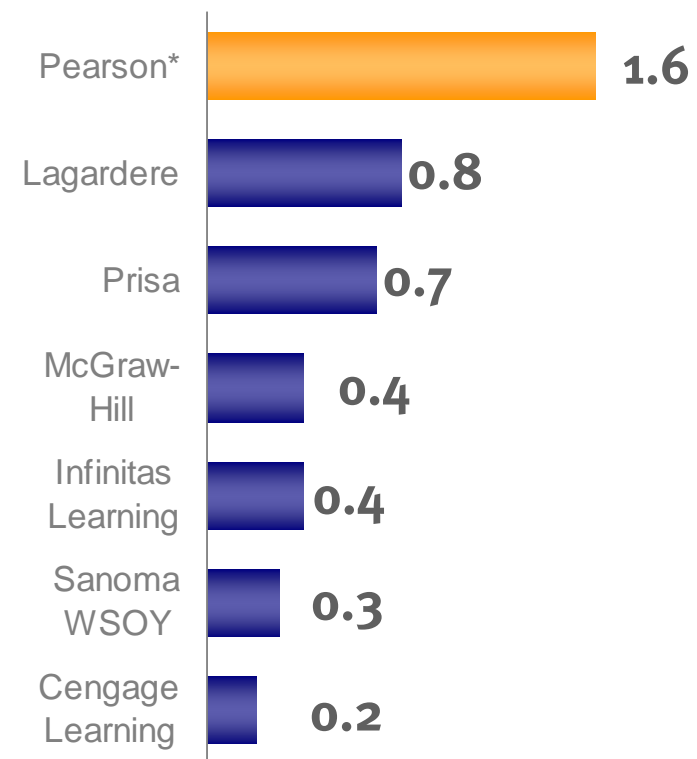
(1) Pearson excludes Government Solutions & Scanners and includes Harcourt Assessment & International and eCollege.

(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, 2007)



Source: Pearson, Company Accounts, Analyst estimates

* Pro forma to include Harcourt International

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Unique breadth of our education business

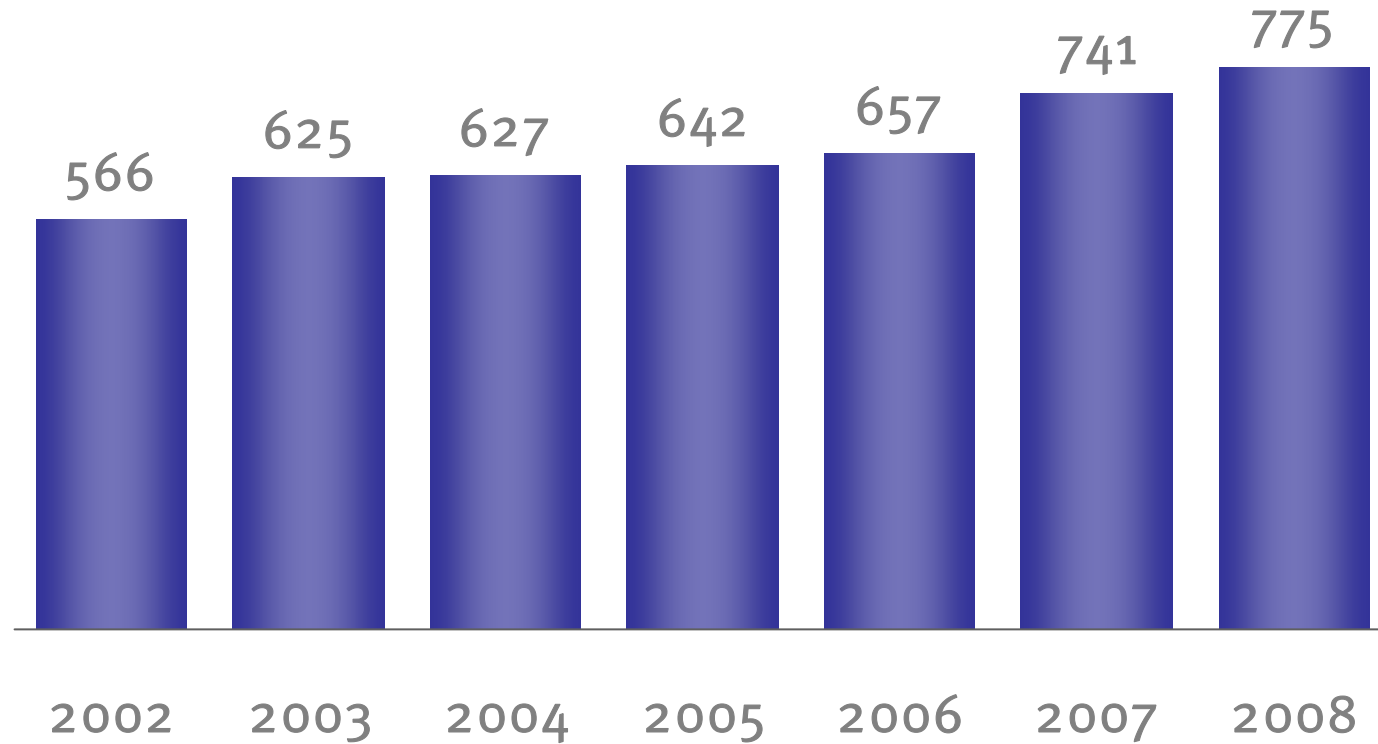
Market share	Pearson	McGraw-Hill	Cengage Learning	HMH
School Basal & Supplemental	●	●		●
School Assessment	●	●		●
Curriculum Software	●			●
School Enterprise Software	●			
Higher Education	●	●	●	
International Education*	●	●	●	●
Professional testing	●			

* Non-US ● Market leader ● Market participant



Sustained organic investment

Education & Penguin pre-publication expenditure & authors advances, \$m



Investing in 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, OCO, NDF MoneyMedia, Longman Nigeria, Klers	Data Management, Ft Deutschland, Business Standard
2009	Wall Street English, NTC, Intellipro, Fronter	

\$3.3bn

\$3.6bn

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Conclusions

Strong record of performance

Good long-term growth markets

Strong market positions

Clear strategy

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