

Performance Summary 2007

PEARSON

Dear shareholder,

This year, you'll notice a change in the way we communicate our results and plans to you.

In the past, the law obliged us to send every one of our shareholders a printed annual report – whether or not they cared to read it in print (we know that many of our shareholders look to the internet for this kind of information).

From this year, a change in the law means that the internet can become the primary medium for publishing our annual report.

Pearson is a company that sees a lot of its future online, so we are embracing this change. We are improving the information we provide for shareholders on our website, www.pearson.com, which is updated pretty much constantly with all the latest news about your company.

Any shareholder who would like to receive a printed copy may still do so by contacting our registrars Equiniti by phone on 0871 384 2030 (or on +44 121 415 7062 if you are overseas).

Meantime, we thought you might appreciate this very brief printed summary of our financial progress in 2007. We are very keen to tell you about it because 2007 was another record year for Pearson and we are incredibly proud of the performance of our company and our 32,000 people. This is not the full annual report (you can get that online at www.pearson.com/investor/ar2007) but we hope it gives you a quick taste of how your company is doing.

Sincerely,



Marjorie Scardino, *Chief executive*
20 March 2008



Record results

Sales

£4,218m / \$8,394m

+6%

Adjusted operating profit

£634m / \$1,262m

+14%

Adjusted earnings per share

46.7p / 92.9¢

+8%

Operating cash flow

£684m / \$1,361m

+19%

Return on invested capital

8.2%

+0.2% pts

Dividend

31.6p / 62.9¢

+7.8%

Learn more online...



For details of our 2007 results, visit
www.pearson.com

2007 Financial Highlights

	2007		2006		Headline growth %	Underlying growth %
	£m	\$m	£m	\$m		
Business performance						
Sales	4,218	8,394	4,051	8,061	4	6
Adjusted operating profit	634	1,262	592	1,178	7	14
Adjusted profit before tax	549	1,093	502	999	9	–
Adjusted earnings per share	46.7p	92.9¢	43.1p	85.8¢	8	–
Operating cash flow	684	1,361	575	1,144	19	–
Operating free cash flow	533	1,061	434	864	23	–
Return on invested capital	8.2%	–	8.0%	–	0.2%pts	1.0%pts
Net debt	973	1,936	1,059	2,107	(8)	–

Statutory results

Sales	4,162	8,282	3,990	7,940	4	–
Operating profit	574	1,142	522	1,039	10	–
Profit before tax	468	931	448	892	4	–
Basic earnings per share	35.6p	70.8¢	55.9p	111.2¢	(36)	–
Basic earnings per share – continuing	39.0p	77.6¢	52.7p	104.9¢	(26)	–
Cash generated from operations	659	1,311	621	1,236	6	–
Dividend per share	31.6p	62.9¢	29.3p	58.3¢	7.8	–

Growth rates are stated on an underlying basis (i.e. excluding currency movements and portfolio changes) unless otherwise stated. The business performance measures are non-GAAP measures and reconciliations to the equivalent statutory heading under IFRS are included in notes 2, 8 and 32 to the annual report. Dollar comparative figures have been translated at the year end rate of \$1.99:£1 sterling for illustrative purposes only.

Learn more online...



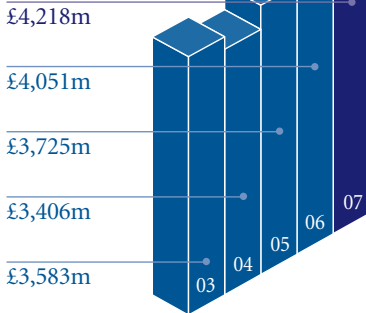
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Five-year Record

Sales

£4,218 / \$8,394

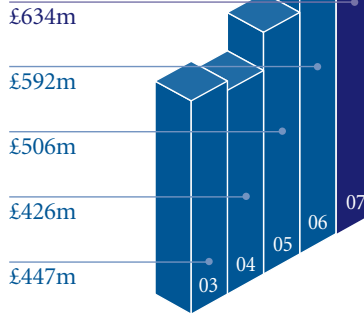
+6%



Adjusted operating profit

£634m / \$1,262m

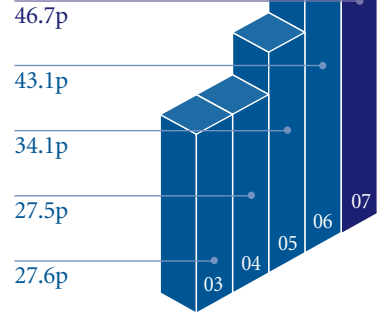
+14%



Adjusted earnings per share

46.7p / 92.9¢

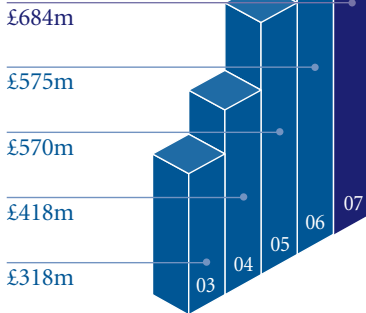
+8%



Operating cash flow

£684m / \$1,361m

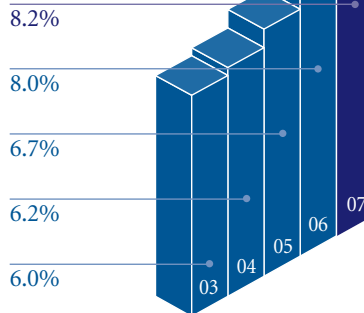
+19%



Return on invested capital

8.2%

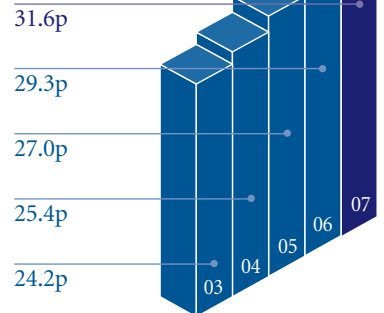
+0.2% pts



Dividend

31.6p / 62.9¢

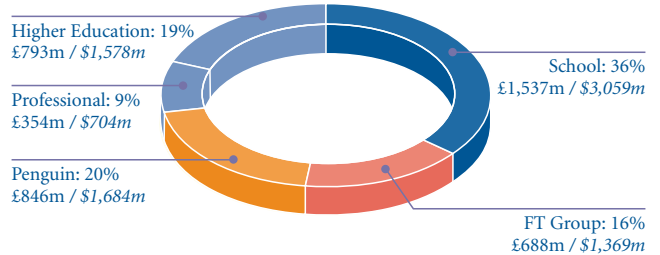
+7.8%



Sales and Profit Analysis

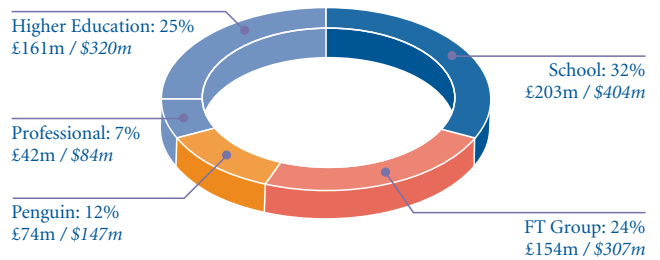
Sales by business

Total £4,218m



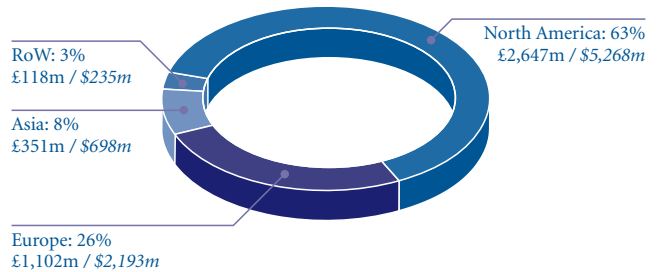
Profit by business

Total £634m



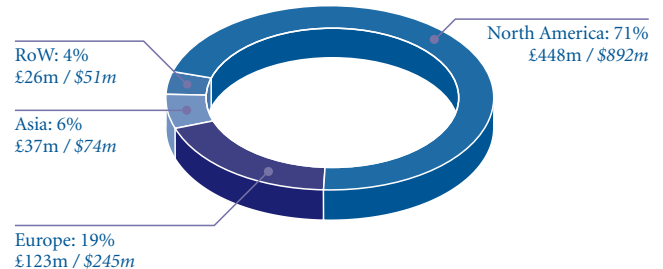
Sales by geography

Total £4,218m



Profit by geography

Total £634m



Shareholder Information

Shareholder information online

Our registrars, Equiniti (formerly Lloyds TSB Registrars) provide 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 2030 (or on +44 121 415 7062 if you are overseas).

Information about the Pearson share price
The current price of Pearson ordinary shares can be obtained from the company's website, www.pearson.com or from www.ft.com

Low cost share dealing facilities
A telephone and internet dealing service has been arranged through Equiniti which provides a simple way of buying and selling Pearson shares. Log on to www.shareview.co.uk/dealing. You will need your shareholder reference number as shown on your share certificate.

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 ordinary shares are listed on the New York Stock Exchange in the form of ADRs and traded under the symbol PSO. Each ADR represents one ordinary share. All enquiries regarding registered ADR holder accounts and payment of dividends should be directed to The Bank of New York, the authorised depositary bank for Pearson's ADR programme, at The Bank of New York, Investor Services, P.O. Box 11258, Church Street Station, New York, NY 10286-1258, telephone 1-888-BNY-ADRS (toll free within the US) or 1 212 815 3700 (outside the US), or e-mail shareowners@bankofny.com, or sign-in at www.stockbny.com. Voting rights for registered ADR holders can be exercised through The Bank of New York, 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 2007 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

2008 Financial calendar

Ex-dividend date	9 April
Record date	11 April
Last date for dividend reinvestment election	15 April
Annual general meeting	25 April
Payment date for dividend and share purchase date for dividend reinvestment	9 May
Interim results	28 July
Payment date for interim dividend	19 September

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Find Out More...

Online annual report 2007
www.pearson.com/investor/ar2007

Pearson and society
www.pearson.com/community/csr_report2007

Investor information
www.pearson.com/investor

Find out how we educate, entertain and inform at
www.pearson.com/pearsonville



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