

PEARSON PERFORMANCE SUMMARY 2011



Always learning

Pearson is the world's leading learning company. We have 41,000 people in more than 70 countries, helping people of all ages to make progress in their lives through all kinds of learning.

WE HAVE THREE WORLD-LEADING BUSINESSES:



Education

We provide learning materials, technologies, assessments and services to teachers and students of all ages and in more than 70 countries.



Consumer publishing

Penguin publishes more than 4,000 fiction and non-fiction books each year – on paper, on screens and in audio formats – for readers of all ages. It is one of the world's leading consumer publishing businesses and an iconic global brand.

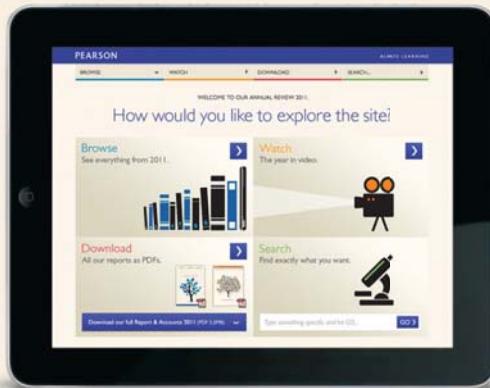


Business information

The FT Group provides news, data, comment and analysis to the international business community. It is known around the world for its independent and authoritative information.

Learn more
at our online
reporting centre

www.pearson.com/ar2011



Chief executive's overview

The outside environment has inspired us to move more quickly and boldly.



Watch an interview with Marjorie Scardino,
Chief executive:
www.pearson.com/ar2011/marjorie-scardino

OUR STRATEGY

1

Long-term organic investment in content

2

Digital products and services businesses

3

International expansion

4

Efficiency

Dear shareholders,

We've put together this little booklet to let you know about some of the highlights of your company's performance in 2011.

After several tough years in the world economy, we began the year hoping for a change for the better. But it turned out to be more of the same: slow economic growth in the developed world; austerity measures taking their toll on spending by governments and consumers and a crisis of unemployment that played its part in social unrest.

But in spite of the stormy environment, Pearson's people ground out another set of financial results to be proud of. We increased sales by 6% to just shy of £5.9bn, and our operating profits rose by 12% to £942m. Our share price continued to advance and ended the year a little over £12, a ten-year high.

These are turbulent times for any company, but the outside environment has inspired us to move more quickly and boldly. We believe that our focus on making Pearson more digital, more international, more efficient and more committed than ever to investing in our business for the long-term will help us continue to weather the storm.

This booklet can give you only a snapshot of the year. If you'd like to learn more, the full annual report is available online at www.pearson.com/ar2011. A full printed document can also be ordered on our website or by contacting our registrar, Equiniti, by phone on 0871 384 2043 (or on +44 121 415 7062 if you're calling from outside the UK).

You can also find out more by attending our annual shareholders' meeting on Friday 27 April. I hope to see you there.

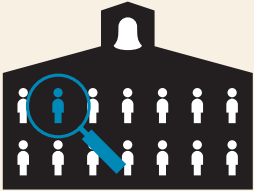
Sincerely,

Marjorie Scardino Chief executive

Performance highlights

Insight for learning

Schoolnet provides assessment, curriculum and other services to help personalise learning and improve teacher effectiveness. It supports more than five million students in primary and secondary education through partnerships with districts and states across the US.

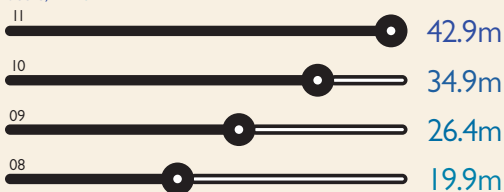


FT for everyone

The FT was the first major news publisher to launch an app that uses HTML5 technology and allows users to download the app directly from a browser. Since June 2011, the FT Web App has had over 1.3 million visitors and won an award for Best Mobile Innovation for Publishing at the Global Mobile Awards.



Users, million



Bringing education home

Connections Education operates online or 'virtual' schools for more than 33,000 students in 21 states across the US.

Digital learning platforms

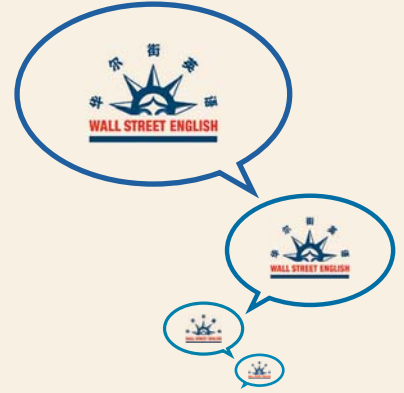
In 2011 student registrations on our digital learning platforms increased by 23% to 43 million.



For the full story, watch our new films:
www.pearson.com/ar2011/watch

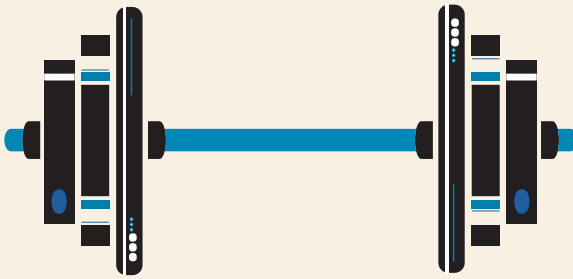
In training for an international education

Global Education is a leading provider of test preparation services for students in China who are learning English. It has a network of 450 test preparation and training centres across 150 cities in China and also provides English language training for children, tutoring in a range of subjects and teaching for other foreign languages.



Here's a conversation starter

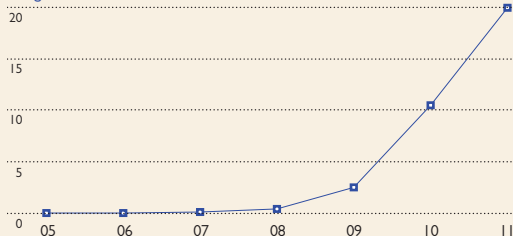
Wall Street English provides spoken English training for adults in 450 learning centres in 25 territories across Asia, Europe, the Middle East and Latin America. In 2011 we opened 19 new centres around the world.



Penguin takes off

Penguin saw eBook revenues in 2011 double on the previous year. In 2011 they accounted for 12% of Penguin revenues worldwide and more than 20% in the US. Since 2008, digital downloads of apps and ebooks across Penguin have totalled approximately 50 million.

Penguin: US ebook volumes, millions



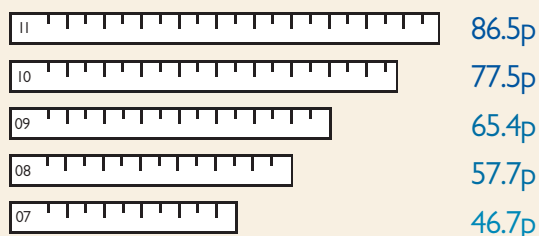
Pick of the year

In 2011, Penguin enjoyed bestseller success around the world, including publishing 254 *New York Times* bestsellers and 78 top ten bestsellers in the UK.

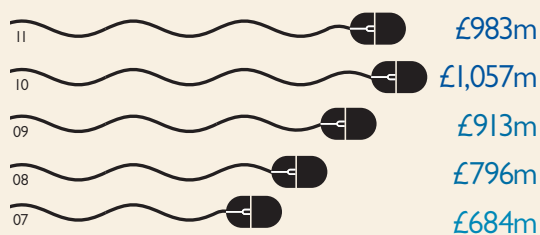
2011 financial summary

KEY FINANCIAL MEASURES: FIVE YEAR RECORD

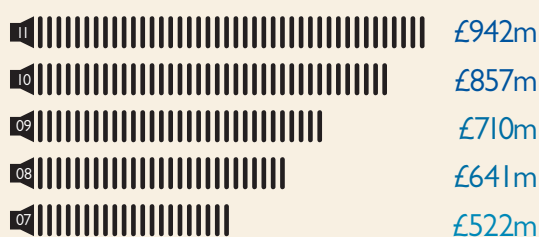
ADJUSTED EARNINGS PER SHARE **PENCE**



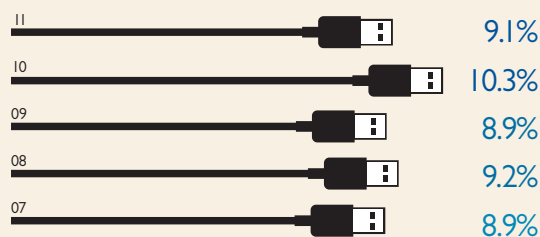
OPERATING CASH FLOW **£m**



ADJUSTED OPERATING PROFIT **£m**



RETURN ON INVESTED CAPITAL **%**

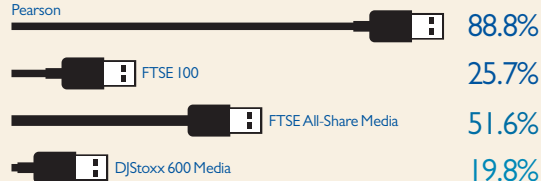


SHARE PRICE PERFORMANCE

ONE YEAR % CHANGE (01.01.11 – 31.12.11)



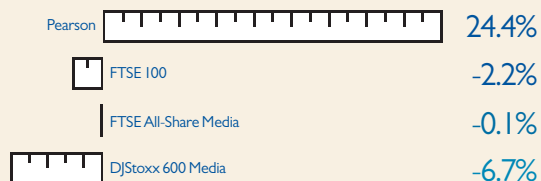
THREE YEAR % CHANGE (01.01.09 – 31.12.11)



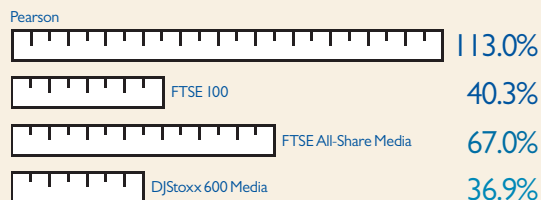
Source: Datastream as at 31 December 2011

TOTAL SHAREHOLDER RETURN

ONE YEAR % (01.01.11 – 31.12.11)



THREE YEAR % (01.01.09 – 31.12.11)



Source: Datastream as at 31 December 2011

	2011 £m	2010 £m	Headline growth	CER growth	Underlying growth
Business performance					
Sales	5,862	5,663	4%	6%	1%
Adjusted operating profit	942	857	10%	12%	7%
Adjusted profit before tax	890	853	4%		
Adjusted earnings per share	86.5p	77.5p	12%		
Operating cash flow	983	1,057	(7)%		
Total free cash flow	772	904	(15)%		
Total free cash flow per share	96.5p	112.8p	(14)%		
Return on invested capital	9.1%	10.3%	(1.2)% pts		
Net debt	(499)	(430)	(16)%		

Statutory results

Operating profit	1,226	743	65%
Profit before tax	1,155	670	72%
Basic earnings per share	119.6p	161.9p	(26)%
Cash generated from operations	1,093	1,169	(7)%
Dividend per share	42.0p	38.7p	9%

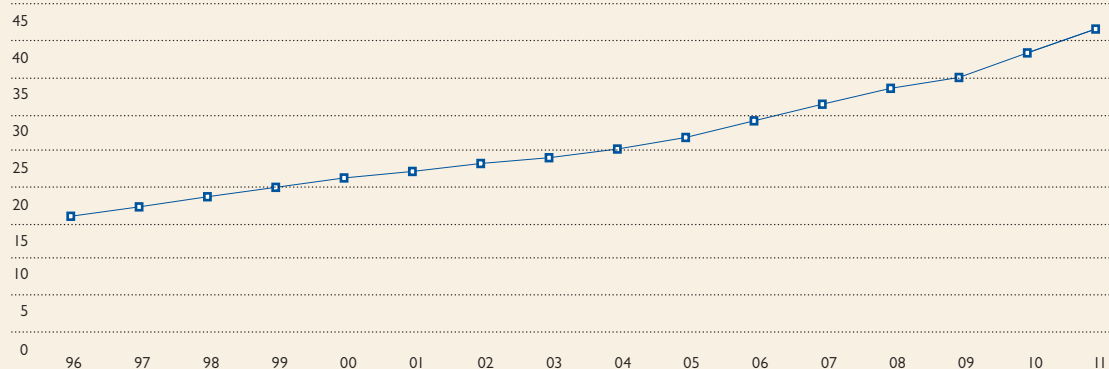
Notes

Throughout this document:

- Growth rates are stated on a constant exchange rate (CER) basis unless otherwise stated. Where quoted, underlying growth rates exclude both currency movements and portfolio changes.
- Interactive Data was treated as a discontinued business in 2010 and sales and operating profit are stated on a continuing business basis, excluding Interactive Data from 2010. Until its sale on 29 July 2010, Interactive Data contributed 2010 revenues of £296m and 2010 adjusted operating profit of £81m.
- The 'business performance' measures are non-GAAP measures and reconciliations to the equivalent statutory heading under IFRS are included in notes 2, 8 and 33 to the annual report.

DIVIDEND PER SHARE PAID IN FISCAL YEAR

PENCE



Shareholder information

Shareholder information online

Equiniti provides 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. For more information, please contact our registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Telephone 0871 384 2233* or, for those shareholders with hearing difficulties, textphone number 0871 384 2255*.

Information about the Pearson share price

The company's share price can be found on our website at www.pearson.com. It also appears in the financial columns of the national press.

Share dealing facilities

Equiniti offers telephone and internet services for dealing in Pearson shares. For further information, please contact their telephone dealing helpline on 08456 037 037 (weekdays only) or, for online dealing, log on to www.shareview.co.uk/dealing. You will need your shareholder reference number as shown on your share certificate.

A weekly postal dealing service is also available through Equiniti. Please telephone 0871 384 2248* for details or log on to www.shareview.co.uk to download a form.

Tips on protecting your shares

- › Keep any documentation that contains your shareholder reference number in a safe place and shred any unwanted documentation
- › Inform our registrar, Equiniti promptly when you change address
- › Be aware of dividend payment dates and contact the registrar if you do not receive your dividend cheque or better still, make arrangements to have the dividend paid directly into your bank account
- › Consider holding your shares electronically in a CREST account via a nominee

American Depositary Receipts (ADRs)

Pearson's ADRs are listed on the New York Stock Exchange and traded under the symbol PSO. Each ADR represents one ordinary share. For enquiries regarding registered ADR holder accounts and dividends, please contact The Bank of New York

Mellon, PO Box 358516, Pittsburgh, PA 15252-8516, telephone 1 866 259 2289 (toll free within the US) or 001 201 680 6825 (outside the US). Alternatively, you may e-mail shrrelations@bnymellon.com, or log on to www.bnymellon.com/shareowner. Voting rights for registered ADR holders can be exercised through The Bank of New York Mellon, 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.

*Calls to these numbers are charged at 8p per minute from a BT landline. Other provider costs may vary. Lines open 8:30am to 5:30pm Monday to Friday.

2012 Financial calendar

Ex-dividend date	4 April
Record date	10 April
Last date for dividend reinvestment election	13 April
Annual General Meeting	27 April
Payment date for dividend and share purchase date for dividend reinvestment	4 May
Interim results	27 July
Payment date for interim dividend	14 September

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Print: Pureprint Group

Pearson has supported the planting of 625 square metres of new native woodland with the Woodland Trust, helping to remove 25 tonnes of carbon dioxide emissions generated by the production of this report.

This report has been printed on Edixion Challenger Offset which is FSC® certified and made from 100% Elemental Chlorine Free (ECF) pulp. The mill and the printer are both certified to ISO 14001 environmental management system and registered to EMAS the eco management Audit Scheme. The report was printed using vegetable based inks by a CarbonNeutral® printer.