

Forward-looking statements

Except for the historical information contained herein, the matters discussed in this statement 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. They are based on numerous assumptions regarding Pearson's present and future business strategies and the environment in which it will operate in the 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 Pearson's publicly-filed documents and you are advised to read, in particular, the risk factors set out in Pearson's latest annual report and accounts, which can be found on its website (www.pearson.com/investors).

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. No reliance should be placed on forward-looking statements.

2015 half year results

Friday 24 July 2015

The logo consists of the letters 'FT' in a dark blue, serif font, centered within a solid orange square.

FT

**FINANCIAL
TIMES**

First half summary

£m	HI 2015	HI 2014	Headline growth	CER growth
Sales	2,157	2,047	5%	1%
Adjusted operating profit from continuing operations	72	73	(1)%	(4)%
Adjusted EPS	4.4p	4.7p	(6)%	
Operating cash flow	(333)	(254)	(31)%	
Net debt	(2,289)	(2,028)	(13)%	
Dividend	18p	17p	6%	

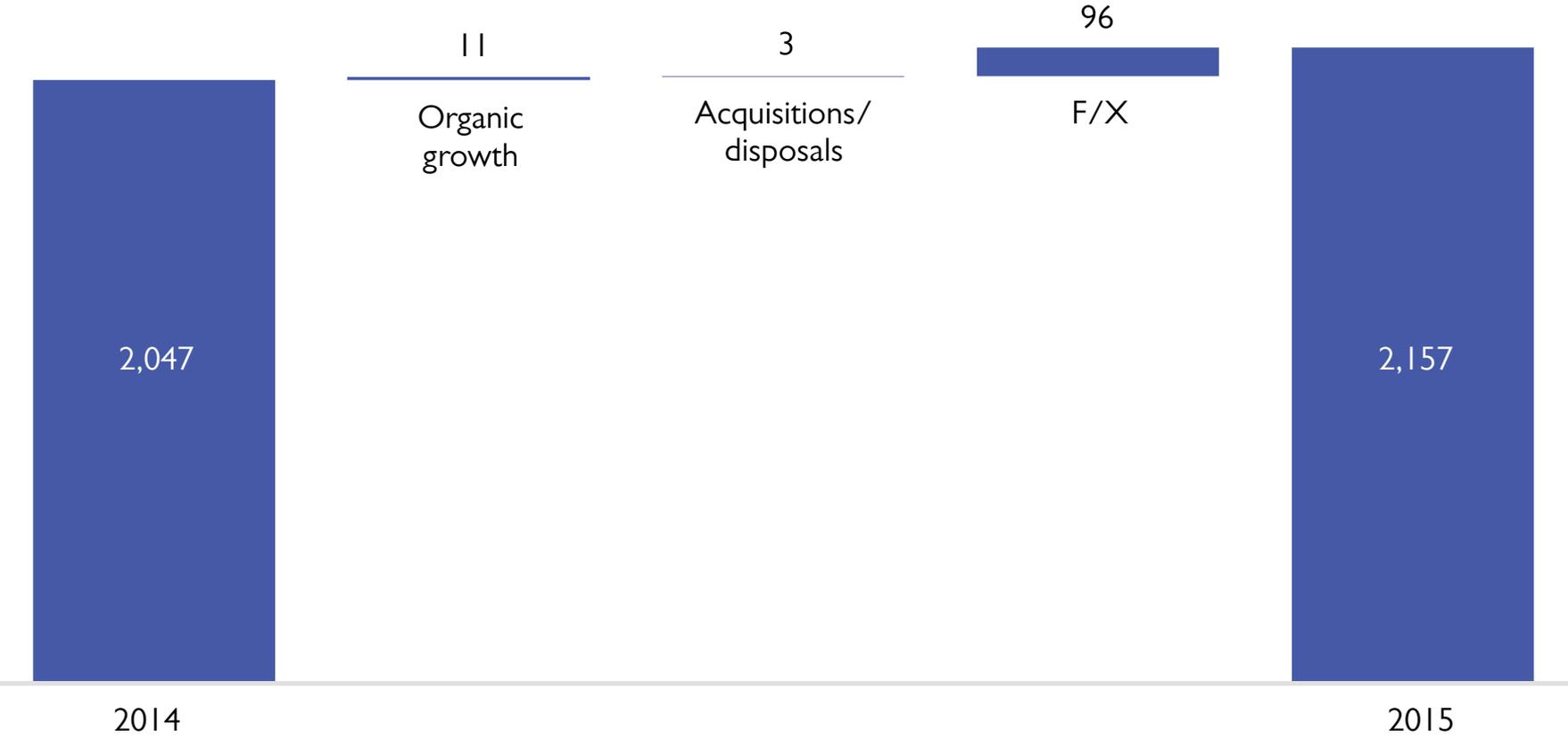
What we learned in H1 2015

- Overall, good competitive and operating performance
- Short term cyclical and policy forces mixed
- Reiterating guidance; returning to growth
- Medium term growth opportunity undiminished
- Making progress on our priorities
 - New digital products
 - A more focused company
 - A higher performing culture
 - A strong brand

Financial review

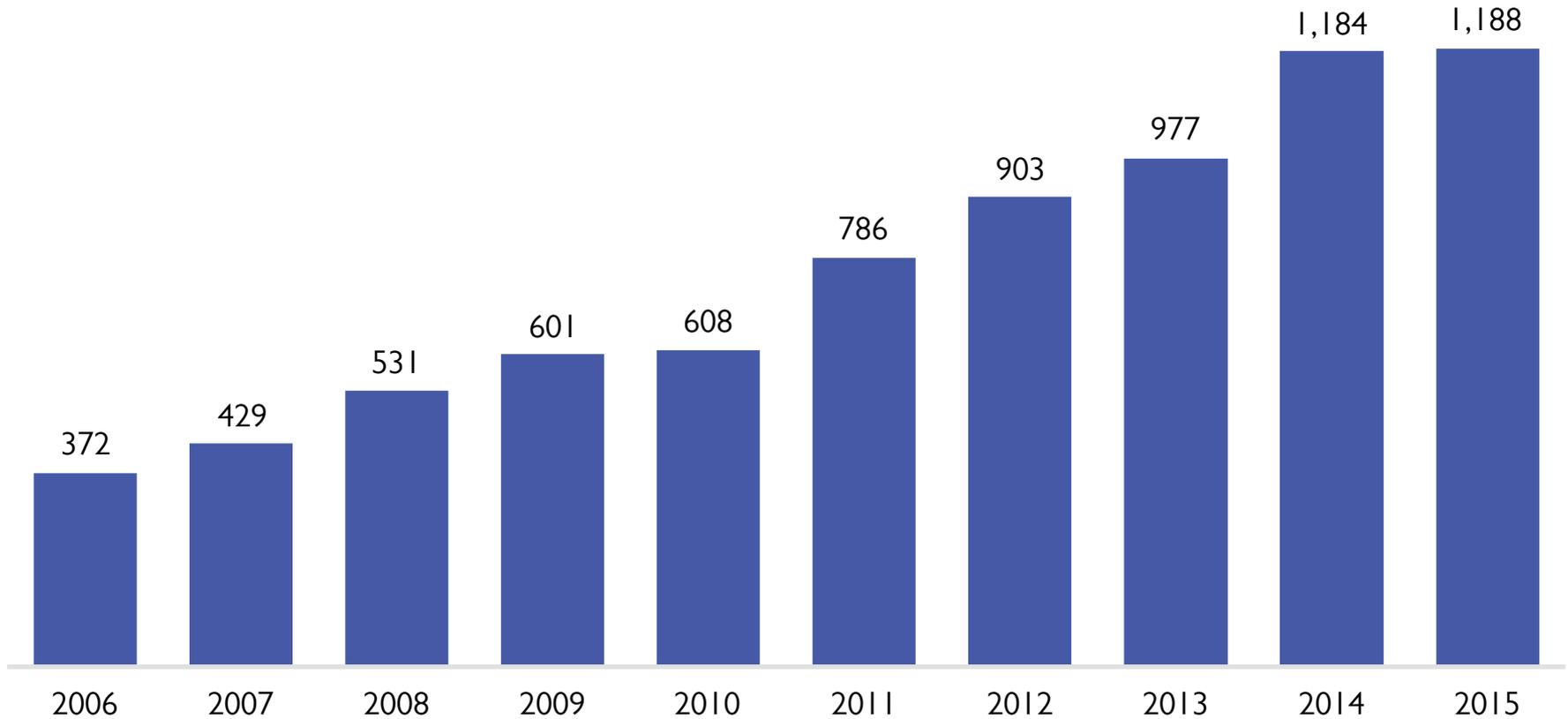
Sales movements

(£m)



Deferred revenue, \$m

Half-year

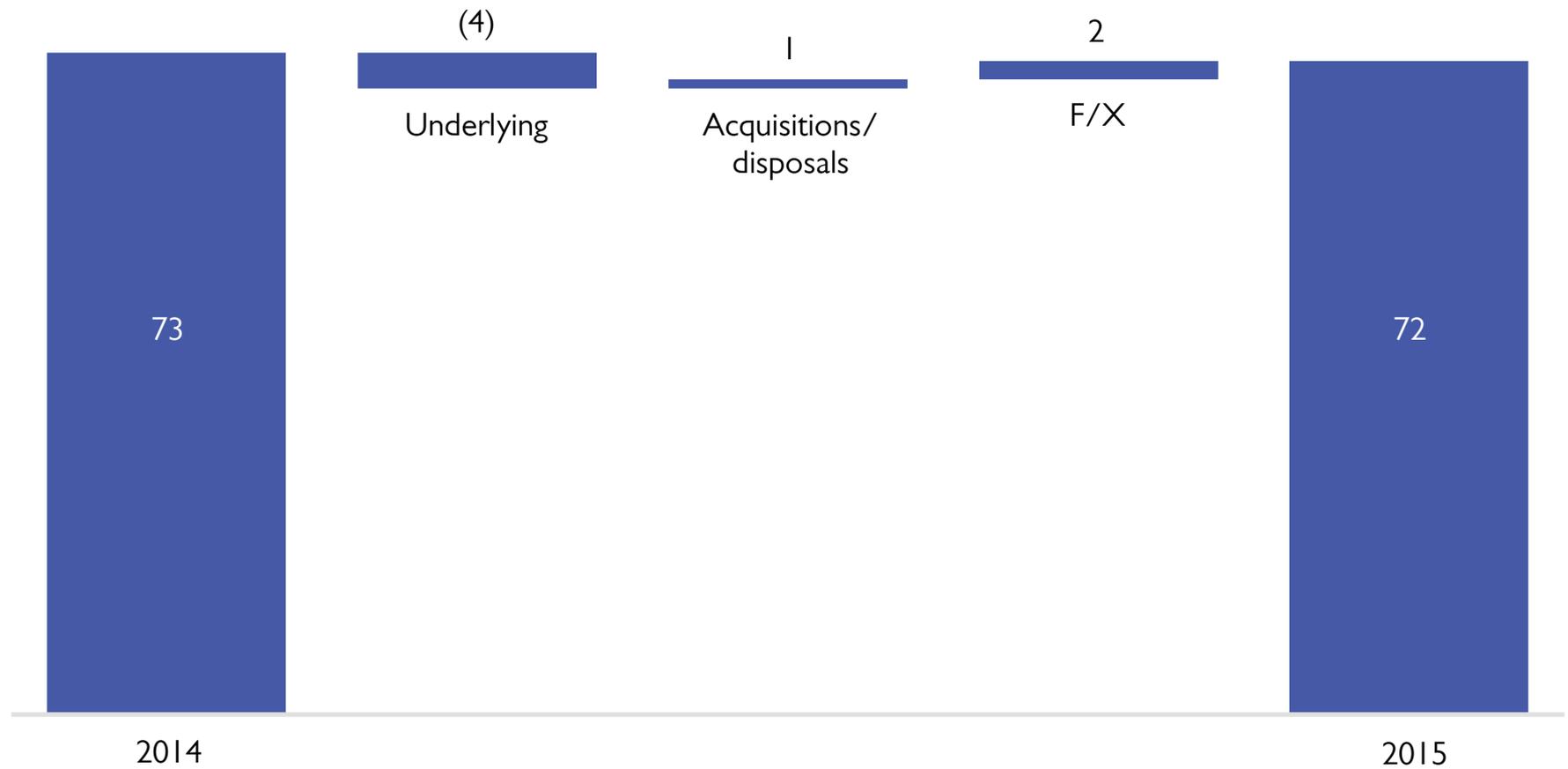


Continuing operations

Sales

<i>£m</i>	2015	2014	<i>CER growth</i>	<i>Underlying growth</i>
North America	1,301	1,164	3%	3%
Core	515	548	(5)%	(5)%
Growth	341	335	1%	0%
Total sales	2,157	2,047	1%	1%

Profit movements (£m)



Continuing operations

Operating profit

£m	HI 2015	HI 2014	CER growth	Underlying growth
North America	42	36	0%	0%
Core	23	13	77%	77%
Growth	(17)	6	n/a	n/a
PRH	24	18	28%	28%
Total	72	73	(4)%	(5)%

Continuing operations

Adjusted EPS

£m	HI 2015	HI 2014	Headline growth
Operating profit (including Mergermarket for 2014)	72	75	(4)%
Interest	(29)	(28)	(4)%
Taxation	(7)	(9)	22%
Tax rate	17.0%	20.0%	
Profit after tax	36	38	(5)%
Minorities	-	-	
Adjusted earnings	36	38	(5)%
Shares in issue	813.2	809.8	
Adjusted EPS	4.4p	4.7p	(6)%

Total business

P&L – statutory

£m	HI 2015	HI 2014
Operating profit	(112)	(37)
Finance costs	(29)	(28)
IAS 39/IAS 21	26	29
Profit before tax	(115)	(36)
Taxation	36	10
Profit after tax	(79)	(26)
Discontinued operations*	-	253
Profit for the year	(79)	227
EPS (statutory)	(9.7)p	28.0p

* 2014 includes profit on sale of Mergermarket

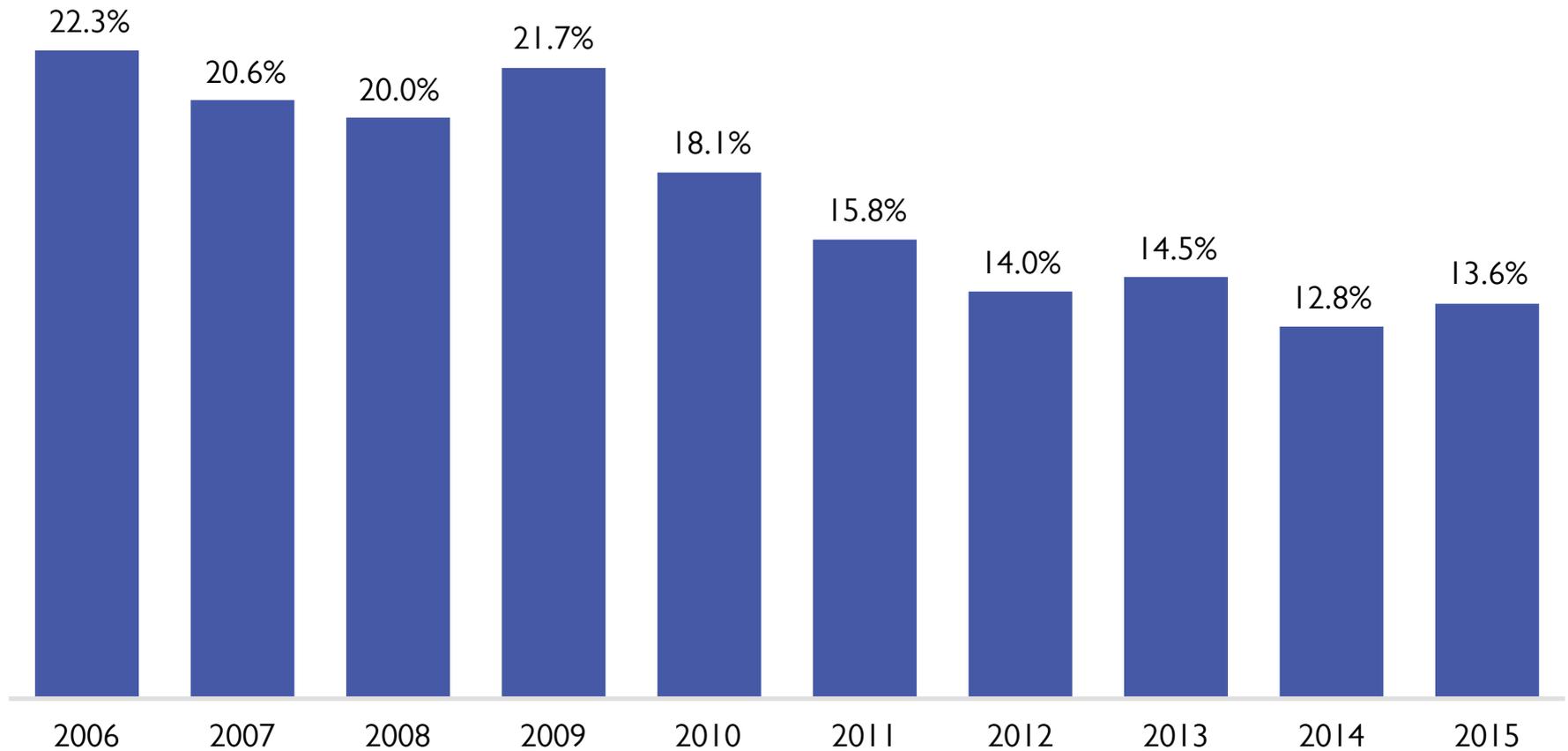
Operating and Free cash flow

£m	HI 2015	HI 2014	var
Operating profit	72	75	(3)
Working capital	(368)	(287)	(81)
- of which pre-publication expenditure	(43)	(44)	1
- of which other working capital	(325)	(243)	(82)
Net capital expenditure	(97)	(61)	(36)
Depreciation	74	65	9
Share of operating results of associates	(32)	(37)	5
Dividends from associates and JVs	39	19	20
Exchange	(6)	(1)	(5)
Other movements	(15)	(27)	12
Operating cash flow	(333)	(254)	(79)
Tax paid	(74)	(58)	(16)
Finance charges	(17)	(16)	(1)
Free cash flow	(424)	(328)	(96)

Total business

Average working capital/sales

Average to June



Total business

Balance sheet

£m	HI 2015	HI 2014
Goodwill & intangible assets	6,059	6,080
Tangible fixed assets	319	308
Investment in Joint Ventures and Associates	1,068	1,061
Operating working capital	805	704
Other net liabilities	(87)	(124)
Net assets	8,164	8,029
Shareholders' funds	5,398	5,567
Pensions	(23)	-
Other provisions	125	117
Non-controlling interest	6	5
Deferred tax	369	312
Net debt	2,289	2,028
Capital employed	8,164	8,029

Total business

Uses of cash

- Established policies for the uses of cash remain unchanged:
 - Strong balance sheet;
 - Organic investment;
 - Progressive dividend policy; and
 - Acquisitions in education with a strong RoCE potential

2015 vs. 2014 base

Guidance unchanged

- Adjusted earnings per share of 75p to 80p based on 27 February 2015 assumptions

Portfolio changes

- PowerSchool disposal impact approximately 1p
- Ownership of FT Group for all of 2015
- Penguin shared services costs remaining (approximately £30m)
- Mergermarket: (£2m)

Currency

- US\$ gain partly offset by Euro, Australian dollar, key emerging markets currencies
- If current exchange rates persist, would reduce EPS range by approximately 2p.

Restructuring charges/benefits; reinvestment

- Absence of 2014 restructuring: £84m; £45m incremental savings in 2015
- Normal levels of net restructuring of approximately £30m

Tax on total PBT : approximately 17%

2015 outlook (organic)

North American Education

- K12
 - o greater stability in learning services
 - o another good year for Connections
 - o increased pre-pub amortisation
 - o greater stability in assessments but some policy related risk remains in State assessments
- College
 - o growth in digital & services
 - o more stable college enrolments; slower new edition year

Growth

- growth in China, Brazil, India
- declines in South Africa

Core

- greater stability in UK
- growth in inside services offset by declines in Learning services in Australia
- stability in Italy following a year of significant curriculum change in 2014

2015 half year results

Friday 24 July 2015

Agenda

- Efficacy
 - => Access, impact, outcomes
 - => A higher returning company
- New digital products
- A more focused company
- A higher performing culture
- A strong brand

Our priority products

Schools & Colleges

Our own institutions providing direct, fully integrated learning (physical and virtual)



Managed Services

Our integrated education services and systems outcomes



Assessment and Qualifications

Our services that enable institutions to measure, validate and certify learner progress



Courseware

Our individual learning products, across media



School

Blended and virtual Schools (eg Connections Education)

Sistemas (eg Pueri Domus)

Large-scale Assessment Services (eg, TestNav)
World Class Qualifications (eg, Edexcel, BTEC)
Digital Clinical Portfolio (Q-Interactive)

Next Generation courseware (eg, enVisionMATH, Pearson System of Courses, Realize)

Higher Education

Blended and virtual Higher Education Learning (eg CTI)

Online Programme Management (eg ASU)

Next Generation courseware (eg REVEL)

Professional

Blended and virtual English Language Learning (eg Wall Street English)

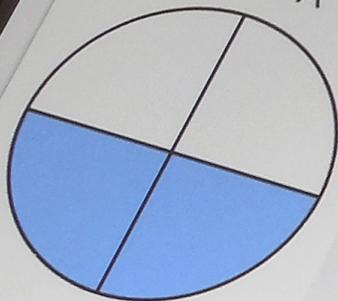
Pearson VUE

Global Scale of English and Progress

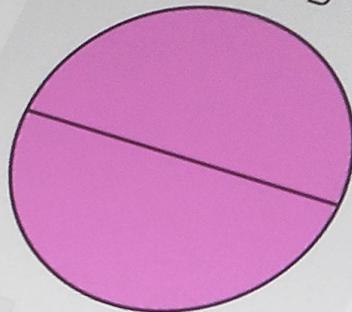
Next Generation courseware (eg MyEnglish Lab)

Use Circle B to create a fraction that is equivalent to what is shown in Circle A but with a larger numerator. Use Circle C to create a fraction that is equivalent to what is shown in Circle A but with a smaller numerator.

Circle A



Circle B

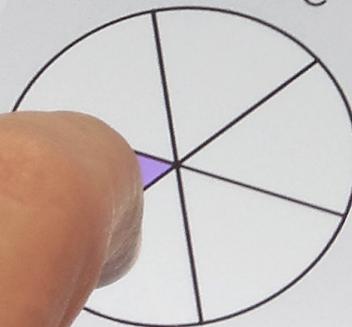


Fewer

More

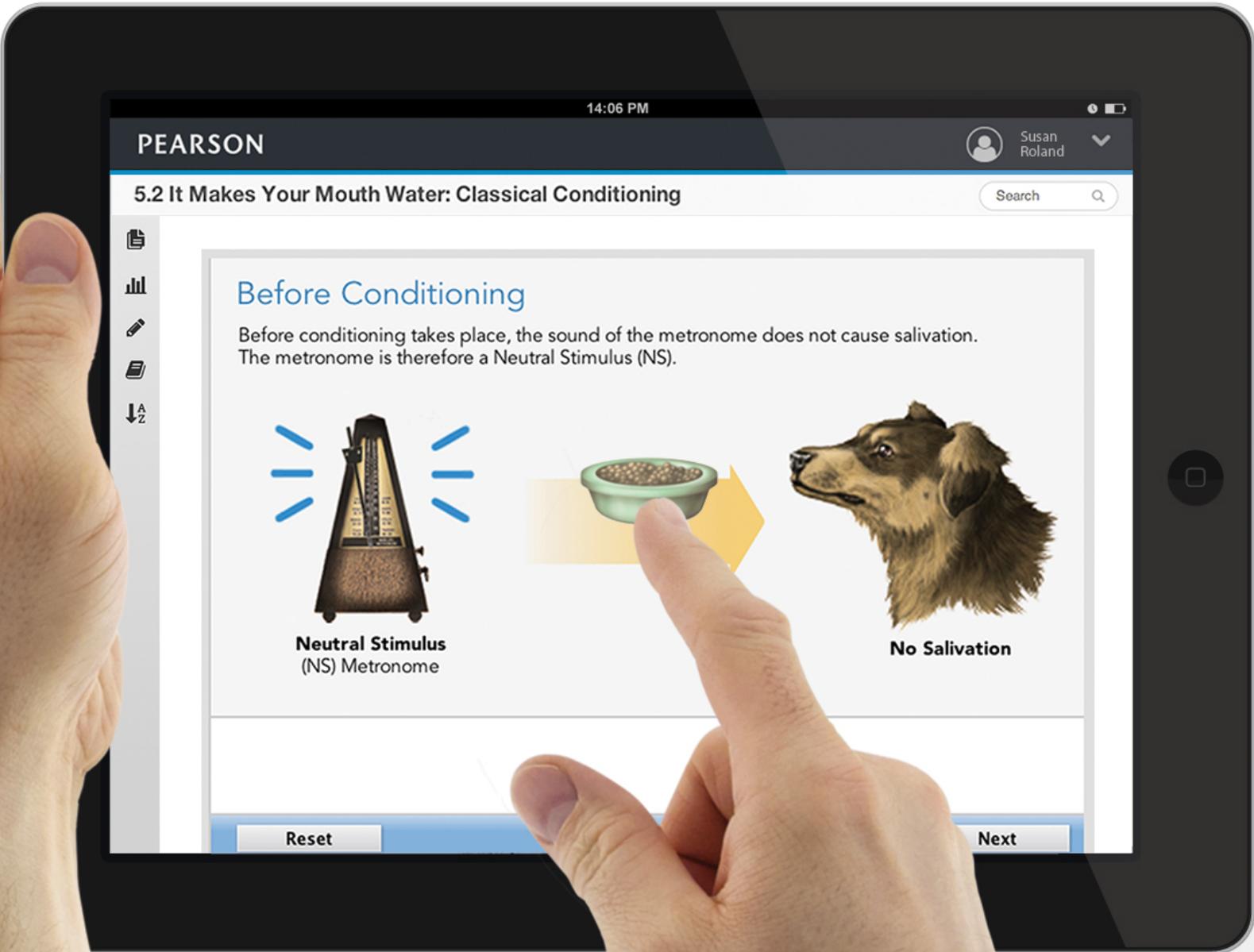
Reset

Circle C



More

Reset



5.2 It Makes Your Mouth Water: Classical Conditioning

Search

Before Conditioning

Before conditioning takes place, the sound of the metronome does not cause salivation. The metronome is therefore a Neutral Stimulus (NS).



Neutral Stimulus (NS) Metronome



No Salivation

Reset

Next

Revel efficacy research: <http://bit.ly/1HkkSnG>

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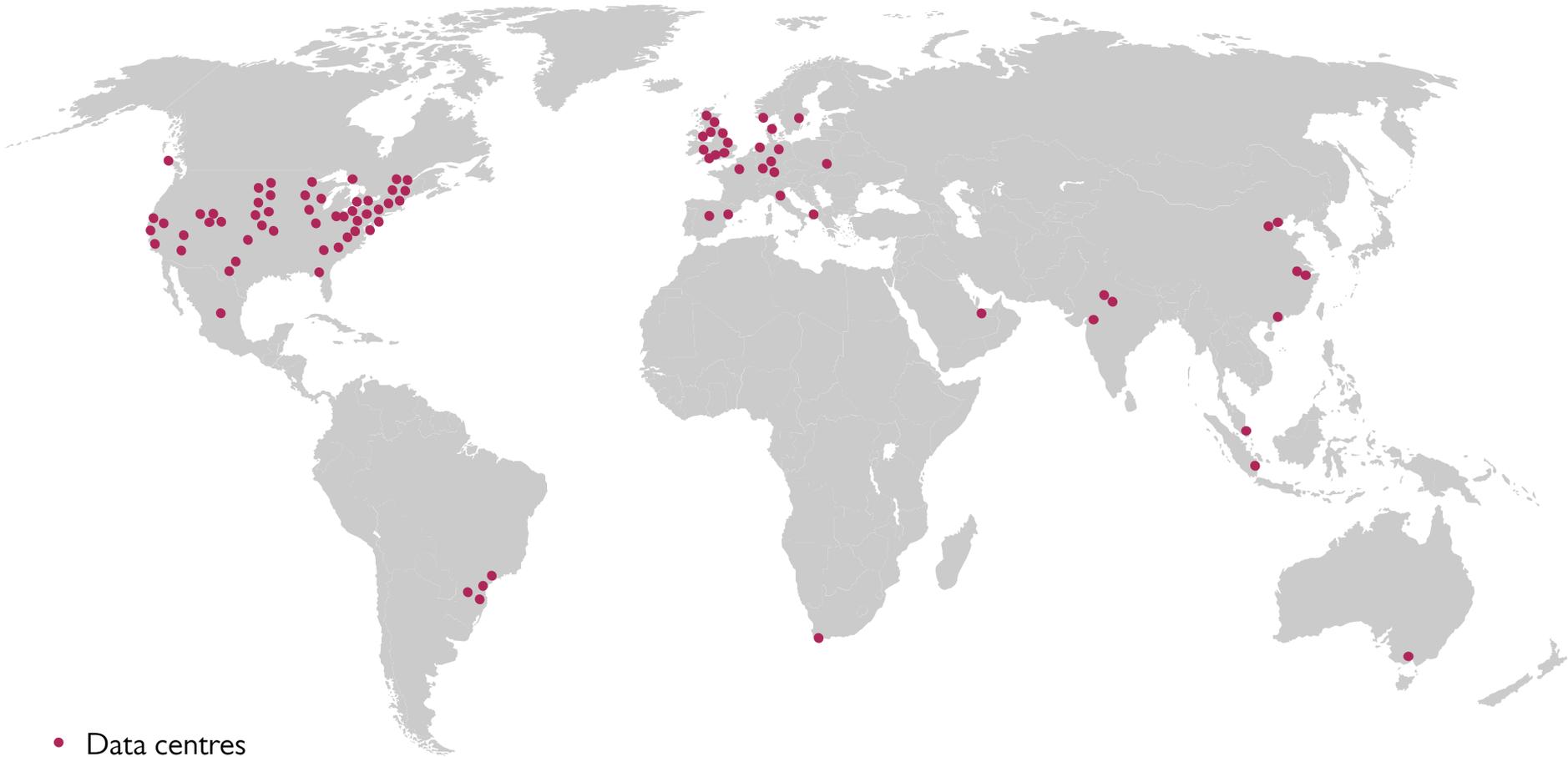
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Global Scale of English and Progress

Next Generation courseware (eg MyEnglish Lab)

Simplifying our platforms

Our hosting locations landscape





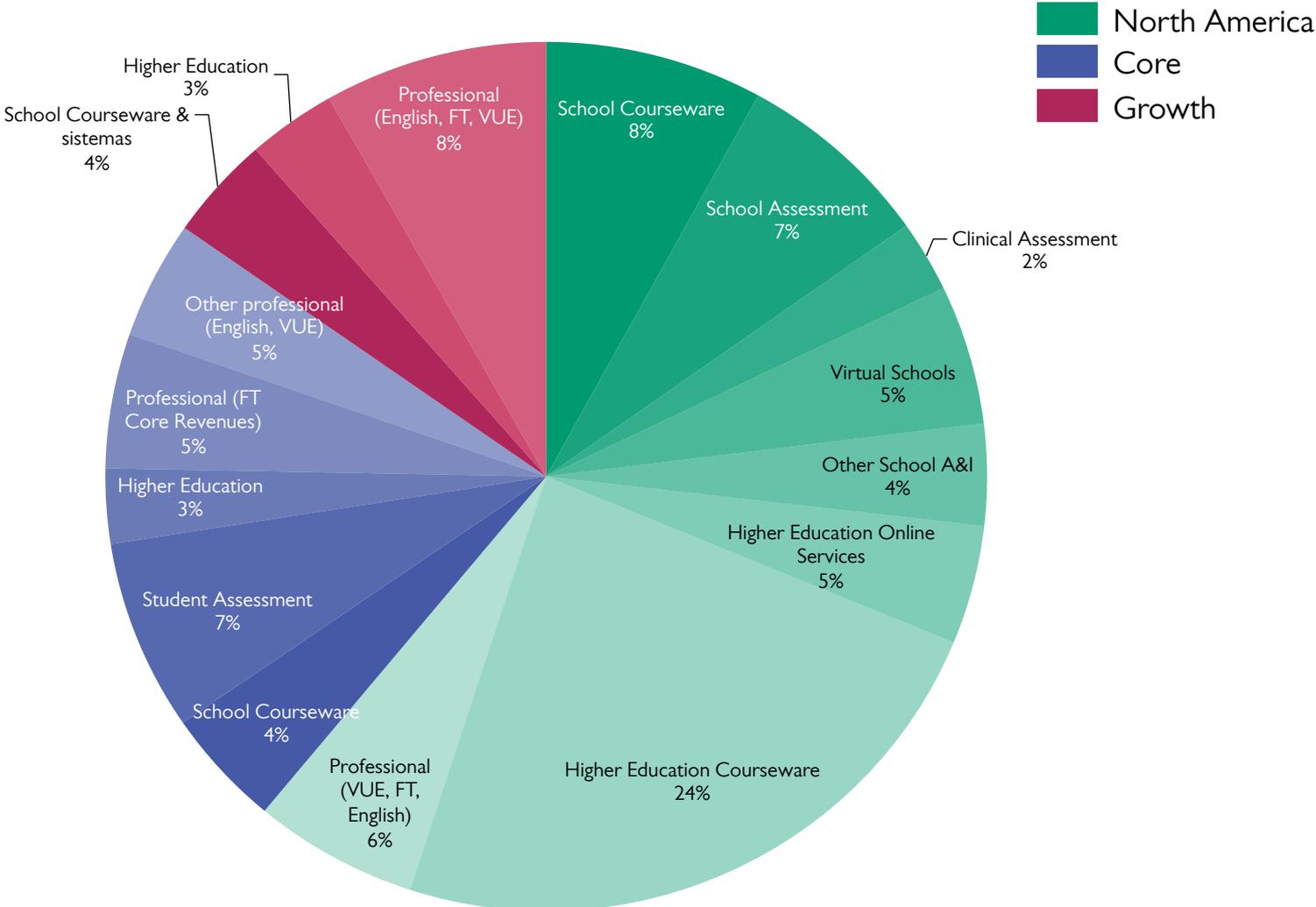


We are building a more powerful company

- New digital products
- A more focused company
- A higher performing culture
- A strong brand
- Efficacy
- => Access, impact, outcomes
- => A higher returning company

Appendices

2014 Revenue Split



As reported

Lines of Business

	School			Higher Education			Professional		
£m	HI 2015	HI 2014	CER Growth	HI 2015	HI 2014	CER Growth	HI 2015	HI 2014	CER Growth
Sales	987	939	0%	617	589	(2)%	553	519	4%
Operating profit	26	36	(22)%	(16)	(10)	(70)%	38	29	24%

Reconciliation: statutory to adjusted earnings

Half-year 2015

£m	Statutory	Discontinued operations	Other net gains & losses	Acquisition & disposal costs	Intangible charges	Other net finance costs	Tax amortisation benefit	Adjusted earnings
Operating profit	(112)	-	70	-	114	-	-	72
Net finance costs	(3)	-	-	-	-	(26)	-	(29)
Profit before tax	(115)	-	70	-	114	(26)	-	43
Income tax	36	-	(23)	-	(30)	5	5	(7)
Profit after tax	(79)	-	47	-	84	(21)	5	36
Discontinued operations	-	-	-	-	-	-	-	-
Profit for the period	(79)	-	47	-	84	(21)	5	36
Non-controlling interest	-	-	-	-	-	-	-	-
Earnings	(79)	-	47	-	84	(21)	5	36

Reconciliation: statutory to adjusted earnings

Half-year 2014

£m	Statutory	Discontinued operations	Other net gains & losses	Acquisition & disposal costs	Intangible charges	Other net finance costs	Tax amortisation benefit	Adjusted earnings
Operating profit	(37)	2	-	3	107	-	-	75
Net finance costs	1	-	-	-	-	(29)	-	(28)
Profit before tax	(36)	2	-	3	107	(29)	-	47
Income tax	10	(1)	-	(1)	(26)	6	3	(9)
Profit after tax	(26)	1	-	2	81	(23)	3	38
Discontinued operations	253	(1)	(252)	-	-	-	-	-
Profit for the period	227	-	(252)	2	81	(23)	3	38
Non-controlling interest	-	-	-	-	-	-	-	-
Earnings	227	-	(252)	2	81	(23)	3	38

Reconciliation: pre-publication costs

£m	HI 2015	HI 2014
Opening balance	820	717
Exchange	(10)	(18)
New spend capitalised	159	158
Acquisitions / (disposals)	(53)	1
Amortisation	(113)	(121)
Closing balance	803	737

Total business

Reconciliation: half-year net debt

£m	2015	2014
Non current assets		
Derivative financial instruments	68	129
Current assets		
Derivative financial instruments	52	13
Marketable securities	26	14
Cash & cash equivalents	361	460
Non current liabilities		
Borrowings	(1,923)	(2,075)
Derivative financial instruments	(122)	(38)
Current liabilities		
Borrowings	(733)	(531)
Derivative financial instruments	(18)	-
Total net debt	(2,289)	(2,028)

Retirement benefit obligations

£m	HI 2015	HI 2014
Balance sheet		
UK pension scheme asset	160	119
Other pension scheme liabilities	(42)	(29)
Post retirement medical benefit liability	(74)	(66)
Other pension accruals	(21)	(24)
Total	23	-

Total business