

## **Pearson Responds to Shareholder Resolution**

*As the world's learning company, we welcome engaged shareholder discussion and will be sharing the resolution with our shareholders, alongside a response from Pearson. We will ensure that the Pearson board gives this resolution due consideration.*

*The recent rigorous review of Pearson's business conducted by our management team has laid out the right plans to simplify and integrate Pearson's business, and position the company for sustained growth. As part of our annual strategic planning process we will continue to review and test these plans to ensure they maximize benefit to Pearson's shareholders, and students around the world.*

*Many of the claims put forward are incorrect. The following information addresses these claims in order to the record straight:*

### **Claim: Pearson's strategic focus is misplaced**

**Fact:** Pearson is deploying our world-class capabilities in educational courseware, assessment, and teaching and learning services to help students and teachers improve learning outcomes, in both the developed and developing world.

Responsible commercial organizations have been able to help improve education for many years, whether by publishing textbooks, building schools, or providing technology, teaching and learning services. When we create successful learning resources, assessments, and services which schools and students want to use, this creates value for Pearson shareholders and helps to improve educational outcomes.

With decades of experience in publishing and assessment and new capabilities in digital learning, Pearson has an important role to play in assisting public, private and other partners in improving outcomes.

Pearson has recently carried out a rigorous review of our business and operations, culminating in a detailed plan published on January 22<sup>nd</sup> 2016. Details of the plan can be read on our website:

<https://www.pearson.com/news/announcements/2016/january/january-trading-update.html>

We have shared this plan fully with a large number of shareholders since that time, and have engaged transparently and openly with their questions. We will continue to review our strategy on an ongoing basis, through our annual strategic planning process.

In total, we invest around £700 million / \$1 billion annually in creating better educational products and services around the world.

**Claim: Pearson's share price has fallen by 40% until Dec 31<sup>st</sup> 2015 over due to poor management**

It's true that Pearson's share price fell in the last 3 months of 2015. Since January 1<sup>st</sup> and the publication of our review of the business, our share price has risen 17% in a market (FTSE100) which has overall slightly declined.

**Claim: The Every Student Succeeds Act is proof that assessments are in decline in the US and this is a business risk for Pearson**

**Fact:** The Every Student Succeeds Act (ESSA) does not eliminate assessments. The act maintains the federal testing requirement but provides states with greater flexibility in how they use the results of the tests. This has been widely covered in US media:

<http://www.nytimes.com/2015/12/11/us/politics/president-obama-signs-into-law-a-rewrite-of-no-child-left-behind.html>

The law maintains the annual requirement for testing Math and Reading/English Language Arts in grades 3-8 and at least once in high school. It also maintains the requirement for testing Science at least once in grades 3-5, 6-9, and 10-12.

The new law does reshape how states will use the test results. School rating systems will use student proficiency on tests, but only as one aspect of school performance. Rating systems will also have to include student academic growth, and one non-test-based indicator of student success or school quality.

**Claim: Pearson's business is too reliant on assessments in the US**

**Fact:** US school assessment comprise less than 10% of Pearson's global business. So, while assessments are important for our company and the students who take them, the majority of Pearson's work in the US supports

educational content and services for K-12, higher education and adult learners.

Still, it is true that we continue to be the market leader in the US in next generation assessments. We administered approximately 50 million high stakes tests last year in the US. Assessment remains an important tool to promote equity in education and measure student progress, but the types, frequency, and uses of tests are changing.

As a market leader, we've been very clear that we support that change by advancing approaches to fewer, better tests.

We recently articulated that perspective in a Newsweek editorial:

<http://europe.newsweek.com/why-pearson-agrees-obama-school-testing-395867>

**Claim: Pearson should not be involved in low cost, private schools in the developing world**

**Fact:** Fifty seven million children have no school available to them. Tens of thousands of low cost private schools exist across the developing world.

Pearson has made minority investments in four school groups with the potential to deliver better outcomes at low cost for students in Ghana, South Africa, Kenya and the Philippines, through the Pearson Affordable Learning Fund.

These investments will help to improve educational access and outcomes in countries where provision is poor or lacking, and will improve Pearson's access to low-cost innovative educational products and services, creating long-term returns for our shareholders.