



# Pearson

## Companies Act Section 430(2B) statement – John Fallon

Further to Pearson plc's announcement on 24 August 2020, John Fallon stepped down from the role of Chief Executive Officer and as a Board Director of Pearson plc on 18 October 2020. John will remain an employee and adviser until 31 December 2020.

The following remuneration arrangements apply in respect of John's retirement:

1. Between 19 October 2020 and 31 December 2020, John will be employed on his existing remuneration arrangements, save as described below. He will support a handover to Andy Bird as new Chief Executive Officer.
2. On ceasing to be employed by Pearson, and in accordance with the terms of his contract of employment, there will be no payment for loss of office.
3. John will remain eligible for an award under the Annual Incentive Plan (**AIP**) for the period 1 January 2020 to 31 December 2020. Any award will be based on final Pearson group performance for 2020 and paid at the normal AIP payment date in 2021. Details of any payment under this plan will be disclosed in Pearson's relevant Annual Report in due course.
4. John did not receive any award under the Pearson Long Term Incentive Plan (**LTIP**) in respect of 2020.
5. John will be treated as a good leaver in respect of his outstanding awards under the LTIP, subject to the Remuneration Committee's formal determination, and treatment of the awards will be in accordance with the relevant plan rules. The 2018 and 2019 LTIP awards will vest on their normal vesting dates, subject to the achievement of the applicable performance conditions. They will be pro-rated for time to reflect John's departure prior to the normal vesting date.
6. In accordance with the shareholder approved remuneration policy, Pearson will meet the cost of appropriate support for his transition, details of which will be disclosed in Pearson's relevant Annual Report in due course. Pearson will continue to support John with tax advice and filings in connection with his employment with Pearson. Pearson has also paid, in accordance with policy, just under £12,000 in legal fees in connection with his departure.

7. In line with the current remuneration policy, John is required to retain Pearson shares with a value of 300% of his base salary (or his actual shareholding if lower) for a period of two years from 19 October 2020.