

Forward looking statement

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. Readers are cautioned not to place undue reliance on such forward-looking statements.



Pearson

Trading update

21 January 2016



Rigorous review of our markets, operations and plans

- Competitive performance is strong
- Cyclical and policy related challenges more persistent and pronounced than expected, but will abate
- Education remains a big growth opportunity – and it requires a sharper strategic focus
- More to do to simplify, integrate, reduce costs – and position for growth

Simplify and reduce costs

- Reduced geographical complexity, distributor model in more than 20 countries
- Halved warehousing infrastructure
- Reduced print related headcount by 5,000
- Tackling back office fragmentation and duplication, more than 60 ERP instances to one
- Rationalised the portfolio, raising £1.8 billion
- Increased investment in digital products and services

Position Pearson for growth

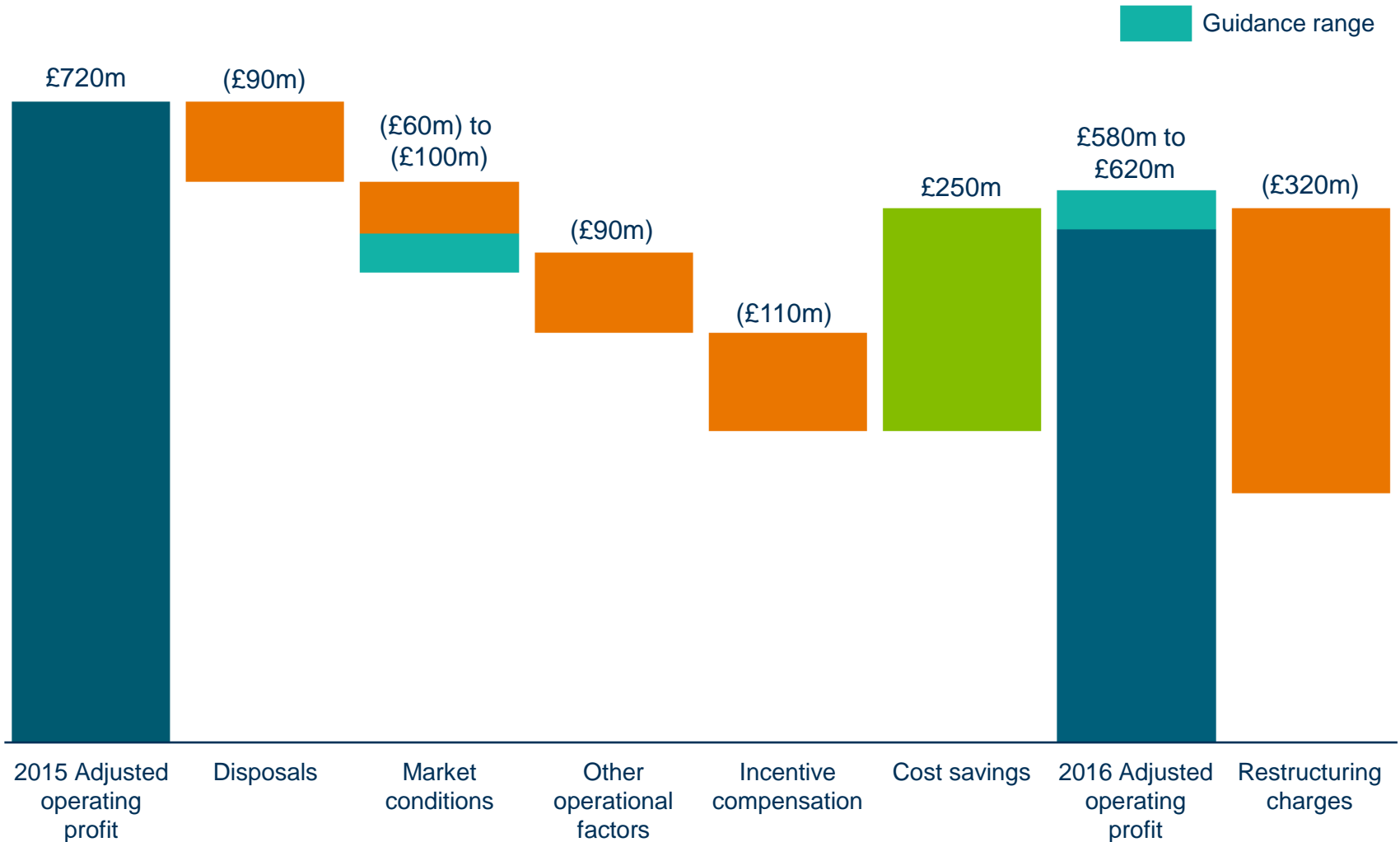
- Courseware – integrated, global product organisation
- Assessment – integrate school, clinical, professional
- Services – focus on scalable online and blended offerings
- Enabling functions – reduce costs and align with global best practice
- “Legacy” infrastructure – align with market realities

Simplify, reduce costs and position Pearson for growth

- Courseware – integrated, global product organisation
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=> Approximately £320m cost in 2016 with approximately £250m of savings in 2016 and a further £100m of savings in 2017.

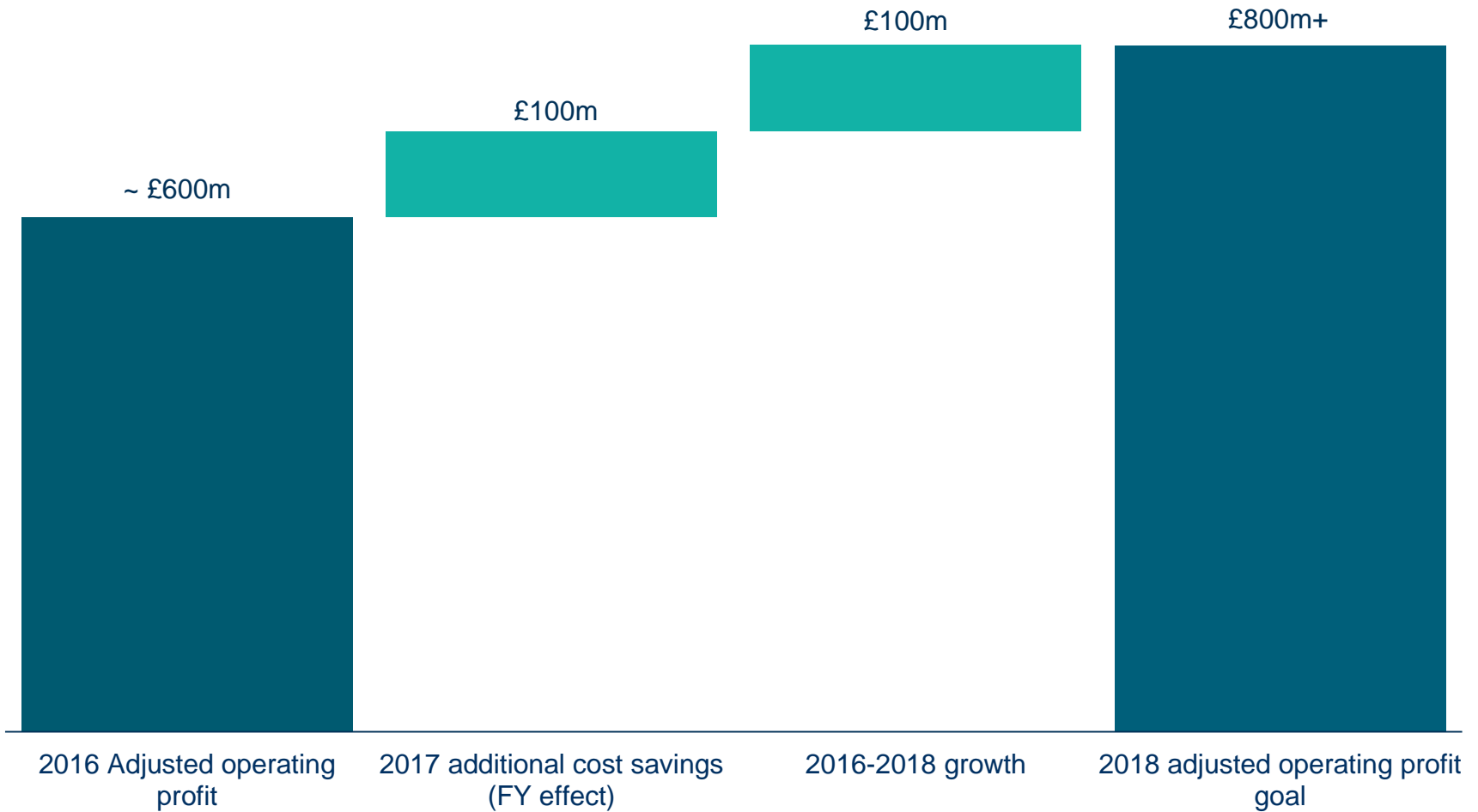
Outlook for 2016



2018 goals

- Adjusted operating profit to be at or above £800m in 2018
- Key assumptions:
 - US college enrolments and UK qualifications stabilise by end of 2017, grow modestly thereafter helped by new product launches
 - Modest market share gains in North American Higher Education with launch of 'next generation' courseware
 - US state assessments declines in 2017, stabilises in 2018. Professional certification and clinical assessments continue to grow
 - China and Brazil benefit from new product launches
 - Continued growth in online programme management in school and higher education; and blended learning in English
 - Minimisation of disruption from restructuring to sales, market share and operations

2018 goals



We are building a more powerful company

- Pearson enjoys strong market positions, real competitive advantage, and a significant growth opportunity
- We are acting decisively to simplify the company and capitalise on this opportunity
- This enables more students to progress and Pearson to grow

ALWAYS LEARNING