

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



Pearson

2017 Nine-Month Trading Update Presentation

17th October 2017



Nine-month headlines

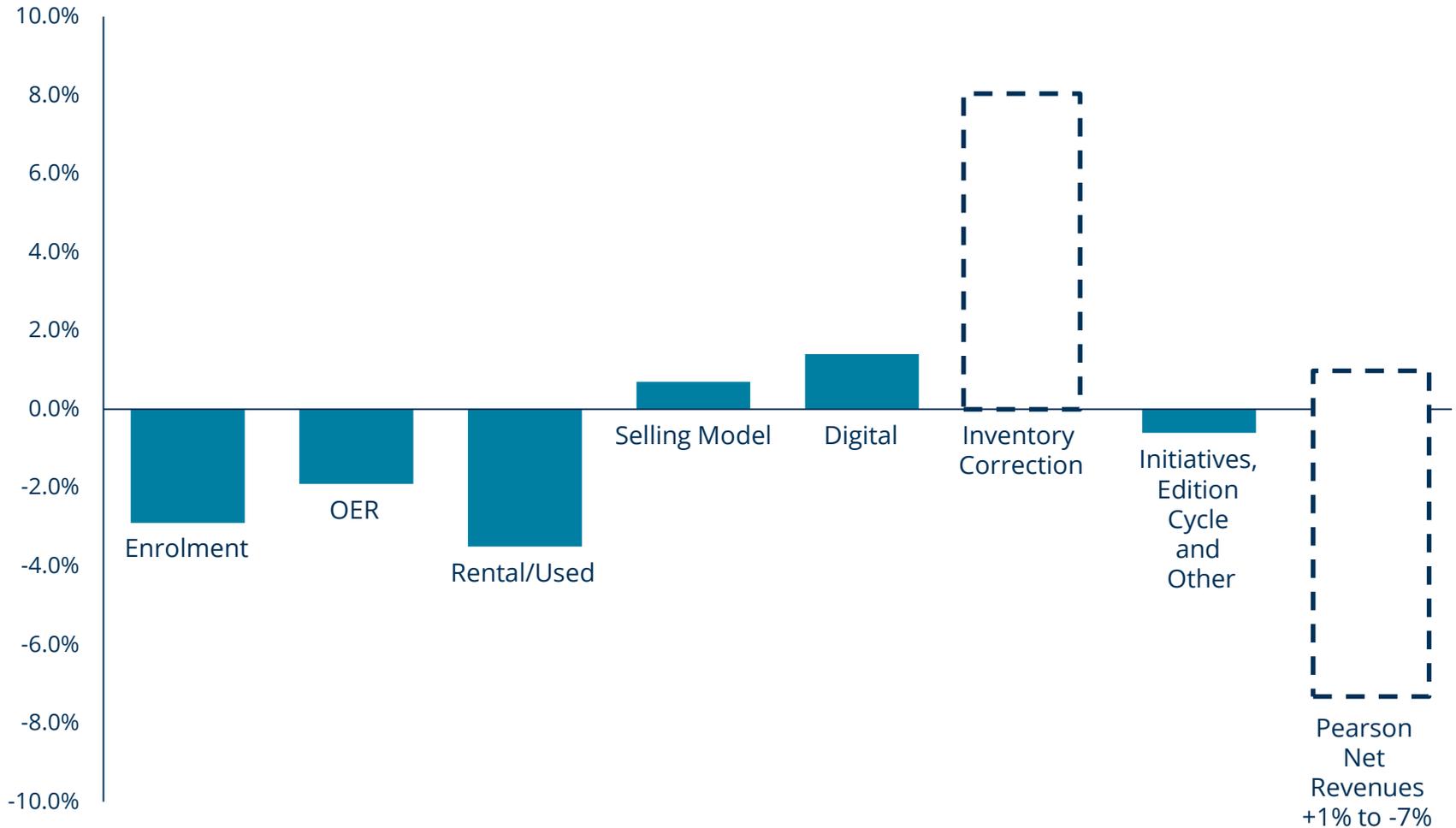
- Performing well competitively
- US HE courseware market remains challenging
- Maximising the value of print; accelerating digital transformation
- Good cash performance; strong balance sheet
- Simplifying the company; improving efficiency
- Investing in future growth

Sales

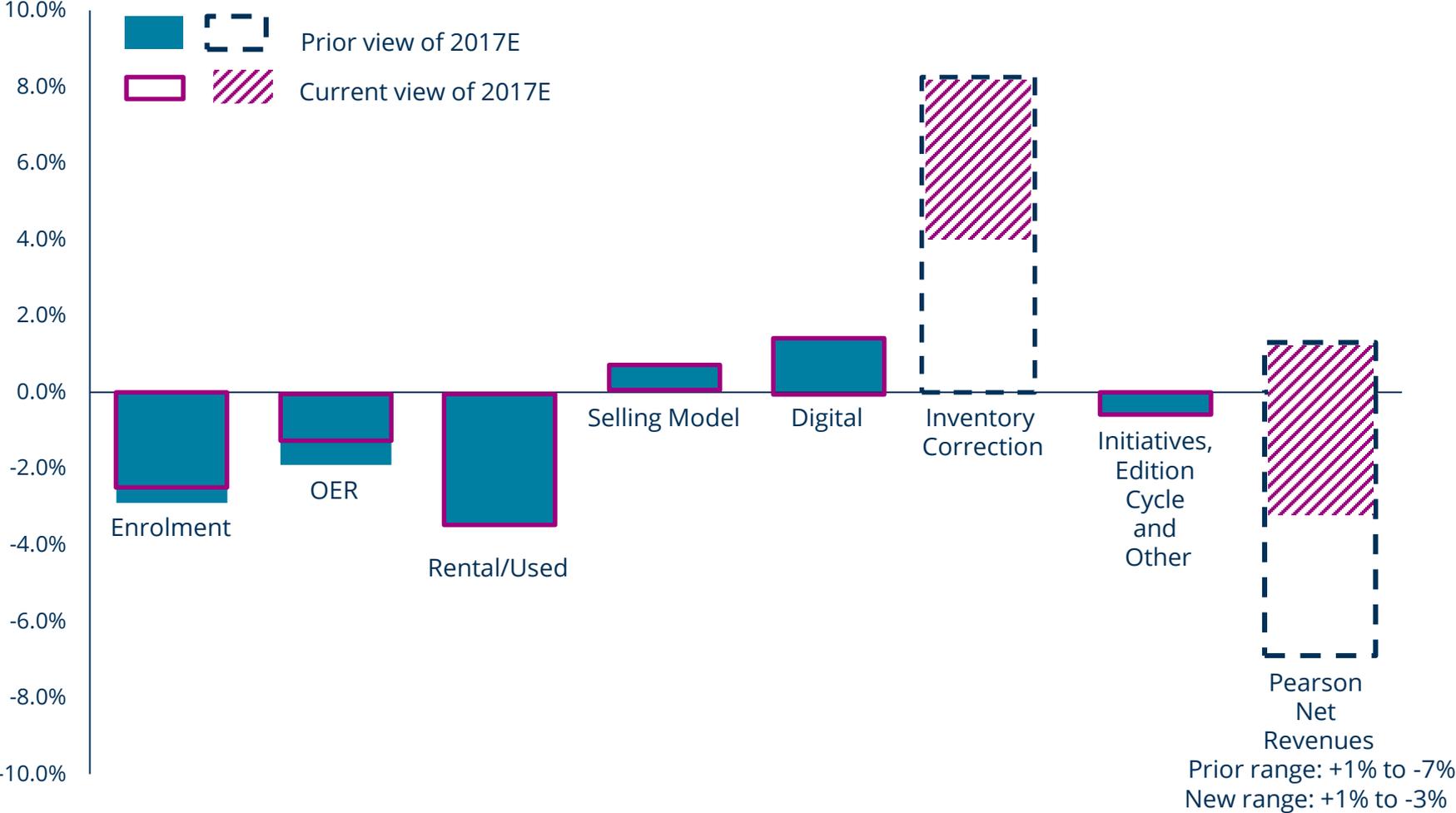
£m	<i>Headline growth</i>	<i>CER growth</i>	<i>Underlying growth</i>
North America	3%	(4)%	(4)%
Core	1%	(3)%	(1)%
Growth	11%	2%	3%
Total sales	4%	(3)%	(2)%

Continuing operations

2017 Higher education assumptions - January



Outlook 2017: Higher education assumptions



Guidance 2017

Full Year 2017 Guidance*	New Guidance		Previous Guidance	
	Lower	Upper	Lower	Upper
Adjusted operating profit (revised for PRH transaction) [†]	£576m	£606m	£546m	£606m
Finance charge	c.£78m		c.£74m	
Tax rate	16%		21%	
Adjusted EPS [†]	51.0p	54.0p	45.5p	52.5p
Adjusted EPS at current exchange rates	49.0p	52.0p		

* Adjusted operating profit excludes the expected restructuring cost of £70m associated with the £300m 2017-2019 cost efficiency programme as announced on August 4th

[†]based on 31 December 2016 exchange rates

- Updated for GEDU and closing of PRH transaction
- £300m buyback - limited impact on 2017
- Exchange rate sensitivity: A 5c movement in the US Dollar has a c.2p impact on EPS

January actions: Update

- Expanding print rental to 100 new titles
- eBook rental sales up 20%
- 195 new direct digital access deals signed
- More active engagement with channel partners

Our strategy

We are accelerating our **shift to digital** to meet these challenges



Our strategic priorities:

Grow market share through digital transformation

Invest in structural growth opportunities

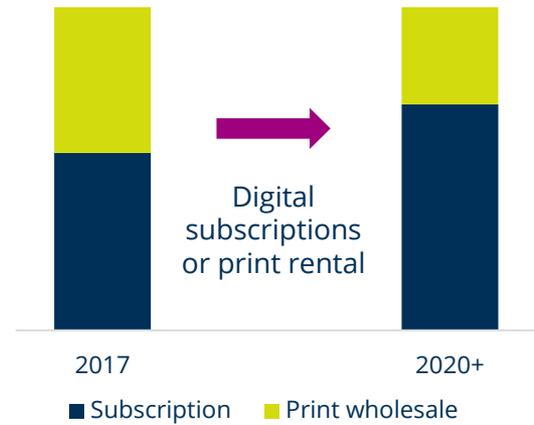
Become simpler and more efficient

Higher education courseware

Digital transformation

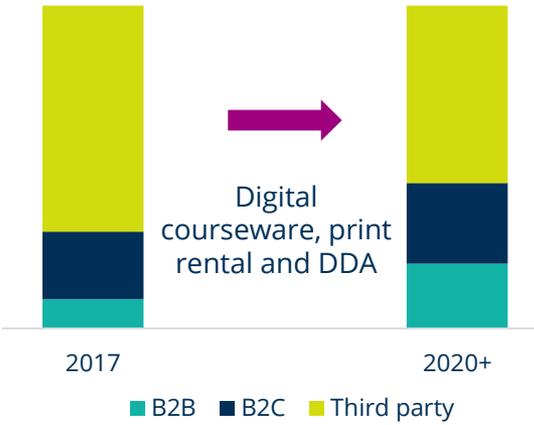
Business Model 

More Subscription



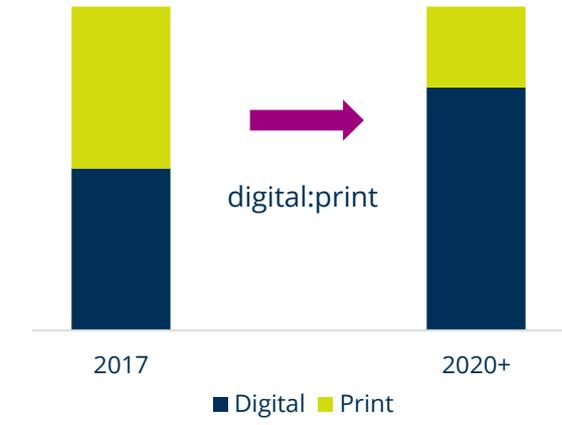
Channel 

More Direct



Format 

More Digital





Global Learning Platform

Cloud-based microservices architecture; best-of-breed third party components

- Increase speed of **product development & innovation**
- Improve **stability** and provide better **customer experiences**
- Eliminate duplication and increase **scalability**

Selected new courseware & features 2017

Maintaining our lead in digital courseware

- Best-in-class immersive and interactive elements linked to content and assessment
- Boosting engagement and understanding and providing granular data on student progress to the instructor
- Later in 2017: IBM Watson for Revel pilot

Mastering: Early Alerts



Mastering Physics: Direct Measurement Videos

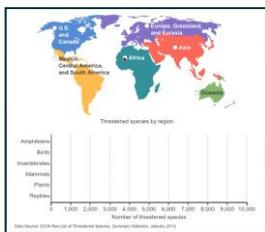
The screenshot displays a video player interface for a 'Direct Measurement Video'. It includes a video player with a play button, a transcript area on the right, and a list of questions or problems on the left. The text is clear and legible, designed for an educational context.

Revel: Corporate Finance Online

The screenshot shows the 'Corporate Finance Online' interface. It features a blue header with the 'CFO' logo and 'Eskins • McNally' text. Below is a table with columns A, B, and C, containing financial data and formulas. The table includes rows for 'Problem Data' and 'Solution'.

	A	B	C
1	Problem Data:		
2	PV =	\$ 1,000.00	
3	n =	40	
4	i =	0.1	
5			
6	Solution:		
7	FV =	$PV \cdot (1 + i)^n$	
8	FV =	\$ 45,259.26	
9	FV =	(\$45,259.26)	
10			
11			

Revel: Guided Data Exploration



Mastering/MyLab: Improved UX

The screenshot displays a 'Course Home' page in the Mastering/MyLab system. It includes a navigation menu on the left with options like 'Assignments', 'Assessments', and 'Resources'. The main content area shows a list of assignments and assessments with their respective due dates and completion status. The interface is user-friendly and easy to navigate.

Mastering: MapMaster 2.0



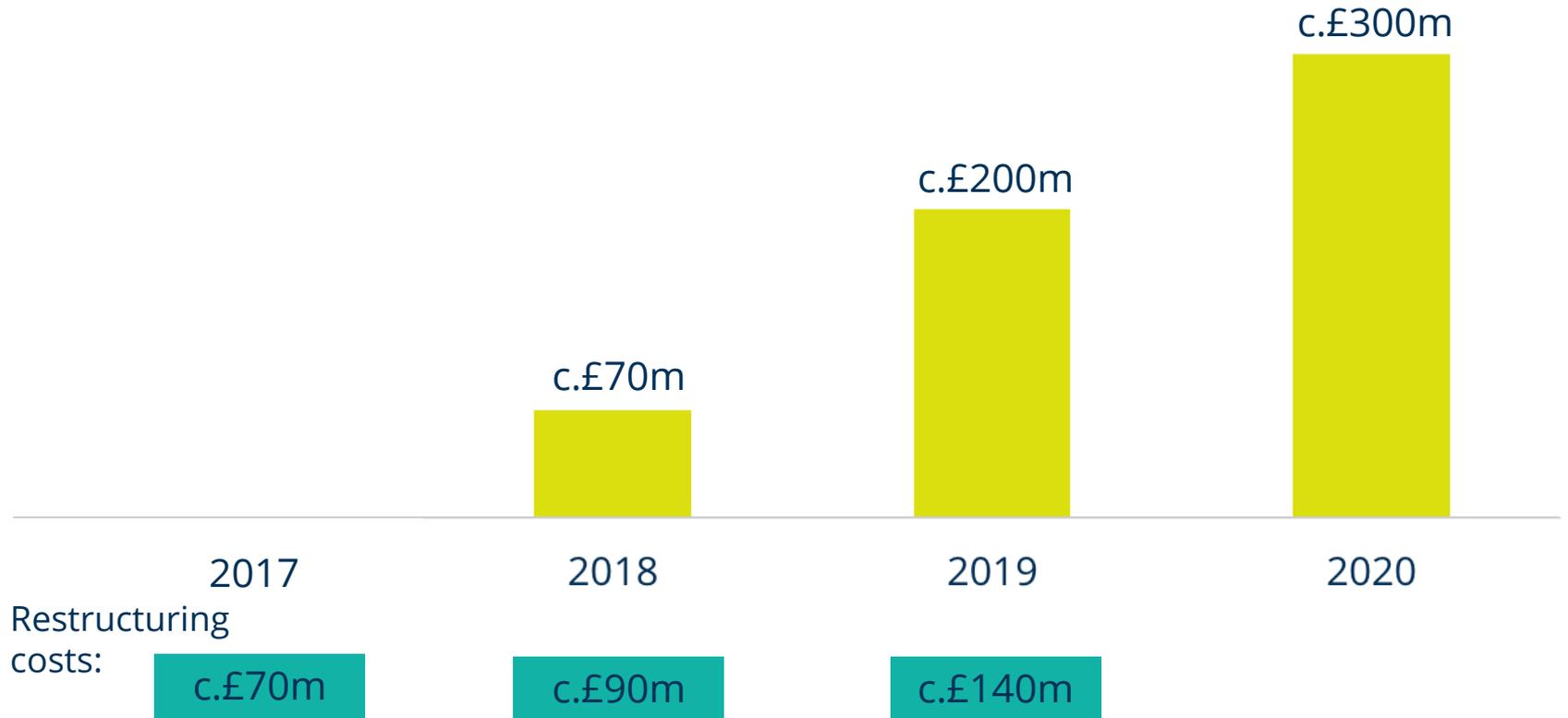
Investing in structural growth opportunities

	OPM	Connections	Professional and English testing
Key stats	<ul style="list-style-type: none"> • 40 global partners • 250+ programs • 44 new programs signed and 14 new programs launched year to date • Course registration growth of 8% year on year 	<ul style="list-style-type: none"> • 34 partner virtual schools in 28 states • 81,500 full time equivalent students growing 12% year on year • 92% of parents surveyed would recommend Connections Education managed schools 	<p>Professional Testing</p> <ul style="list-style-type: none"> • 450+ credential owners choose VUE to deliver testing programs • 4% growth in VUE tests in 2017 • Key customers GED, GMAT, UKCAT, DVSA, UK ACCA, Microsoft, Cisco <p>English</p> <ul style="list-style-type: none"> • Pearson Test of English Academic delivered 260,000 tests year to date up 70% YoY

Driving recurring, predictable revenue streams

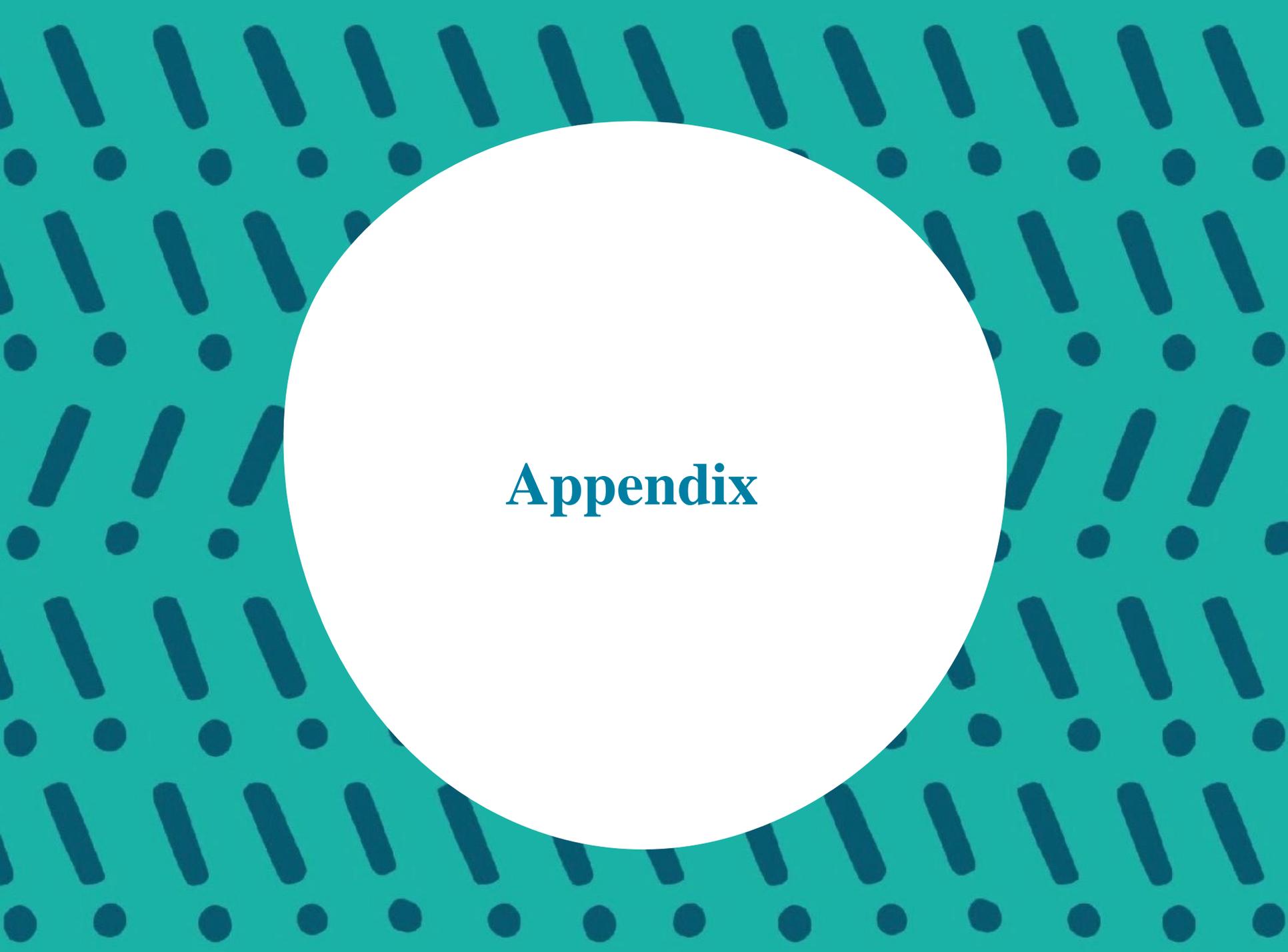
Update on simplification

Annual cumulative savings



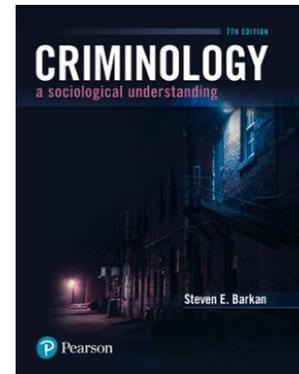
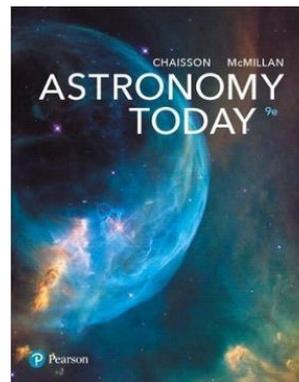
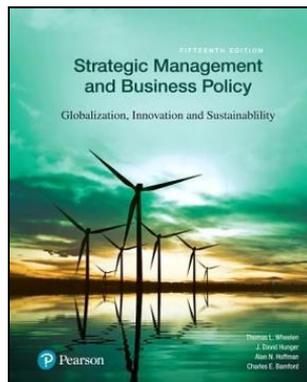
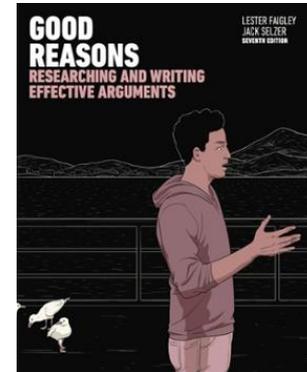
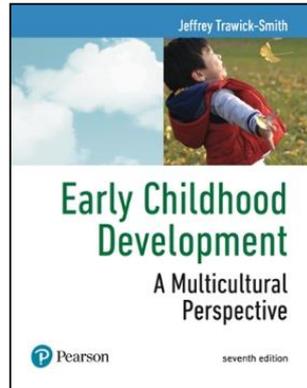
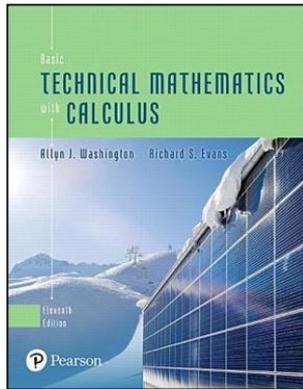
Summary

- Performing well competitively
- US HE courseware market remains challenging
- Maximising the value of print; accelerating digital transformation
- Good cash performance; strong balance sheet
- Simplifying the company; improving efficiency
- Investing in future growth



Appendix

Selected titles: Fall 2017 print rental pilot



ALWAYS LEARNING