



Summary Plan Description
for the
Pearson Inc. Pension Plan

January 2016

Table of Contents

Introduction	2
Who Is Eligible	3
Cost	3
How the Pension Equity Plan Works.....	4
How to Determine Your PEP Benefit.....	7
Vesting	9
Receiving Your Benefit When You Leave the Company.....	10
Naming a Beneficiary for Survivor Benefits	12
Survivor Benefits	13
Rules for Rehired Employees	15
If You Become Disabled.....	17
Rollover Distribution of Lump Sum Benefit	18
Your Rights Under the Employee Retirement Income Security Act of 1974 (ERISA) ...	19
Administrative Information	22
Appendix A: For certain participants employed by FT Publications Inc., Pearson Inc., Interactive Data Corporation or Extel before January 1, 1998.....	26
Appendix B: For certain participants formerly employed by Simon & Schuster	31
Appendix C For certain participants who (i) participated in the Addison Wesley Longman Retirement Plan prior to November 30, 1998 or (ii) were transferred to Addison Wesley Longman from Harper Collins as of April 1,1996.....	35
Appendix D: For certain participants who participated in the former Financial Times US Retirement Plan on December 31, 1993.....	41
Appendix E: For certain participants who were formerly employed by Pearson Broadband US or OnDigital Media,Inc.....	44
Appendix F: For certain participants who were active participants in the American Guidance Service Inc. Pension Plan prior to July 1, 2002.....	45

Introduction

The Pearson Inc. Pension Plan (the “Plan”) – also known as the Pension Equity Plan (the “PEP”) – is designed to help you prepare for a secure retirement. Combined with The Pearson Retirement Plan, U.S. Social Security and your personal savings, it will help you build a solid economic foundation for your retirement years.

The PEP is a defined benefit plan that is paid for in full by the Company. It includes these important features:

- Your PEP benefit is expressed as a lump sum amount, which you can receive when you terminate employment or retire.
- You may elect to receive your PEP benefit from several optional forms of payment including a lump sum or various annuity forms.
- Your PEP benefit is easy to figure out. It is based on your age, your years of service and your compensation.
- Your full PEP benefit is payable to your spouse or other designated beneficiary if you die while actively employed.
- Your PEP benefit is portable. If you leave the Company, you can take your vested benefit with you.

This document is the Summary Plan Description (SPD) for the Pearson Inc. Pension Plan. It describes the general rules that apply to all eligible employees of Pearson Inc. and the affiliated companies of Pearson Inc. that participate in this Pearson-sponsored benefit plan. The Appendices to this SPD summarize special rules that may apply to you based on the provisions applicable to your employer and whether you participated in one of certain predecessor plans (“Predecessor Plans”).

NOTE: Effective December 31, 2001, benefit accruals under the PEP formula were frozen and participation in the PEP was closed to individuals who had not commenced participation as of that date (or former participants who were rehired on or after that date). Further, effective December 31, 2014, benefit accruals under all of the Predecessor Plans were similarly frozen. Accordingly, this SPD only applies to eligible employees who had accrued a benefit (i) under the PEP prior to January 1, 2002 or (ii) under a Predecessor Plan formula prior to January 1, 2015.

While every effort has been made to ensure the accuracy of this SPD, the official plan document will prevail in case of a discrepancy between this SPD and the plan document. In addition, while it is intended that this Plan be permanent, the Company reserves the right to amend, modify or terminate this Plan at any time in its discretion.

Who Is Eligible

You are covered under the PEP if your employer has elected to participate. Current participating Pearson employers in the PEP include:

- Pearson Education; and
- Pearson Inc.

In addition, you must satisfy the service requirements for participation. If you are scheduled to work at least 20 hours a week, you must complete three months of service to be eligible to participate in the PEP.

If you are scheduled to work less than 20 hours a week, you must complete a year of service to be eligible for participation. For this purpose, a year of service is a twelve-month period starting with your date of hire (or calendar year beginning after your date of hire) in which you complete 1,000 hours of service.

You will be covered by the PEP on the first day of the calendar quarter coincident with or next following the day you have satisfied these service requirements.

You are not eligible to participate in the PEP if you are:

- Covered by a collective bargaining agreement that does not provide for your participation;
- A non-resident alien (other than certain non-resident aliens whose names are enumerated in Schedule F to the Plan document); or
- A leased employee or independent contractor, even if you are subsequently reclassified as an employee by any governmental agency or court.

NOTE: Effective December 31, 2001, benefit accruals under the PEP formula were frozen and participation in the PEP was closed to individuals who had not commenced participation as of that date (or former participants who were rehired on or after that date). Further, effective December 31, 2014, benefit accruals under all of the Predecessor Plans were similarly frozen. Accordingly, this SPD only applies to eligible employees who had accrued a benefit (i) under the PEP prior to January 1, 2002 or (ii) under a Predecessor Plan formula prior to January 1, 2015.

Cost

The Company pays the full cost of your benefit under the PEP. You are neither required nor permitted to make contributions to the PEP.

How the Pension Equity Plan Works

Your benefit from the PEP is expressed as a lump sum amount based on a formula that, prior to January 1, 2002, took into account the following:

- Your age each year you work with a participating Pearson employer;
- Your years of service with a participating Pearson employer; and
- Your final average compensation.

NOTE: Effective December 31, 2001, benefit accruals under the PEP formula were frozen and participation in the PEP was closed to individuals who had not commenced participation as of that date (or former participants who were rehired on or after that date). Further, effective December 31, 2014, benefit accruals under all of the Predecessor Plans were similarly frozen. Accordingly, this SPD only applies to eligible employees who had accrued a benefit (i) under the PEP prior to January 1, 2002 or (ii) under a Predecessor Plan formula prior to January 1, 2015.

The PEP formula uses these three elements to calculate your lump sum benefit amount.

For each year or partial year of your benefit service prior to January 1, 2002, you earn credits toward your pension benefit. The annual credits range from 3% to 8% of your final average compensation, depending on your age.

<i>Age</i>	<i>PEP Percentage</i>
Under 30	3%
30 to 39	4%
40 to 49	5%
50 to 59	6%
60 and over	8%

Each month, you receive 1/12 of the PEP percentage that applies to your age at the beginning of that month. Because your credit is calculated each month, your PEP percentage can increase during the year. For example, your annual percentage can increase from 3% to 4% on July 1 if your 30th birthday was in June.

A description of the three elements used in the PEP formula follows.

Your Age

You earn PEP percentages based on your age on the first day of each month you participate in the Plan prior to January 1, 2002. Your percentages increase with your age.

Your Years of Service

Two types of service are used in determining your PEP benefit: benefit service and vesting service.

Benefit service is used to calculate your PEP percentages. You will generally receive benefit service for all complete and partial years of service with a participating Pearson employer (prior to January 1, 2002) subsequent to your becoming eligible to participate.

You will generally receive benefit service beginning with the first day of the month coincident with or next following your date of hire with a participating Pearson employer and ending on the earlier of (a) December 31, 2001 or (b) the date you terminate employment (or otherwise cease to perform services for a participating Pearson employer). The month in which you terminate employment will count as a completed month unless your termination is on the first day of the month. However, periods while you are working for a participating Pearson employer and prior to the year you are eligible for participation will not be included as benefit service unless (a) you are a part-time employee and such period is the 12-month period during which you satisfy the eligibility requirements, or (b) you are a full-time employee and such period is the 3-month period during which you satisfy the eligibility requirements. In general, you will only receive benefit service for periods you are working with an employer participating in this Plan.

Vesting service is used to determine your eligibility to receive a pension benefit under the Plan. In general, you will receive vesting service from your date of hire with the Company or any of its affiliated companies (collectively, "Pearson") until the date you terminate employment from all such companies.

Service will also be credited during certain periods of leave. If you are on an approved leave of absence of up to 12 months, your period of leave is included as both benefit and vesting service. Any periods of leave beyond 12 months will not be included as service unless specifically authorized by the Company ("Credited Leave").

In all cases, your service under the PEP includes any period of military service that is required to be credited under federal law.

The rules regarding your benefit and vesting service in the case of your termination of employment and subsequent rehire are described starting on page 15.

Special rules may apply in the case of employment that results from a merger or acquisition. See the Appendices to this SPD for a description of these rules.

Your Compensation

If you are an employee of a participating Pearson employer on or after September 1, 1999, then beginning in 1999, your post-1998 compensation includes your base pay, overtime, sales-related bonuses, commissions and a portion of non-sales-related bonuses earned through December 31, 2002. Non-sales-related bonuses are limited to 50% of

your base pay in effect as of the end of the prior calendar year. For periods prior to January 1, 1999 your compensation may include different amounts. (If applicable, the Appendices to this SPD describe these differences.)

The maximum amount of compensation that can be included under the Plan is limited by Internal Revenue Service rules. For 2001, the last year for which compensation was taken into account under the PEP formula, the maximum amount was \$170,000. For 2014, the last year for which compensation was taken into account under a Predecessor Plan formula described in an Appendix, the maximum amount was \$260,000 (this amount only applies if your benefit is calculated under one of the grandfathered formulas described in an Appendix).

Your Final Average Compensation

The PEP formula uses your final average compensation in determining your benefit. In general, your final average compensation will be based on your compensation during the five consecutive calendar years in which you received the highest compensation out of the ten calendar years ending prior to January 1, 2002 (or, if earlier, the date you terminate employment). Your final average compensation used to determine your benefit accrued as of December 31, 1999 may be based on a different rule, if applicable. If applicable, the Appendices to this SPD describe such differences.

How to Determine Your PEP Benefit

The easiest way to understand how the PEP works is to look at an example.

PEP Example

<p>1. Oscar was hired at age 45 and plans to retire at age 65. As of December 31, 2001, Oscar has ten years of service. His final average compensation as of December 31, 2001 is \$50,000.</p>	<p>Age when hired: 45</p> <p>Years of service at December 31, 2001: 10</p> <p>Final average compensation as of December 31, 2001 : \$50,000</p>																					
<p>2. Oscar was 45 when he started working with the Company, so he has five years of benefit service in the 40 to 49 age bracket, and five years in the 50 to 59 age bracket. He multiplies his age-based PEP percentages times his years of service and gets a total PEP percentage equal to 55%.</p>	<table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Years</u></th> <th><u>PEP Percentage</u></th> </tr> </thead> <tbody> <tr> <td>Under 30</td> <td></td> <td>3%</td> </tr> <tr> <td>30 – 39</td> <td></td> <td>4%</td> </tr> <tr> <td>40 – 49</td> <td>5</td> <td>x 5% = 25%</td> </tr> <tr> <td>50 – 59</td> <td>5</td> <td>x 6% = 30%</td> </tr> <tr> <td>60+</td> <td>0</td> <td>x 8% = 0%</td> </tr> <tr> <td colspan="2"></td> <td>Total = 55%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Years</u>	<u>PEP Percentage</u>	Under 30		3%	30 – 39		4%	40 – 49	5	x 5% = 25%	50 – 59	5	x 6% = 30%	60+	0	x 8% = 0%			Total = 55%
<u>Age</u>	<u>Years</u>	<u>PEP Percentage</u>																				
Under 30		3%																				
30 – 39		4%																				
40 – 49	5	x 5% = 25%																				
50 – 59	5	x 6% = 30%																				
60+	0	x 8% = 0%																				
		Total = 55%																				
<p>3. Oscar multiplies his total PEP percentage by his final average compensation. This will give him a frozen PEP lump sum benefit, as of December 31, 2001, of \$27,500.</p>	<p>$55\% \times \\$50,000 = \\$27,500$</p>																					

Note: As a result of the freezing of accrued benefits under the Plan, a participant's frozen PEP lump sum amount shall be increased for the period from December 31, 2001 through the participant's annuity starting date only by the interest rate that would be applied to such amount for a terminated employee.

Transition to PEP from Prior Plans

If you participated in the Pearson Inc. Pension Plan before the PEP formula became effective, you may be entitled to additional PEP percentages. Please see the Appendices to this SPD to determine whether or not you are eligible for additional PEP percentages.

Similar rules may also apply if you became a participant in the PEP as a result of a merger or acquisition.

Grandfathered Benefits

If you participated in the Pearson Inc. Pension Plan (or a plan that was merged into it) before the PEP formula became effective on January 1, 1988, you may be entitled to a minimum benefit for periods before the PEP formula applied to you.

NOTE: Effective December 31, 2014, benefit accruals under all of the Predecessor Plans were frozen. Accordingly, no further benefits under a Predecessor Plan formula will accrue for periods of service on and after December 31, 2014.

Offset of Benefits

Your benefit may be subject to an offset for amounts you receive under other retirement plans. Please see the Appendices for offsets that may apply to you.

Limitations on Benefits

You should be aware that the Internal Revenue Code imposes certain limits on the maximum benefit that can be provided to you. These limits are extremely complex but generally the benefit paid to you at retirement may not exceed the lesser of 100% of your average monthly compensation, or \$17,500 per month for 2016 (indexed for inflation thereafter). The Plan Administrator will inform you if these limits affect your benefit.

Vesting

Vesting refers to your right to a non-forfeitable benefit under the PEP. In general, you become vested in your benefit under the PEP on the earlier of the date you complete five years of vesting service (three years of vesting service if you completed an hour of service on or after January 1, 2008) or reach age 65 while an employee of Pearson. The freezing of the PEP formula with respect to (i) post-2001 benefit accruals and new participants and (ii) benefit accruals under the Predecessor Plan formulas for periods of service after December 31, 2014 do not affect the computation of your vesting service.

If you leave Pearson before you are vested, you will not receive any benefits from the PEP.

Receiving Your Benefit When You Leave the Company

When you leave or retire from Pearson, you will receive written information about your PEP benefit. The information will include the payment options available to you, a comparison of the relative value of the benefit payable to you under each option, the election forms you will need to complete, and an explanation of your right to defer receiving your benefit until a later date.

You may choose when to receive your benefit and the form of payment under the options described below. In order to comply with legal requirements, an election to receive your benefit must be made within the 90 days prior to the date on which your benefit payments are scheduled to be paid. *Keep in mind that once you begin receiving your benefit, you cannot change your form of payment.* You may wish to consult a tax advisor before choosing your payment option.

If you are eligible for a benefit under a Predecessor Plan formula described in one of the Appendices and you elect to receive your benefit in a lump sum, the amount of your benefit will vary based on the interest rate assumption used by the Plan's actuaries in effect at the time your benefit is calculated, and under certain circumstances may go down.

Choosing When to Receive Your Benefit

You can choose to receive your vested pension benefit at any time after you terminate employment or retire, as of the first day of any month coincident with or next following the date you terminate or retire.

If you defer payment, the amount of your lump sum under the PEP formula will increase with interest from the date you leave until the date you choose to start receiving your benefit. The interest will be the lower of 5% a year or the yield rate for 30-year U.S. government bonds.

If you terminate employment and the lump sum value of your benefit is not greater than \$5,000, then you will automatically receive it at that time, subject to the following paragraph.

If the lump sum value of your benefit when you terminate employment is not greater than \$1,000, and you do not elect payment in a single lump sum or a direct rollover, you will receive your benefit immediately in a single lump sum payment. If the lump sum value of your benefit is greater than \$1,000 but not greater than \$5,000, and you do not elect payment in a single lump sum or a direct rollover, your benefit will be automatically transferred to an individual retirement account of a designated custodian or insurer (as determined by the Plan Administrator in its discretion).

Choosing Your Form of Payment

No matter when you receive your benefit, if the lump sum value is greater than \$5,000, there are several payment options available to you. However, if you are married, you will automatically receive a joint and 50% survivor annuity with your spouse as beneficiary, unless you elect another form of payment and your spouse provides written consent to your election. Your spouse's consent must be witnessed by a notary.

Here are the payment options available under the PEP:

Lump Sum – This form of payment provides you with a single cash payment.

Single Life Annuity – This form of payment provides a monthly benefit payable during *your* lifetime only. No payments are made to a beneficiary after your death.

Joint and 50% Survivor Annuity – This form of payment provides you with a reduced monthly benefit for your lifetime. When you die, your spouse or beneficiary will receive 50% of your monthly benefit for the rest of his or her life.

Joint and 75% Survivor Annuity – This form of payment provides you with a reduced monthly benefit for your lifetime. When you die, your spouse or beneficiary will receive 75% of your monthly benefit for the rest of his or her life.

Joint and 100% Survivor Annuity – This form of payment provides you with a reduced monthly benefit for your lifetime. When you die, your spouse or beneficiary will receive 100% of your monthly benefit for the rest of his or her life.

Life Annuity with Ten-Year Period Certain – This form of payment provides you with a reduced monthly benefit for your lifetime. However, if you die before receiving 120 monthly payments, your beneficiary will receive your benefit for the remaining portion of the ten-year period commencing as your benefit commencement date.

Retirement After Age 70½

In general, if you are still working after you reach age 70½, you may elect to defer commencement of your benefit until the first day of the month after your termination of employment. .

You will be provided complete information at the appropriate time.

Naming a Beneficiary for Survivor Benefits

As an active participant in the PEP, you need to name a beneficiary who will receive any survivor benefit payable upon your death. If you are married, your spouse is automatically your beneficiary, unless you elect otherwise.

If you are married and want to name someone other than your spouse as beneficiary, your spouse must give notarized written consent to your election. Note that if you are under age 35 when your spouse gives consent to the designation of a non-spouse beneficiary, you will need to obtain new spousal consent when you reach age 35, or such designation will become ineffective.

If you are single, name a beneficiary and later marry, your prior beneficiary designation is no longer valid. Your spouse will automatically be your beneficiary, unless he or she consents in writing to another beneficiary.

You can revoke any beneficiary designation by selecting a new beneficiary and completing and submitting the appropriate electronic or paper form. At the time you make an election to receive your benefit, you will be given an opportunity to name a new beneficiary and the beneficiary you named while you were working will no longer be valid.

If you die without naming a beneficiary and without a surviving spouse, any payments that would have been paid to a beneficiary will be paid first to your children in equal shares, or if none, to your surviving parents in equal shares, or if none, to your estate.

Survivor Benefits

If You Die While You Are Actively Employed

If you die while actively employed or within six months of your termination of employment (and prior to your benefit commencement date), your beneficiary will be entitled to a survivor benefit. The survivor benefit will be at least as valuable as your PEP account balance at the time of your death.

If you are married and your spouse is your beneficiary, your spouse will be able to choose either an annuity payable for his or her lifetime, or a lump sum amount which will not be less than your PEP account balance at the time of your death.

A non-spouse beneficiary will receive your PEP account balance as a lump sum.

A spouse can choose to receive the survivor benefit at any time as of the first day of any month following your date of death or to defer payment. However, if the value of the survivor benefit is \$5,000 or less, it will automatically be paid as an immediate lump sum. If your spouse elects to defer receipt of the survivor benefit, he or she can choose to commence receiving payment as of the first day of any month following your date of death but no later than the date you would have turned 65.

If You Die After You Terminate Employment

If you are vested when you terminate employment but do not elect to begin receiving your benefit (see page 10) after your termination of employment, and you die prior to your benefit commencement date but more than six months after the date you terminate employment, *no* payments will be made to your beneficiary unless you are married.

If you are married, your spouse will receive a survivor annuity calculated as if you had elected to receive a joint and 50% survivor annuity (see page 11) on your date of death. If the value of the survivor annuity is \$5,000 or less, it will be paid to your spouse as an immediate lump sum payment. If the value of the survivor annuity is greater than \$5,000, your spouse may elect to receive an immediate or deferred benefit in the form of a single annuity or a lump sum. If your spouse defers receipt of the benefit, he or she can choose to commence receiving payment at any time after your date of death but no later than the date you would have turned 65.

If, following your termination of employment, you make an election to receive your benefit but then die, your vested interest will be paid in the form you elected (see page 11).

Claiming a Survivor Benefit

In the event of your death, your beneficiary should notify Human Resources or the Plan Administrator and forward copies of the following documents:

- Your death certificate;
- Proof of your beneficiary's identification; and
- Your marriage certificate (if your spouse is the beneficiary).

Rules for Rehired Employees

If you leave Pearson and are then rehired, the determination of your PEP benefit depends on whether you have had a break in service (as defined below) and the length of your service prior to your leave.

Breaks in Service

A break in service is the period from the date you terminate employment with Pearson to the date you are rehired. For this purpose, you will be deemed not to have terminated employment while you are on any of the following leaves:

- A Credited Leave (as defined on page 5);
- An uncredited leave of absence of up to twelve months;
- A leave that is not a Credited Leave and is either (a) maternity or paternity leave (as defined below), (b) other leave under the Family and Medical Leave Act of 1993 of up to 24 months, or (c) qualified military leave under the Uniformed Services Employment and Re-employment Rights Act of 1994.

Maternity or paternity leave includes time away from work for: (a) your pregnancy; (b) the birth of your child; (c) your adoption of a child; or (d) the care of a child immediately after birth or adoption.

When you have a break in service, special rules apply in determining your eligibility to participate in the PEP and your benefit and vesting service. Your treatment under the PEP will depend on the length of your break in service.

If you leave the Company and are rehired after a break in service of less than 12 months, then all your prior vesting and benefit service will count toward determining your PEP benefit. Vesting service will also include your break in service.

If your break in service is 12 months or longer, it will not count toward vesting service. In this case, both your benefit and vesting service prior to your break in service will be disregarded unless:

- You were vested before the break in service occurred; or
- You were not vested before the break in service occurred and your break in service was less than 60 months.

If You Take an Uncredited Leave of Absence

If you are absent from work (for reasons other than termination, retirement or a leave of absence which has been approved in writing) for less than 12 months, the period of your absence will count as service under the PEP.

If You Are Rehired After You Began Receiving Your Benefit

If you are rehired after you began receiving your benefit from your prior service, your prior credited service will be restored. Under certain circumstances, any annuity payments you are receiving will continue after you are rehired.

Subject to the freeze on benefit accruals under the PEP, effective December 31, 2001, and the freeze of benefit accruals under the Predecessor Plan formulas, effective December 31, 2014, when you again terminate employment, your benefit is calculated using all service earned before and after your break in service and is offset by the value of the benefit you already received.

If You Become Disabled

If you become disabled and are entitled to benefits under Pearson's Long-Term Disability Plan (or if you are not covered under a long-term disability plan of Pearson, you would satisfy the requirements for disability benefits under such plan), your benefit and vesting service will continue until the earliest of:

- The day you stop being eligible for Long-Term Disability benefits for any reason and you do not return to work;
- Your 65th birthday (or, if earlier, the date you start receiving pension benefits);
- Your death;
- The date the PEP is terminated; or
- Solely for purposes of determining your benefit service, December 31, 2001.

You will be eligible to receive distribution of your PEP benefit on your 65th birthday. Alternatively, you can elect an early distribution of your vested benefit, but service crediting under the PEP, subject to the freeze on benefit accruals (a) under the PEP formula effective December 31, 2001 and (b) under the Predecessor Plan formulas effective December 31, 2014, will stop as of the date your benefits are scheduled to begin. Your final average compensation will be calculated as of the date of your termination of employment due to your disability.

Rollover Distribution of Lump Sum Benefit

In general, if you receive a lump sum, you can elect to roll over all or a portion of the lump sum directly to another qualified retirement plan or to an Individual Retirement Account (IRA), other than a Roth IRA. In general, if you elect to make such a rollover, the amount rolled over will not be taxed until you receive it in a distribution from the IRA at a later date.

If you take a lump sum and do not elect a direct rollover, your benefit will automatically be subject to 20% federal tax withholding (and any applicable state tax withholding) at the time your check is issued. If you do not elect a direct rollover, you may generally still roll over all or part of your lump sum within 60 days from the date you receive it. In this case, the Company will withhold 20% of your benefit as federal taxes (plus any applicable state taxes), but your taxes on the portion rolled over will be deferred. If you do not want to be taxed on the amount withheld by the Company, you must add this amount to the funds you are rolling over.

If you take the lump sum benefit before you reach age 55 and do not roll it over, the lump sum is generally subject to an additional 10% penalty tax.

The above discussion gives only a brief overview of certain of the tax consequences of taking a lump sum payment of your PEP benefit. As it does not purport to be complete in all respects, you should consult with a qualified tax advisor to obtain advice which is tailored to your particular circumstances.

Your Rights Under the Employee Retirement Income Security Act of 1974 (ERISA)

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

- Examine, without charge, at the Plan Administrator's office and specified locations, such as work sites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 series) and updated summary plan description. The Plan Administrator can charge you a reasonable amount for the copies.
- Receive a copy of the Plan's annual funding notice. The Plan Administrator is required by law to furnish each participant with a copy of this notice.
- Obtain a pension benefit statement at least once every three years if you are actively employed, or upon your request if you have terminated employment (but no more than one such statement in any 12-month period), indicating on the basis of the latest available information the total benefit that you have accrued under the Plan and the portion of such accrued benefit in which you are vested (or if you are not vested, the date on which you will become vested). The Plan must provide the statement free of charge.

Duties of the Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people responsible for the operation of the Plan. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA. If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Steps You Can Take to Enforce Your Rights

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan Administrator and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay the costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about the Plan, you should contact the Employee Service Center or the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

If it should ever become necessary for you or your dependents to take legal action to enforce your rights under ERISA or the terms of the Plan, legal process should be served on the Administrative Committee for the Benefit Plans of Pearson Inc., 1330 Avenue of the Americas, 7th Floor, New York, NY 10019. Legal process also may be served on the Plan Trustee.

Appealing a Claim

If your written claim for benefits is denied in whole or in part, the Plan Administrator will notify you or your authorized representative within 90 days (or, in the case of special circumstances, 180 days) of receiving your application.

If your claim is denied, you will receive:

- The specific reason(s) for the denial;
- References to the pertinent Plan provisions on which the denial is based;
- A description of any additional material or information necessary for you to establish the claim and an explanation of why such material or information is necessary; and
- An explanation of claims review procedures under the Plan and the time limits applicable to the claims review procedure, including a statement of your right to bring a civil action in Federal court under Section 502(a) of ERISA following denial of your claim under the claims review procedure.

If you believe an error occurred in the processing of your application, you have the right to appeal the decision. Within 60 days (or later, if reasonable) of receiving the denial, you or your beneficiary can:

- File a written request to the Plan Administrator asking that it conduct a review of the claim denial;
- Review pertinent documents; and
- Submit written questions and comments to the Plan Administrator.

A written decision on your appeal will be made within 60 days (or, in special circumstances, 120 days) of receipt of your request. The final decision will include the reasons for it, references to the specific plan provisions on which the decision was based, and a statement of your right to bring a civil action in Federal court under Section 502(a) of ERISA following denial of your appeal.

Any action for judicial review of the denial of an appeal by the Plan Administrator must be brought no later than three years after the written claim for benefits was denied.

The Plan Administrator has absolute discretion to administer and interpret the Plan.

Administrative Information

Plan Name

Pearson Inc. Pension Plan

Plan Type

Defined benefit plan

Plan Sponsors

Pearson Inc.
330 Hudson Street
New York, NY 10013
212-641-2400
Employer Identification Number: 51-0261654

Plan Trustee

SEI Trust Company
1 Freedom Valley Drive
Oaks, PA 19456

Plan Year

January 1 – December 31

Plan Funding

Trusteed

Plan Administrator

Administrative Committee for the Benefit Plans of Pearson Inc.
330 Hudson Street
New York, NY 10013
212-641-2400

The Plan Administrator has sole authority to:

- Interpret Plan provisions;
- Exercise discretion in the interpretation and administration of the Plan; and
- Make the final determination of a benefit claims appeal.

Plan Identification Number

001

Qualified Domestic Relations Order

Your benefits generally cannot be assigned to another person. However, federal law requires the Plan Administrator to obey certain court orders (such as divorce decrees) for payment of a percentage of your account directly to your spouse, former spouse, child or other dependents. If such a court order is issued and the Plan Administrator determines that it is a Qualified Domestic Relations Order (QDRO), the Plan Administrator must obey that order. Any such payment will not violate the rule of non-assignability of benefits. The PEP has certain procedures for administering QDROs. You may request a copy of these procedures from the Plan Administrator free of charge.

If the Plan Becomes Top Heavy

Under the Internal Revenue Code, if more than 60% of the value of all benefits are attributable to the benefits of certain key employees the Plan may be considered “top heavy.” When a plan becomes top heavy, special minimum benefit rules and accelerated vesting rules automatically apply. While this Plan is highly unlikely to become top heavy, you will be notified if this should occur.

Plan Insurance

Your pension benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (the “PBGC”), a federal insurance agency. If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under the Plan, but some people may lose certain benefits.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the plan terminates; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover:

- (1) Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates;
- (2) Some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates;
- (3) Benefits that are not vested because you have not worked long enough for Pearson;
- (4) Benefits for which you have not met all of the requirements at the time the Plan terminates;
- (5) Certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan’s normal retirement age; and
- (6) Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money the Plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask the Plan Administrator or contact the PBGC’s Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, DC 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC’s pension insurance program is available through the PBGC’s website on the Internet at <http://www.pbgc.gov>.

Continuing the Plan

The Company expects to continue the Plan, but reserves the right to amend or terminate it at any time. If the Plan is amended, your earned benefits prior to the amendment will be protected. If the Plan is terminated, you will be fully vested in your accrued benefit to the extent it is funded or insured by the PBGC. Accrued benefits will be provided from trust fund assets, up to the total amount of assets in the fund. Any excess assets will be returned to the Company.

Appendix A to the Summary Plan Description for the Pearson Inc. Pension Plan

This Appendix A to the Summary Plan Description applies to you if you (a) were employed by FT Publications Inc., Pearson Inc., Interactive Data Corporation or Extel before January 1, 1998 and (b) participated in the Plan before January 1, 1998.

This Appendix A describes additional rules that may affect your benefit under the PEP. You may be entitled to additional PEP credits or certain minimum benefit levels. This Appendix A also describes differences in the definition of compensation and final average compensation and service from the provisions of the Plan in effect after 1998.

Years of Service

Your years of vesting service credited prior to January 1, 1998 are in accordance with the rules described on page 5 of the SPD, including service with a predecessor employer. If you were employed by Interactive Data Corporation or Extel, service prior to September 1, 1995 and January 1, 1996, respectively, will not count as benefit service. Service prior to January 1, 1998 will not count as benefit service if you were employed by The Putnam Berkeley Group.

Compensation

Your compensation for periods before January 1, 1999 is based on compensation as described in the SPD on page 5 except that non-sales-related bonuses are limited to 20% of your base pay in effect as of the end of the prior calendar year. The above definition of compensation also applies to you for 1999 if you are not employed by a Pearson Participating Employer after August 31, 1999. Except as provided in the prior sentence, your compensation for periods on or after January 1, 1999 is as described on page 5 of the SPD.

Final Average Compensation

The method for determining your final average compensation for periods on or after January 1, 2000 is described on page 6 of the SPD, except that your final average compensation will be determined as of December 31, 2002 (or, if earlier, the date your employment terminates).

The rules for determining your final average compensation for periods prior to January 1, 2000 are based on the Plan provisions in effect prior to January 1, 1998.

Your final average compensation for periods prior to January 1, 2000 will be equal to your highest earnings in any 60 consecutive months out of your last 120 months of employment. In no event will your benefit under the Plan be less than your benefit as of

December 31, 1999 based on your final average compensation as of this date.

December 31, 1997 Benefit

The amount of your accrued benefit under the Plan as of December 31, 1997 determined under the formula in effect at that time (1997 Plan Formula, as described below) may be important for determining your final benefit under the Plan. This benefit is used to determine your Transition Credit (see below), if any.

In addition, your final benefit can never be less than the accrued benefit you earned as of December 31, 1997 under the 1997 Plan Formula.

1997 Plan Formula

Your benefit determined under the 1997 Plan Formula is the sum of (1) and (2) as follows:

- (1) The product of (a) your base percentage, (b) your final average compensation that is not in excess of your Covered Compensation and (c) the number of your years of benefit service which are not in excess of 35 years; and
- (2) The product of (a) 1.5% of your final average compensation in excess of your Covered Compensation and (b) the number of years of your benefit service which are not in excess of 35 years.

For purposes of determining your benefit under the 1997 Plan Formula, the following definitions apply:

- Your base percentage is equal to:
 - (i) 0.75% if you were born before January 1, 1938
 - (ii) 0.80% if you were born after December 31, 1937 and before January 1, 1955
 - (iii) 0.85% if you were born after December 31, 1954
- Your Covered Compensation is the average of the Social Security wage bases in effect for the 35-year period prior to and including your Social Security retirement age (65, 66 or 67, depending on your date of birth). In determining your Covered Compensation for a calendar year, the taxable wage bases for any subsequent year are assumed to be the same as the taxable wage base for that year. Your Covered Compensation is adjusted each calendar year as the taxable wage base changes.

Transition Credit

As a result of your participation in the Plan before January 1, 1998, you may be entitled to a Transition Credit. A Transition Credit is an additional PEP credit above those

determined under the chart on page 4 of the SPD. Your Transition Credit for benefit service prior to 1998 will be the excess (if any) of:

- (1) An amount equal to the lump sum value of your accrued benefit as of December 31, 1997 (determined under the 1997 Plan Formula) divided by your final average compensation as of December 31, 1997 over
- (2) Your total credits for service prior to 1998 determined by adding the percentages in the chart on page 4.

Example

Bob is a 40 year old Pearson employee. He commenced participation in the Plan on January 1, 1985 when he was 27 years old. The lump sum value of his accrued benefit under the 1997 Plan Formula is \$21,000 and his final average compensation is \$35,000, both determined as of December 31, 1997. His Transition Credit would be determined as follows:

- | | |
|---|-----|
| 1. Divide lump sum value of accrued benefit by final average compensation on December 31, 1997
[\$21,000/\$35,000] | 60% |
| 2. Determine PEP percentage at December 31, 1997
[(3 years x 3%) + (10 years x 4%)] | 49% |
| 3. Subtract item (2) from item (1) | 11% |

In this example Bob will receive a Transition Credit of 11%. This Transition Credit will be added to his PEP percentage determined under the Plan’s normal formula when his benefit is determined. If Bob terminates employment at age 44, for example, he will have a PEP percentage of 80%.

1. Normal Formula	Age	Years	x	PEP Percentage
	Under 30	3	x	3% = 9%
	30 - 39	10	x	4% = 40%
	40 - 49	4	x	5% = 20%
	50 - 59	0	x	6% = 0%
				Total = 69%
2. Transition Credits				11%
3. Total Credits				80%

If Bob’s final average compensation when he terminates employment is \$50,000, he will be entitled to a lump sum payment of \$40,000 (80% x \$50,000 = \$40,000).

Alternatively, Bob can elect to receive his benefit in one of the optional forms of annuity.

Alternative Minimum Benefit for Certain Participants under 1997 Plan Formula

If you were at least age 50 and had at least five years of vesting service as of December 31, 1997, you are eligible for an alternative minimum benefit. Under this alternative, you will continue to earn benefits under the 1997 Plan Formula for up to five years. Of course, if you terminate employment within this five-year period, your benefit accruals will stop on the date you terminate. Also, your total years of benefit service will still be limited to 35.

Your alternative minimum benefit will be determined at the end of the five-year period (December 31, 2002) or, if earlier, the date you terminate. Your final retirement benefit will be the greater of your benefit accrued under the PEP formula as of December 31, 2001 (or termination of employment, if earlier) or your alternative minimum benefit as of December 31, 2002 (or termination of employment, if earlier).

If you are eligible for an alternative minimum benefit, you may also receive additional Transition Credits for benefit service prior to 2002 determined in a manner similar to the *Transition Credit* section on page 27.

Offset Benefit

If you participated in either the New American Library Pension Plan, the New American Library Capital Accumulation Plan, or if you were a member of the District 65 Security Plan Pension Fund prior to April 1, 1991, your benefit service will include periods of service while you were covered by these plans. Your final benefit will be offset by your vested accrued benefit under any of those plans.

Benefit Offset for Accruals after December 31, 2001

Effective January 1, 2002, the Plan was amended to reduce the defined benefit accruals, if any, on and after January 1, 2002 by a “Defined Contribution Offset.”

This means that your accrual in 2002, if any, under the 1997 Plan Formula will be reduced by an amount which is determined by the value of your “Hypothetical Defined Contribution Amount” for 2002. This is done by first determining the lump sum amount of your Hypothetical Defined Contribution Amount for 2002 and then converting this amount to an actuarially equivalent life annuity commencing at your normal retirement date.

The Hypothetical Defined Contribution Amount for 2002 is equal to the sum of:

- 1.5% of your Compensation for 2002;
- if you are an active employee (or on an approved leave of absence) on December 31, 2002, 1.25% of your Compensation for 2002; and

- if, as of December 31, 2001, you had at least ten years of vesting service, and you are an active employee (or on an approved leave of absence) on December 31, 2002, an amount determined as follows:
 1. if you have not attained age 40 by December 31, 2001, 0% your Compensation for 2002;
 2. if you have attained age 40 but not age 45 by December 31, 2001, 0.5% of your Compensation for 2002;
 3. if you have attained age 45 but not age 55 by December 31, 2001, 1% of your Compensation for 2002; and
 4. if you have attained age 55 by December 31, 2001, 1.5% of your Compensation for 2002.

Early Retirement Reduction

If you elect to receive your benefit prior to your normal retirement date, then the amount of your monthly normal retirement benefit payable under the 1997 Plan Formula will be reduced to reflect the early commencement of your benefit.

Appendix B to the Summary Plan Description for the Pearson Inc. Pension Plan

This Appendix B to the Summary Plan Description applies to you if you were employed by Simon & Schuster and became a participant in the Addison Wesley Longman Retirement Plan (the “Prior Plan”) on November 30, 1998.

This Appendix B describes additional rules that may affect your benefit under the Plan. You may be entitled to certain minimum benefit levels. This Appendix B also describes differences in the definition of benefit service and vesting service from the provisions of the Plan in effect after 1998.

NOTE: Effective December 31, 2014, benefit accruals under the Prior Plan were frozen. Accordingly, no further benefits under the Prior Plan formula will accrue for periods of service after December 31, 2014.

Years of Service

Except as described below (Alternative Minimum Benefit), you will earn benefit service and PEP credits from December 1, 1998 through December 31, 2014. Vesting Service that was credited under the Prior Plan, earned as an employee of Simon & Schuster, will count as vesting service in this Plan.

Final Average Compensation

The method for determining your final average compensation for periods on or after January 1, 2000 is described on page 6 of this SPD, except that your final average compensation will be determined as of December 31, 2002 (or, if earlier, the date your employment terminates).

The rules for determining your final average compensation for periods prior to January 1, 2000 are based on the Plan provisions in effect prior to January 1, 1998.

Your final average compensation for periods prior to January 1, 2000 will be equal to your highest earnings in any 60 consecutive months out of your last 120 months of employment. In no event will your benefit under the Plan be less than your benefit as of December 31, 1999 based on your final average compensation as of this date.

Viacom Pension Plan

The amount of your vested accrued benefit under the Viacom Pension Plan as of November 30, 1998 will be paid under the terms of that plan.

Alternative Minimum Benefit under the Addison Wesley Longman Retirement Plan Formula (the “Prior Plan Formula”)

If you were at least age 45 and had at least ten years of vesting service as of November 30, 1998, you are eligible for an alternative minimum benefit. Under this alternative, you will earn benefits under the Prior Plan Formula for all years of benefit service, including years of service after your date of transfer to NCS Pearson, Inc., (both before and after November 30, 1998 but in no event for service after December 31, 2014), offset by the benefit you earned under the Viacom Pension Plan on November 30, 1998.

Your final retirement benefit will be the greater of your benefit calculated under the PEP formula as of December 31, 2001 for years of benefit service after November 30, 1998 or your alternative minimum benefit.

Prior Plan Formula

Your benefit determined under the Prior Plan Formula is the sum of (1) and (2) as follows:

- (1) The product of (a) 1% of your final average compensation that is not in excess of your Covered Compensation and (b) the number of your years of benefit service which are not in excess of 30 years; and
- (2) The product of (a) 1.5% of your final average compensation in excess of your Covered Compensation and (b) the number of years of your benefit service which are not in excess of 30 years.

For purposes of determining your benefit under the Prior Plan Formula, the following definitions apply:

- Compensation is your base earnings, plus overtime, sales-related bonus and non-sales-related bonus; provided, that your non-sales-related bonus in any year is limited to 50% (100% for years prior to 1991 if you were an employee of Addison Wesley Longman) of your base earnings for the prior year. If you were an employee of Addison Wesley Longman prior to January 1, 1986, an alternative definition of compensation will apply for periods of service prior to that date.

Your Covered Compensation is the average of the Social Security wage bases in effect for the 35-year period prior to and including your Social Security retirement age (65, 66 or 67, depending on your date of birth). In determining your Covered Compensation for a calendar year, the taxable wage bases for any subsequent year are assumed to be the same as the taxable wage base for that year. Your Covered Compensation is adjusted each calendar year as the taxable wage base changes.

Benefit Offset for Accruals after December 31, 2001

Effective January 1, 2002, the Plan was amended to reduce defined benefit accruals, if any, on and after January 1, 2002 by a “Defined Contribution Offset.” This means that

your benefit accruals, if any, on and after January 1, 2002 under the Prior Plan Formula will be reduced by an amount which is determined by the value of your Hypothetical Defined Contribution Amount. This is done by first determining the lump sum amount of your Hypothetical Defined Contribution Amount and then converting this amount to an actuarially equivalent life annuity commencing at our normal retirement date.

The Defined Contribution Offset under the Plan is a lump sum equal to the aggregate of the "Hypothetical Defined Contribution Amount" for each plan year beginning on or after January 1, 2002 and during which you are eligible to participate in The Pearson Retirement Plan.

The Hypothetical Defined Contribution Amount for a plan year beginning on or after January 1, 2002 is equal to the sum of:

- 1.5% of your Compensation for that plan year;
- For each plan year in which you were an active employee (or on an approved leave of absence) on December 31 of that plan year, 1.25% of your Compensation for that plan year; and
- If, as of December 31, 2001, you had at least ten years of vesting service, and then for each plan year in which you were an active employee (or on an approved leave of absence) on December 31 of the plan year, an amount determined as follows:
 1. if you have not attained age 40 by December 31, 2001, 0% of the participant's Compensation for that plan year;
 2. if you have attained age 40 but not age 45 by December 31, 2001, 0.5% of your Compensation for that plan year;
 3. if you have attained age 45 but not age 55 by December 31, 2001, 1% of your Compensation for that plan year; and
 4. if you have attained age 55 by December 31, 2001, 1.5% of your Compensation for that plan year.

At the end of each year commencing with the 2003 plan year, the aggregate Hypothetical Defined Contribution Amount will be adjusted for interest by applying an interest rate of 7% (compounded annually) to the sum of the Hypothetical Defined Contribution Amounts (as adjusted for interest) as of December 31 of the prior plan year. In the year in which a participant has an annuity starting date, an interest adjustment will be made for the period beginning on the first day of that plan year and ending on the participant's annuity starting date by applying interest at the rate of 7% (compounded annually) to the sum of the aggregate Hypothetical Defined Contribution Amounts (as adjusted for interest) as of December 31 of the prior plan year.

Early Retirement Reduction

If you elect to receive your benefit prior to your normal retirement date, then the amount of your monthly benefit payable under the Prior Plan Formula will be reduced to reflect the early commencement of your benefit.

**Appendix C to the
Summary Plan Description for the
Pearson Inc. Pension Plan**

This Appendix C to the Summary Plan Description applies to you if you (i) participated in the Addison Wesley Longman Retirement Plan (the “Prior Plan”) before November 30, 1998 or (ii) were transferred to Addison Wesley Longman from Harper Collins as of April 1, 1996. Notwithstanding anything herein to the contrary, if you terminated employment with Addison Wesley Longman prior to November 30, 1998, your retirement benefit is based on the formula set forth in the Prior Plan in effect on the date of such termination.

This Appendix C describes additional rules that may affect your benefit under the Plan. You may be entitled to additional PEP credits or certain minimum benefit levels.

NOTE: Effective December 31, 2014, benefit accruals under the Prior Plan were frozen. Accordingly, no further benefits under the Prior Plan formula will accrue for periods of service after December 31, 2014.

Years of Service

Your service earned under the Prior Plan will generally count as both benefit service and vesting service in this Plan.

If you were employed by one of the following predecessor employers, you will receive benefit service only for periods of employment after the date specified:

Longman Division	October 1, 1988
Dale Seymour Publications	July 1, 1989
Cuisenaire	May 14, 1990
Peachpit	October 1, 1994
HarperCollins/Scott Foresman	April 1, 1996
McClanahan	July 2, 1997
NCS Pearson	Date of Transfer to NCS Pearson

Final Average Compensation

The method for determining your final average compensation for periods on or after January 1, 2000 is described on page 6 of this SPD, except that your final average compensation (i) will be determined as of December 31, 2002 (or, if earlier, the date your employment terminates) and (ii) will include all remuneration paid to you by NCS Pearson (if applicable) between September 19, 2000 and December 31, 2002.

The rules for determining your final average compensation for periods prior to January 1, 2000 are based on the Plan provisions in effect prior to January 1, 1998.

Your final average compensation for periods prior to January 1, 2000 will be equal to your highest earnings in any 60 consecutive months out of your last 120 months of employment. In no event will your benefit under the Plan be less than your benefit as of December 31, 1999 based on your final average compensation as of this date.

November 30, 1998 Benefit

The amount of your accrued benefit under the Prior Plan as of November 30, 1998 determined under the formula in effect at that time (Prior Plan Formula, as described below) may be important for determining your final benefit under the Plan. This benefit is used to determine your Transition Credit (see next page), if any. In addition, your final benefit can never be less than the accrued benefit you earned as of November 30, 1998 under the Prior Plan Formula.

If you terminated employment prior to November 30, 1998 and before reaching age 65, you may elect to begin to receive distribution of your benefit as soon as practicable after the date of termination in a lump sum or one of the optional benefit forms under the Prior Plan.

Prior Plan Formula

Your benefit determined under the Prior Plan Formula is the sum of (1) and (2) as follows:

- (1) The product of (a) 1% of your final average compensation that is not in excess of your Covered Compensation and (b) the number of your years of benefit service which are not in excess of 30 years; and
- (2) The product of (a) 1.5% of your final average compensation in excess of your Covered Compensation and (b) the number of years of your benefit service which are not in excess of 30 years.

For purposes of determining your benefit under the Prior Plan Formula, the following definitions apply:

- Compensation is your base earnings, plus overtime, sales-related bonus and non-sales-related bonus; provided, that your non-sales-related bonus in any year is limited to 50% of your base earnings for the prior year.
- Your Covered Compensation is the average of the Social Security wage bases in effect for the 35-year period prior to and including your Social Security retirement age (65, 66 or 67, depending on your date of birth). In determining your Covered Compensation for a calendar year, the taxable wage bases for any subsequent year are assumed to be the same as the taxable wage base for that year. Your Covered Compensation is adjusted each calendar year as the taxable wage base changes.

Other definitions of Compensation, including remuneration paid by NCS Pearson, Inc., may apply to certain grandfathered periods. You will be notified if any of these apply to you.

Transition Credit

As a result of your participation in the Prior Plan, you may be entitled to a Transition Credit. A Transition Credit is an additional PEP credit above those determined under the chart on page 4 of the SPD. Your Transition Credit for Prior Plan service will be the excess (if any) of:

- (1) An amount equal to the lump sum value of your accrued benefit as of November 30, 1998 (determined under the Prior Plan Formula) divided by your final average compensation as of November 30, 1998, over
- (2) Your total credits for service prior to November 30, 1998 determined by adding the percentages in the chart on page 4.

Example

Bob is a 40-year-old employee. He commenced participation in the Prior Plan on December 1, 1985 when he was 27 years old. The lump sum value of his accrued benefit under the Prior Plan Formula is \$21,000 and his final average compensation is \$35,000, both determined as of November 30, 1998. His Transition Credit would be determined as follows:

- 1. Divide lump sum value of accrued benefit by final average compensation on November 30, 1998 [$\$21,000/\$35,000$] 60%
- 2. Determine PEP percentage at November 30, 1998 49%
 $[(3 \text{ years} \times 3\%) + (10 \text{ years} \times 4\%)]$
- 3. Subtract item (2) from item (1) 11%

In this example Bob will receive a Transition Credit of 11%. This Transition Credit will be added to his PEP percentage determined under the Plan’s normal formula when his benefit is determined. If Bob terminates employment at age 43 for example, he will have a PEP percentage of 75%.

1. Normal Formula	Age	Years		PEP Percentage
	Under 30	3	x	3% = 9%
	30 - 39	10	x	4% = 40%
	40 - 49	3	x	5% = 15%
	50 - 59	0	x	6% = 0%
				Total = 64%
2. Transition Credits				11%

3. Total Credits

75%

If Bob's final average compensation when he terminates employment is \$50,000, he will be entitled to a lump sum payment of \$37,500 ($75\% \times \$50,000 = \$37,500$).

Alternative Minimum Benefit under Prior Plan Formula

If you were at least age 45 and had at least ten years of benefit service as of November 30, 1998, you are eligible for an alternative minimum benefit. Under this alternative, you will continue to earn benefits under the Prior Plan Formula.

Your final retirement benefit will be the greater of your benefit calculated under the PEP formula as of December 31, 2001, or your alternative minimum benefit.

Example

As of November 30, 1998, Jane is a 45-year-old employee. She commenced participation in the Prior Plan on December 1, 1985 when she was 32 years old. Her Transition Credit as of November 30, 1998 is determined to be 10%. If Jane terminates employment at age 47 and her final average compensation is \$50,000, her final retirement benefit would be determined as follows:

1. Normal Formula	Age	Years		PEP Percentage
	Under 30	0	x	3% = 0%
	30 - 39	8	x	4% = 32%
	40 - 49	8	x	5% = 40%
	50 - 59	0	x	6% = 0%
				Total = 72%
2. Transition Credits				10%
3. Total Credits				82%
4. Lump Sum Amount under the Normal Formula Credits				$\$50,000 \times 82\% = \$41,000$
5. Alternative Minimum Benefit under the Prior Plan Formula				$\$50,000 \times 1\% \times 16 \text{ Years} = \$8,000$
6. Lump Sum Value of Item (5)				Lump Sum Factor x Item (5) = \$48,000

Jane will be entitled to a lump sum payment of \$48,000 (larger of item (4) or item (6)).

Benefit Offset for Accruals after December 31, 2001

Effective January 1, 2002, the Plan was amended to provide that certain grandfathered benefit formulas would be amended to reduce benefit accruals on and after January 1, 2002 by a "Defined Contribution Offset."

The Defined Contribution Offset under the Plan is an amount, expressed as a lump sum, equal to the aggregate of the "Hypothetical Defined Contribution Amount" for each plan year beginning on or after January 1, 2002 and during which the participant is eligible to participate in The Pearson Retirement Plan.

The Hypothetical Defined Contribution Amount for a plan year beginning on or after January 1, 2002 is equal to the sum of:

- 1.5% of the participant's Compensation for that plan year;
- in the case of a participant who is an active employee (or on an approved leave of absence) on December 31 of that plan year, 1.25% of the participant's Compensation; and
- in the case of a participant who (i) as of December 31, 2001 had at least ten years of vesting service, and (ii) is an active employee (or on an approved leave of absence) on December 31 of the plan year, an amount determined as follows:
 1. if the participant has not attained age 40 by December 31, 2001, 0% of the participant's Compensation for that plan year;
 2. if the participant has attained age 40 but not age 45 by December 31, 2001, 0.5% of the participant's Compensation for that plan year;
 3. if the participant has attained age 45 but not age 55 by December 31, 2001, 1% of the participant's Compensation for that plan year; and
 4. if the participant has attained age 55 by December 31, 2001, 1.5% of the participant's Compensation for that plan year.

At the end of each year commencing with the 2003 plan year, the aggregate Hypothetical Defined Contribution Amount will be adjusted for interest by applying an interest rate of 7% (compounded annually) to the sum of the Hypothetical Defined Contribution Amounts (as adjusted for interest) as of December 31 of the prior plan year. In the year in which a participant has an annuity starting date, an interest adjustment will be made for the period beginning on the first day of that plan year and ending on the participant's annuity starting date by applying interest at the rate of 7% (compounded annually) to the sum of the aggregate Hypothetical Defined Contribution Amounts (as adjusted for interest) as of December 31 of the prior plan year.

Early Retirement Reduction

If you elect to receive your benefit prior to your normal retirement date, then the amount of your monthly benefit payable under the Prior Plan Formula will be reduced to reflect the early commencement of your benefit.

**Appendix D to the
Summary Plan Description for the
Pearson Inc. Pension Plan**

This Appendix D to the Summary Plan Description applies to you if you were an active participant in the former Financial Times U.S. Retirement Plan (the “Former FT Plan”) on December 31, 1993 and you were an eligible employee on January 1, 2000.

This Appendix D describes additional rules that may affect your benefit under the Plan. You may be entitled to certain minimum benefit levels. This attachment also describes differences in the definition of compensation and final average compensation from the provisions of the Plan in determining the minimum benefit.

NOTE: Effective December 31, 2014, benefit accruals under the Former FT Plan were frozen. Accordingly, no further benefits under the Former FT Plan formula will accrue for periods of service after December 31, 2014.

Alternative Minimum Benefit under the Former FT Plan Formula (the “Prior Plan Formula”)

If you were a participant in the Former FT Plan on December 31, 1993 and were an eligible employee on January 1, 2000 you are eligible for an alternative minimum benefit. Under this alternative, you will earn benefits under the Prior Plan Formula for all years of benefit service.

Your final retirement benefit will be the greater of your benefit calculated under the PEP formula as of December 31, 2001 or your alternative minimum benefit.

Prior Plan Formula

Your benefit determined under the Prior Plan Formula shall be equal to (1) plus (2) minus (3) the net of which is multiplied by the Service Ratio as follows:

- (1) The product of (a) 2% of your final average compensation (b) the number of your years of expected benefit service at normal retirement which are not in excess of 20 years; and
- (2) The product of (a) 1% of your final average compensation and (b) the number of years of your expected benefit service at normal retirement which are in excess of 20 years but are not in excess of 40 years; and
- (3) The product of (a) 1.25% of the Primary Social Security Benefit and (b) the number of years of your expected benefit service at normal retirement not in excess of 40 years.

For purposes of determining your benefit under the Prior Plan Formula, the following definitions apply:

- Compensation is your base earnings excluding overtime and bonus.
- Final Average Compensation is the average monthly compensation received during the highest 60 consecutive calendar months during the 120 calendar months preceding termination.
- Your Primary Social Security Benefit shall be the amount payable at age 65 under the Social Security Act.

Service Ratio shall be the participant's years of benefit service divided by his expected benefit service at normal retirement.

Benefit Offset for Accruals after December 31, 2001

Effective January 1, 2002, the Plan was amended to provide that certain grandfathered benefit formulas would be amended to reduce benefit accruals on and after January 1, 2002 by a "Defined Contribution Offset."

The Defined Contribution Offset under the Plan is an amount, expressed as a lump sum, equal to the aggregate of the "Hypothetical Defined Contribution Amount" for each plan year beginning on or after January 1, 2002 and during which the participant is eligible to participate in The Pearson Retirement Plan.

The Hypothetical Defined Contribution Amount for a plan year beginning on or after January 1, 2002 is equal to the sum of:

- 1.5% of the participant's Compensation for that plan year;
- in the case of a participant who is an active employee (or on an approved leave of absence) on December 31 of that plan year, 1.25% of the participant's Compensation; and
- in the case of a participant who (i) as of December 31, 2001 had at least ten years of vesting service, and (ii) is an active employee (or on an approved leave of absence) on December 31 of the plan year, an amount determined as follows:
 1. if the participant has not attained age 40 by December 31, 2001, 0% of the participant's Compensation for that plan year;
 2. if the participant has attained age 40 but not age 45 by December 31, 2001, 0.5% of the participant's Compensation for that plan year;
 3. if the participant has attained age 45 but not age 55 by December 31, 2001, 1% of the participant's Compensation for that plan year; and

4. if the participant has attained age 55 by December 31, 2001, 1.5% of the participant's Compensation for that plan year.

At the end of each year commencing with the 2003 plan year, the aggregate Hypothetical Defined Contribution Amount will be adjusted for interest by applying an interest rate of 7% (compounded annually) to the sum of the Hypothetical Defined Contribution Amounts (as adjusted for interest) as of December 31 of the prior plan year. In the year in which a participant has an annuity starting date, an interest adjustment will be made for the period beginning on the first day of that plan year and ending on the participant's annuity starting date by applying interest at the rate of 7% (compounded annually) to the sum of the aggregate Hypothetical Defined Contribution Amounts (as adjusted for interest) as of December 31 of the prior plan year.

Early Retirement Reduction

If you elect to receive your benefit prior to your normal retirement date, then the amount of your monthly benefit payable under the Prior Plan Formula will be reduced to reflect the early commencement of your benefit.

**Appendix E to the
Summary Plan Description for the
Pearson Inc. Pension Plan**

This Appendix E to the Summary Plan Description applies to you if you became an employee of Pearson as a result of the acquisition of Pearson Broadband US, Inc. or OnDigital Media, Inc. on or after November 9, 2000.

This Appendix E describes additional rules that may affect your benefit under the Plan.

Years of Service

You will earn benefit service and vesting service for your service to Pearson Broadband US, Inc. or OnDigital Media, Inc. for the period from November 9, 2000 to December 31, 2001.

**Appendix F to the
Summary Plan Description for the
Pearson Inc. Pension Plan**

This Appendix F to the Summary Plan Description applies to you if you were (a) a participant in the former American Guidance Service Inc. Pension Plan (the “Former AGS Plan”) prior to July 1, 2002 and (b) an employee of the Company on December 31, 2005.

This Appendix F describes the benefit formula and service crediting rules for determining your benefits under the PEP. In addition, the timing and form of the distribution of your benefit are described in this Appendix.

NOTE: Effective December 31, 2005, benefit accruals under the Former AGS Plan were frozen. Participation in the Former AGS Plan was closed as of July 1, 2002.

How Your Benefit is Determined

Your benefit under this Appendix F is a monthly benefit amount based on a formula that, prior to January 1, 2006, took into account the following:

- The number of your years of service between your date of hire with American Guidance Service (“AGS”) and your normal retirement date (or, if earlier, December 31, 2005);
- Your years of service with AGS prior to December 31, 2005; and
- Your final average compensation as of December 31, 2005.

Amount of Normal Retirement Benefit

If you have at least 20 years of benefit service as of December 31, 2005, your annual normal retirement benefit (payable as a life annuity) is equal to 40% of your final average compensation. If you have less than 20 years of benefit service as of December 31, 2005, then this amount is prorated.

Your normal retirement benefit shall be equal to the product of (a), (b) and (c) as follows:

- (a) 40% of your final average compensation as of December 31, 2005;
- (b) A fraction not greater than one, the numerator of which is the number of years between your date of hire and December 31, 2005 (or, if earlier, your normal retirement age) and the denominator of which is 20; and
- (c) A fraction, the numerator of which is the number of years of your benefit service as of December 31, 2005 and the denominator of which is the number of years between your date of hire and your normal retirement age.

If as of December 31, 2005 you have at least 20 years of benefit service and have attained age 55, then the fraction in paragraph (c) shall be deemed to be 1.

If you continue to work after attaining your normal retirement date and you attain your normal retirement date before January 1, 2006, then your normal retirement benefit shall be adjusted. Your benefit shall be the greater of (a) your benefit determined under the formula above actuarially increased for periods after your attainment of your normal retirement date and prior to January 1, 2006, and (b) your benefit determined under the formula above but by substituting your actual retirement date for your normal retirement date.

Your Years of Service

Two types of service are used in determining your benefit under this Appendix F: benefit service and vesting service. Service earned on or after July 1, 1988 is determined based on plan years, as defined below.

Benefit service is used to calculate your accrued benefit. You will generally receive benefit service in any plan year beginning on or after July 1, 1988 and prior to December 31, 2005 in which you completed at least 1,000 hours of service and during which you were employed in an employment status covered by the AGS Plan. For the plan year beginning on July 1, 2005, you will only be credited with a year of service if you complete at least 1,000 hours of service with a participating employer prior to December 31, 2005. In the year in which you were hired or terminated employment, if you were not credited with at least 1,000 hours then you will be credited with a partial year of service equal to 1/12 of year for each month in which you are credited with at least 83-1/3 hours of service. Service for periods prior to July 1, 1988 will be based on your periods of employment with a participating employer during which you participated in the Plan.

Vesting service is used to determine your eligibility to receive a pension benefit under this Appendix F. In general, you will receive vesting service in any plan year beginning year beginning on or after July 1, 1988 in which you complete at least 1,000 hours of service. Even though your benefit service is frozen as of December 31, 2005, you will continue to receive vesting service. You will be credited with vesting service for hours of service. Service for periods prior to July 1, 1988 will be based on your period of employment with a participating employer.

For this purpose, hours of service include all hours worked for AGS, the Company or an affiliate, including hours credited for vacation or sickness.

For purpose of this Appendix F, a plan year is determined as follows: (a) for the period July 1, 1988 through June 30, 2005, a 12-month period beginning on July 1st and ending the following June 30th; (b) the 6-month period beginning on July 1, 2005 and ending December 31, 2005; and (c) for periods on or after January 1, 2006, a 12-month period which is a calendar year.

When you have a break in service – effect on service

A “break in service” occurs when you are credited with less than 501 hours of service in a plan year. If you have a break in service of at least one year and are rehired, then your prior vesting service will be disregarded and you must complete 1,000 hours during the 12-month period following your rehire or any subsequent plan year in order to restore your vesting service. In addition, if you are not vested and the consecutive number of your one-year breaks in service is greater than five years (or, if greater, the number of your years of service prior to the break in service), then upon your rehire all prior years of service will be disregarded

If you are absent beyond an approved leave due to maternity, you will be credited with up to 501 hours of vesting and eligibility service for either the year the absence started, or the following year, if a break in service would otherwise have occurred in that year. This rule also applies to necessary care for your child, by either parent, immediately after birth or adoption or any leave that is required to be granted under the Family and Medical Leave Act of 1993.

Your Final Average Compensation

The benefit formula uses your final average compensation in determining your benefit. Generally, your final average compensation will be based on your compensation during the five consecutive plan years in which you received the highest compensation prior to January 1, 2006. Compensation for a plan year in which you had less than 1,000 hours of service will be excluded. For this purpose, compensation includes taxable wages, salary, or fees for professional services including but not limited to commissions paid to salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses.

The maximum amount of compensation that can be included under the plan is limited by Internal Revenue Service rules. Under these rules, for a full 12-month plan year that begins in 2005, this limit is \$210,000. For prior plan years, this limit is lower and the limit may be adjusted for partial plan years.

How to Determine Your Benefit

The easiest way to understand how your benefit works is to look at an example.

Example

Oscar was hired at age 45 and he retires at age 65 with 20 years of service. His final average compensation is \$50,000.

Since Oscar has 20 years of service and he is retiring after age 65 his benefit will be equal to 40% of his final average compensation or \$20,000 a year payable at age 65.

Minimum Benefits

In no event will your monthly retirement benefit payable in the form of a life annuity commencing at your normal retirement date be less than the greatest of: (a) \$20; (b) the actuarial equivalent of the cash values of the insurance policies held by the Trustees as of May 1, 1973 on your behalf increased by interest at the rate of 4.5% per annually; or (c) your monthly benefits accrued as of June 30, 1989 or June 30, 1994, calculated under the provisions of the AGS Plan in effect at that time.

Vesting

Vesting refers to your nonforfeitable right to a benefit under this Appendix F. You become vested on the earlier of the date (a) you complete five years of vesting service or (b) reach age 65 while an employee of Pearson and after the fifth anniversary of the date your participation in the Former AGS Pension Plan.

If you leave Pearson before you are vested, you will not receive any benefits under the Plan.

Receiving Your Benefit When You Leave the Company

When you leave or retire from Pearson, you will receive written information about your PEP benefit. The information will include the payment options available to you, a comparison of the relative value of the benefit payable to you under each option, and the election forms you will need to complete.

You may choose when to receive your benefit and the form of payment under the options described below. In order to comply with legal requirements, an election to receive your benefit must be made within the 90 days prior to the date on which your benefit payments are scheduled to be paid. *Keep in mind that once you begin receiving your benefit, you cannot change your form of payment.* You may wish to consult a tax advisor before choosing your payment option.

Choosing When to Receive Your Benefit

Once you terminate employment you can choose to receive your vested pension benefit as of the first day of any month following your termination of employment in a lump sum or annuity form under the Former AGS Plan.

If you elect to receive a benefit before your normal retirement date and you have at least ten years of vesting service as of your termination of employment, then your benefit amount will be reduced by 5/12 of 1% for each month that your benefit commencement date is prior to your normal retirement date. If you elect to receive a benefit before your normal retirement date and do not have at least ten years of vesting service as of your termination of employment, then your benefit amount will be actuarially reduced to reflect your early commencement date.

If the lump sum value of your benefit is less than or equal to \$5,000, see page 10 of this SPD for special rules that apply to your payment

Choosing Your Form of Payment

No matter when you receive your benefit, if the lump sum value is greater than \$5,000, there are several payment options available to you. However, if you are married, you will automatically receive your benefit in the form of a joint and 50% survivor annuity with your spouse as beneficiary, unless you elect another form of payment and your spouse provides written consent to your election. (Your spouse's consent must be witnessed by a notary.)

If you choose one of the annuity options described below, the amount of each monthly payment is determined as the actuarial equivalent of your benefit payable in the form of a single life annuity with a ten year period certain. If you elect to receive your benefit in a lump sum, the amount of your benefit will vary based on the interest rate in effect at the time your benefit is calculated, and under certain circumstances may go down.

Here are the payment options available under this Appendix F:

Lump Sum – This form of payment provides you with a single cash payment.

Single Life Annuity – This form of payment provides a monthly benefit payable during your lifetime only. No payments are made to a beneficiary after your death.

Joint and 50% Survivor Annuity – This form of payment provides you with a reduced monthly benefit for your lifetime. When you die, your spouse or beneficiary will receive 50% of your monthly benefit for the rest of his or her life.

Joint and 75% Survivor Annuity – This form of payment provides you with a reduced monthly benefit for your lifetime. When you die, your spouse or beneficiary will receive 75% of your monthly benefit for the rest of his or her life.

Life Annuity with Ten-Year Period Certain – This form of payment provides you with a reduced monthly benefit for your lifetime. However, if you die before receiving 120 monthly payments, your beneficiary will receive your monthly benefit for the remaining portion of the ten-year period.

Retirement After Age 70½

See page 11 of the SPD for a description of the applicable rules.

Survivor Benefits

This section discusses the survivor benefits to which your spouse or other beneficiary may be entitled if you die prior to your benefit commencement date and have a nonforfeitable retirement benefit at that time the Actuarial Equivalent of which exceeds \$5,000. If you are married for at least the one-year period prior to your death, then your spouse at the time of your death will be entitled to a preretirement death benefit equal the greater of (a) a survivor annuity calculated as if you had elected to receive a joint and 50% survivor annuity on your date of death and (b) a single life annuity which is the actuarial equivalent of the sum of the cash values of any insurance policies held by the Trustees as of May 1, 1973 on your behalf and increased by interest at the rate of 4.5%. This preretirement death benefit will be paid as of the first day of the month coincident with or next following the date you would have attained your normal retirement date. If you have at least ten years of vesting service then your spouse may elect to receive this benefit as of the first day of any month on or after the date you would have attained age 55. Your spouse may elect to receive the preretirement death benefit in any of the optional forms of distribution that were available to you. The payment of the preretirement death benefit is subject to the special payment rules for distributions of \$5,000 or less.

If you were not married at the time of your death, then the preretirement death benefit payable to your designated beneficiary shall be limited to the value of any insurance policies held by the Trustees as of May 1, 1973 on your behalf.

Requesting Survivor Benefit

In the event of your death, your beneficiary should notify Human Resources or the Plan Administrator and forward copies of the following documents:

- Your birth certificate;
- Your death certificate;
- Proof of your beneficiary's identification; and
- Your marriage certificate (if your spouse is the beneficiary).

You will be eligible to receive distribution of your PEP benefit on your 65th birthday. Alternatively, you can elect an early distribution of your vested benefit, but service crediting under the PEP will stop as of the date your benefits are scheduled to begin. Your final average compensation will be calculated as of the date of your termination of employment due to your disability.