PEARSON

$500,000,000

PEARSON FUNDING FIVE PLC

3.250% Guaranteed Notes due 2023

Guaranteed by Pearson plc

Pearson Funding Five plc, which we refer to as "Pearson Funding Five plc" or the "Issuer", will pay interest semi-annually on each May 8 and November 8, commencing May 8, 2013 up to the date of maturity or earlier upon redemption of the 3.250% Guaranteed Notes due 2023 (the "notes"). The Issuer will be entitled to redeem the notes in whole or in part at any time prior to their maturity at redemption prices to be determined using the procedures described in this prospectus. The Issuer will be entitled to redeem the notes, in whole, but not in part, at 100% of their principal amount, plus accrued and unpaid interest to, but excluding, the date of redemption and any additional amounts upon the occurrence of certain tax events.

Pearson plc, which we refer to as the "Guarantor" or "Pearson", will fully, irrevocably and unconditionally guarantee all amounts payable under the notes.

The notes and the related guarantees will rank *pari passu* with, respectively, all of the Issuer's and the Guarantor's other unsecured and unsubordinated debt.

Application has been made to the Financial Conduct Authority (the "FCA") in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended ("FSMA") (the "UK Listing Authority") for the notes to be admitted to the Official List of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for the notes to be admitted to trading on the London Stock Exchange's Regulated Market. The London Stock Exchange's Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (the "Market").

If a change of control triggering event occurs with respect to the Guarantor, the Issuer will make an offer to each holder of notes to repurchase all or any part of that holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to the date of repurchase. The Guarantor will fully and irrevocably guarantee the obligations of the Issuer to repurchase the notes. The Guarantor further irrevocably and unconditionally guarantees to make payment for any and all notes properly tendered for payment as described above.

Ratings for the notes will be sought from Moody's Investors Service Limited ("Moody's") and Standard & Poor's Credit Market Services Italy Srl ("Standard & Poor's") both of which are credit rating agencies established in the EEA and registered under Regulation (EU) No 1060/2009, as amended ("CRA Regulation"). As such, Moody's and Standard & Poor's are included in the list of credit agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The notes will mature on May 8, 2023.

Investing in the notes involves risks. See "Risk Factors" beginning on page 7.

The notes and the guarantees have not been registered under the Securities Act of 1933, as amended, which we refer to as the "Securities Act", or the securities laws of any other jurisdiction. The notes and the guarantees are being offered and sold within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) and outside the United States in compliance with Regulation S under the Securities Act. Prospective purchasers are hereby notified that the seller of any note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. For a description of certain restrictions on transfer of the Notes see "Investor Representations and Transfer Restrictions" and "Plan of Distribution".

Price for notes: 99.873% plus accrued interest, if any, from May 8, 2013.

The initial purchasers listed below will purchase the notes from the Issuer and offer the notes to you, subject to certain conditions.

The initial purchasers expect to deliver the notes to you on or about May 8, 2013 only in global form through the book-entry delivery system of The Depository Trust Company (with links to Euroclear and Clearstream, Luxembourg).

Joint Book-Running Managers

Barclays **Deutsche Bank Securities** **HSBC**

May 3, 2013.

Important Information

Each of the Issuer and the Guarantor (the "Responsible Persons") accepts responsibility for the information contained in this prospectus and, to the best of the knowledge of the Issuer and the Guarantor (which have taken all reasonable care to ensure that such is the case), the information contained in this prospectus is, to the best of their knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

The initial purchasers make no representation, warranty or undertaking, express or implied, and no responsibility or liability is accepted by the initial purchasers as to the accuracy or completeness of the information contained in this prospectus or any information provided by the Issuer in connection with the issue and offering of the notes or their distribution.

In making an investment decision, investors must rely upon their own examination of Pearson, the Issuer, and Pearson's other subsidiaries and the terms of the offering being made, including the merits and risks involved.

You should rely only on the information contained in this prospectus. Neither the Issuer nor the Guarantor, nor any of the initial purchasers listed under "Plan of Distribution", has authorized anyone to provide potential investors with information different from that contained in this prospectus. The statements contained in this prospectus are made only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the notes.

This prospectus constitutes a prospectus for the purpose of Article 5.3 of the Prospectus Directive.

Neither the notes offered pursuant to this prospectus, nor the guarantees of the notes, have been registered under the Securities Act, or the securities laws of any other jurisdiction or with any securities regulatory authority of any state or other jurisdiction of the United States. We are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. By purchasing notes, you will be deemed to have made the acknowledgments, representations, warranties and agreements set forth under the heading "Investor Representations and Transfer Restrictions" in this prospectus. The notes are being offered and sold within the United States only to qualified institutional buyers, as defined in, and in reliance on, Rule 144A under the Securities Act, which we refer to as Rule 144A. The notes are also being offered outside the United States in reliance on Regulation S under the Securities Act.

You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time. The notes are subject to restrictions on transferability and may not be transferred or resold except as permitted under applicable U.S. federal and state securities law pursuant to an effective registration statement or an exemption from registration. We do not intend to register either the notes or the guarantees for resale, or to exchange a new series of registered notes and guarantees for the securities offered pursuant to this prospectus.

Neither the U.S. Securities and Exchange Commission, which we refer to as the SEC, nor any state securities commission has approved or disapproved of the securities offered pursuant to this prospectus or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offence.

In connection with the issue of the notes, Barclays Capital Inc. (the "Stabilizing Manager") or any person acting on behalf of the Stabilizing Manager may over-allot notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, there is no obligation on the part of the Stabilizing Manager or any person acting on behalf of the Stabilizing Manager to undertake any stabilizing action. Any stabilizing action may begin on or after the date on which adequate public disclosure of the terms of offer of the notes is made and, if begun, may be ended at any time but must be brought to an end no later than the earlier of 30 days after the issue date of the notes and 60 days after the date of allotment of the notes. For a discussion of these activities, see "Plan of Distribution".

This prospectus is not a prospectus for purposes of Section 12(a)(2) or any other provision of or rule under the Securities Act.

The distribution of this prospectus and the offering or sale of the notes and the guarantees in certain jurisdictions is restricted by law. This prospectus may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this document may come are required by us and the initial purchasers to inform themselves about and to observe such restrictions. Neither we nor any of the initial purchasers accept any responsibility for any violation by any person, whether or not he, she or it is a prospective purchaser of the notes, of any such restrictions.

The Issuer reserves the right to withdraw this offering of notes at any time, and the Issuer and the initial purchasers named in this prospectus reserve the right to reject any commitment to subscribe for the notes, in whole or in part. The Issuer also reserves the right to allot to you less than the full amount of notes sought by you.

Notwithstanding anything to the contrary contained herein, each prospective investor (and each employee, representative, or other agent of each prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this prospectus and all materials of any kind that are provided to the prospective investor relating to such tax treatment and tax structure (as such terms are defined in Treasury Regulation Section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions with prospective investors regarding the transactions contemplated herein.

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NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED ("RSA 421-B") WITH THE SECRETARY OF STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED WITH THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

MARKET SHARE, RANKING AND OTHER DATA

The market share, ranking and other data contained in, incorporated by reference into, this prospectus are based either on our management's own estimates, independent industry publications, reports by market research firms or other published independent sources and, in each case, are believed by our management to be reasonable estimates. However, market share data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market share. In addition, consumption patterns and consumer preferences can and do change. As a result, you should be aware that a market share, ranking and other similar data set forth herein, and estimates and beliefs based on such data may not be reliable.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus should be read and construed in conjunction with Pearson's Annual Report on Form 20-F for the year ended December 31, 2012 ("Pearson's Annual Report on Form 20-F"), which is incorporated in its entirety herein by reference (except for the documents incorporated by reference into Pearson's Annual Report on Form 20-F as detailed on page 80, these documents do not form part of this prospectus) and which has been previously published and which has been filed with the Financial Services Authority (the predecessor to the FCA) and with the SEC on March 22, 2013 (File No. 1-16055). The documents detailed on page 80 of Pearson's Annual Report on Form 20-F which are not incorporated by reference herein consist solely of exhibits to Pearson's Annual Report on Form 20-F and such documents are not relevant. Without limiting the generality of the foregoing, Pearson's Annual Report on Form 20-F includes Pearson's consolidated financial statements for the years ended December 31, 2012, 2011 and 2010 and as of December 31, 2012 and 2011, which have been audited by PricewaterhouseCoopers LLP, independent registered public accounting firm. Such document shall be deemed to be incorporated in and form part of this prospectus; provided, however, that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement (whether expressly, by implication or otherwise). In addition, any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

Copies of documents incorporated by reference in this prospectus may be obtained at the office of The Bank of New York Mellon (London), One Canada Square, London E14 5AL, United Kingdom or (at no cost) by contacting Pearson's Company Secretary at 80 Strand, London, England WC2R 0RL (Tel: +44 20 7010 2257).

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

You should not rely unduly on forward-looking statements in this prospectus or the documents incorporated herein by reference. This prospectus, including the section entitled "Risk Factors", and the information incorporated into this prospectus by reference, including "Item 4. Information on the Company" and "Item 5. Operating and Financial Review and Prospects" in Pearson's Annual Report on Form 20-F, contains forward-looking statements that relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terms such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other comparable terminology. Examples of these forward-looking statements include, but are not limited to, statements regarding the following:

- operations and prospects;
- growth strategy;
- funding needs and financing resources;
- expected financial position;
- market risk;
- currency risk;
- U.S. federal and state spending patterns;
- debt levels; and
- general market and economic conditions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. In evaluating them, you should consider various factors, including the risks outlined under "Risk Factors", which may cause actual events or our industry's results to differ materially from those expressed or implied by any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

WHERE YOU CAN FIND MORE INFORMATION

Pearson files annual and other reports and information with the SEC. You may read and copy any of these documents from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The SEC maintains a website that contains annual reports and other information regarding registrants. The address of the website is http://www.sec.gov. You may obtain information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, Pearson's American Depositary Receipts, or ADRs, are listed on the New York Stock Exchange. You may inspect reports and other information about Pearson at the office of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. In addition, you may inspect and obtain copies of reports and other information about Pearson (including documents filed with the SEC) and the Issuer at the office of The Bank of New York Mellon (London), One Canada Square, London E14 5AL, United Kingdom and at the registered office of Pearson, 80 Strand, London WC2R 0RL, United Kingdom.

As a foreign private issuer, Pearson is exempt from the rules under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, prescribing the furnishing and content of proxy statements. Additionally, Pearson's officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, under the Exchange Act, Pearson is not required to publish financial statements as frequently, as promptly or containing the same information as U.S. companies.

Pearson Funding Five plc, a public company with limited liability duly incorporated under the laws of England and Wales, is a wholly-owned subsidiary of Pearson. Pearson Funding Five plc does not, and will not, file separate reports with the SEC.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

Pearson is a public company with limited liability incorporated under the laws of England and Wales with registered number 00053723. The Issuer is a public company with limited liability duly incorporated under the laws of England and Wales with registered number 08422787. Most of Pearson's, and all of the Issuer's, senior management and some of the experts named in this prospectus are not residents of the United States. A substantial portion of Pearson's and the Issuer's assets and all or a substantial, portion of the assets of these named persons are or may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon Pearson or the Issuer or these persons or, even if process is served against us or these persons, to enforce against us or them judgments obtained in U.S. courts. We have been advised by our legal advisors, Morgan, Lewis & Bockius LLP, in conjunction with Morgan, Lewis & Bockius, registered foreign lawyers and solicitors, that there is substantial doubt as to the enforcement in England and Wales, in original actions or in actions for enforcement of judgments of U.S. courts, of liabilities predicated upon U.S. federal securities laws, including civil liabilities under those laws.

Pearson and the Issuer will unconditionally and irrevocably submit to the jurisdiction of the U.S. federal and New York state courts sitting in The City of New York for the purpose of any suit, action or proceeding arising out of this offering, and Pearson and the Issuer have each appointed Pearson Inc., 1330 Avenue of the Americas, 7th Floor, New York, New York 10019 USA, to accept service of process.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, information concerning the noon buying rate for sterling, expressed in dollars per pound sterling. The average rate is calculated by using the average of the noon buying rates in the city of New York on each day during a monthly period and on the last day of each month during an annual period. On December 31, 2012, the noon buying rate for cable transfers and foreign currencies as certified by The Federal Reserve Bank of New York for customs purposes for sterling was £1.00 = $1.63. On April 26, 2013 the noon buying rate for sterling was £1.00 = $1.55.

Month	High	Low
April 2013 (through April 26, 2013)	$1.55	$1.51
March 2013	$1.52	$1.49
February 2013	$1.58	$1.51
January 2013	$1.63	$1.57
December 2012	$1.63	$1.60
November 2012	$1.63	$1.59

Year Ended December 31,	Average Rate
2012	$1.59
2011	$1.61
2010	$1.54
2009	$1.57
2008	$1.84

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the financial information contained in, and incorporated by reference into, this prospectus has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") which in respect of the accounting standards applicable to us do not differ from IFRS as adopted by the European Union ("EU"). Our consolidated financial statements are presented in sterling. We have included, however, references to other currencies. In this prospectus and any documents incorporated by reference into this prospectus:

- references to "sterling", "pounds", "pence" or "£"are to the lawful currency of the United Kingdom,
- references to "euro" or "€" are to the euro, the lawful currency of the participating Member States in the Third Stage of the European Economic and Monetary Union of the Treaty Establishing the European Commission, and
- references to "U.S. dollars", "dollars", "cents" or "$" are to the lawful currency of the United States of America.

For your convenience and except where we specify otherwise, we have translated sterling figures into U.S. dollars at the rate of £1.00 = $1.63, the noon buying rate in the city of New York for cable transfers and foreign currencies as certified by the Federal Reserve Bank of New York for customs purposes on December 31, 2012, the last business day of 2012. We do not make any representation that the amounts of sterling have been, could have been or could be converted into dollars at the rates indicated.

OVERVIEW

This overview highlights information contained elsewhere in, or incorporated by reference into, this prospectus. This overview is not complete and may not contain all of the information that you should consider before investing in the notes in this prospectus. References to "we", "us", "our", or the "Group" are references to Pearson plc, its predecessors and its consolidated subsidiaries, references to the "Issuer" or "Pearson Funding Five plc" refer only to Pearson Funding Five plc and references to "Pearson" or the "Guarantor" are to Pearson plc only.

Pearson is an international media and education company with its principal operations in the education, business information and consumer publishing markets. We create and manage intellectual property, which we promote and sell to our customers under well-known brand names, to inform, educate and entertain. We deliver our content in a variety of forms and through a variety of channels, including books, newspapers and online services. We increasingly offer services as well as content, from test creation, administration and processing to teacher development and school software. Though we operate in more than 70 countries around the world, today our largest markets are the United States (55% of sales in 2012) and Europe (22% of sales in 2012) on a continuing basis.

Pearson consists of three major worldwide businesses:

Pearson Education is a leading provider of educational materials and learning technologies. It provides test development, processing and scoring services to governments, educational institutions, corporations and professional bodies around the world. It publishes across the curriculum and provides a range of education services including teacher development, educational software and system-wide solutions, and also owns and operates schools. In 2012, Pearson Education operated through three worldwide segments, which we refer to as "North American Education", "International Education" and "Professional".

The FT Group provides business and financial news, data, comment and analysis, in print and online, to the international business community. The FT Group includes the *Financial Times* newspaper and FT.com website, a range of specialist financial magazines and online services, and Mergermarket, which provides proprietary forward-looking insights and intelligence to businesses and financial institutions. The FT Group has a 50% ownership stake in The Economist Group. During 2010, Interactive Data, in which Pearson held a 61% interest and which was part of the FT Group, was sold. In addition, during 2011 the FT Group sold its 50% ownership stake in FTSE International.

The Penguin Group is one of the world's leading consumer publishing businesses and an iconic global brand. We publish the works of many authors in an extensive portfolio of fiction, non-fiction and reference titles under imprints including Penguin, Hamish Hamilton, Putnam, Berkley, and Dorling Kindersley. In October 2012, Pearson and Bertelsmann entered into an agreement to create a new consumer publishing business by combining Penguin and Random House. The transaction is expected to complete in 2013 and, at that point, Pearson will no longer control the Penguin Group of companies but will hold a 47% equity interest in the combined Penguin Random House.

Pearson was incorporated and registered in 1897 under the laws of England and Wales as a limited company and re-registered under the UK Companies Act as a public limited company in 1981. Pearson conducts its operations primarily through its subsidiaries and other affiliates. Pearson's principal executive offices are located at 80 Strand, London WC2R 0RL, United Kingdom (telephone: +44 (0) 20 7010 2000). Pearson's website is http://www.pearson.com. The information contained on, or that may be accessed through, this website is not part of, and is not incorporated by reference into, this prospectus.

Pearson Funding Five plc was duly incorporated and registered as a public limited company on February 27, 2013 under the laws of England and Wales. Pearson Funding Five plc is one of Pearson's finance subsidiaries. Pearson Funding Five plc's principal executive offices are located at 80 Strand, London WC2R 0RL, United Kingdom (telephone: +44 (0) 20 7010 2000).

Overview of the Offering

This summary must be read as an introduction to this prospectus and any decision to invest in the notes should be based on a consideration of the prospectus as a whole, including any documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC, as amended by Directive 2010/73/EU) in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus. Where a claim relating to the information contained in this prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this prospectus before the legal proceedings are initiated.

Issuer	Pearson Funding Five plc
Guarantor	Pearson plc
Notes	$500,000,000 aggregate principal amount of 3.250% Guaranteed Notes due 2023, which we refer to as the "notes".
Offering Price	99.873% of the principal amount of the notes, plus accrued and unpaid interest, if any, from May 8, 2013.
Maturity Date	May 8, 2023.
Interest Rate	The notes will bear interest at the rate of 3.250% per annum, payable semi-annually on May 8 and November 8 of each year, commencing on November 8, 2013.
Guarantees	The Guarantor will fully, irrevocably and unconditionally guarantee the Issuer's obligations in respect of the notes, including all required payments in respect of principal, premium, if any, interest and additional amounts, if any.
Ranking	The notes will be senior unsecured debt obligations of the Issuer and rank *pari passu* in right of payment with all existing and future unsecured and unsubordinated indebtedness of the Issuer. The guarantees of the notes will be the senior unsecured obligations of the Guarantor and rank *pari passu* in right of payment with all its existing and future unsecured and unsubordinated indebtedness.
Ratings	Application for rating of the notes is to be made with the Rating Agencies. The Rating Agencies are established in the EEA and registered under the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Change of Control	If a change of control triggering event occurs with respect to the Guarantor, the Issuer will make an offer to each holder of notes to repurchase all or any part of that holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to the date of repurchase. The Guarantor will fully and irrevocably guarantee the obligations of the Issuer to repurchase the notes. The Guarantor further irrevocably and unconditionally guarantees to make payment for any and all notes properly tendered for payment as described above.
Optional Redemption	The Issuer may redeem some or all of the notes at any times at a redemption price equal to the greater of: • 100% of the principal amount of the notes being redeemed, or • the sum of the present values of the remaining principal and interest on the notes being redeemed, not including any portion of interest accrued on the date of redemption, from the redemption date to the maturity date, discounted to the redemption date on a semi-annual basis at the treasury rate plus 25 basis points,

	plus any accrued and unpaid interest to (but excluding) the date of redemption and additional amounts, if any.
Optional Tax Redemption	The notes may also be redeemed at the Issuer's option, in whole but not in part, at any time at a redemption price equal to the aggregate principal amount of such notes, together with additional amounts, if any, and accrued and unpaid interest to the redemption date in the event of certain changes affecting tax laws in the United Kingdom.
Certain Covenants	The indenture governing the notes will contain covenants that limit the ability of the Guarantor and its principal subsidiaries to create liens. This covenant is subject to certain important exceptions and qualifications. The indenture governing the notes will not specifically prohibit the Guarantor from entering into a merger, consolidation or similar combination with or into another party, or transferring all or substantially all of its assets to another party, whether or not the other party becomes liable for the Guarantor's obligations under the notes. Such a transaction may, however, constitute a change of control as described above or, under certain circumstances, an event of default.
Substitute Obligor	Under certain circumstances, we can cause another wholly-owned subsidiary of Pearson to assume the obligations of the Issuer under the notes. The guarantee of Pearson would remain in place.
Transfer Restrictions; Listing	The Issuer has not registered the notes nor has the Guarantor registered the guarantees under the Securities Act. Neither the Issuer nor the Guarantor intends to subsequently register the notes or the guarantees for resale or to exchange a new series of registered notes and guarantees for the securities offered pursuant to this prospectus. You may offer or sell notes only in transactions exempt from, or not subject to, registration under the Securities Act. Application has been made to the UK Listing Authority for the notes to be admitted to the Official List and to the London Stock Exchange for the notes to be admitted to trading on the London Stock Exchange's Regulated Market. The expenses related to the admission to trading of the notes are expected to be $40,000.
Material Risks	Our business, financial condition and results from operations could be materially adversely affected by risks related to: global economic conditions; prolonged economic instability; technological change, including the digital evolution; changes in governmental funding of education; our ability to protect our intellectual property and proprietary rights; a control breakdown or service failure in our assessment business; our complex contractual relations; operations in emerging markets; acquisitions; our dependence on information technology; a failure to comply with data privacy regulations and standards; changes in our pension costs and funding requirements; disruption to our business caused by third party providers; changes in students' buying behaviour; our finance transformation programme; our tax position; conducting business in foreign currencies; the inherent volatility of advertising; our need to attract and retain appropriately skilled employees; social, environmental and ethical risks; our failure to maintain, protect and enhance our brand; government investigations over agency arrangements for selling e-books; and recent US copyright law interpretations. In addition, investors in the notes offered hereby should consider that if an active trading market does not develop for notes, you may not be able to resell them; and that Pearson is a holding company and it may not have access to the cash that is needed to make payment on the notes.
Form of Notes	The notes will be available in registered book-entry form only and in minimum denominations of $200,000 and any integral multiple of $1,000 in excess thereof. Notes in denominations of less than $200,000 will not be available. The notes sold in this offering will be represented by global registered notes, which will be registered in the name of a nominee of The Depository Trust Company, which we refer to as DTC, for credit to accounts of direct or indirect participants in DTC, including Euroclear and Clearstream,

	Luxembourg.
Trustee	The Bank of New York Mellon, acting through its London Branch.
Use of Proceeds	We estimate that the net proceeds from this offering, after deduction of discounts and expenses of the offering, will be approximately $496,315,000. We intend to use these proceeds for general corporate purposes. See “Use of Proceeds” for additional information regarding the use of proceeds of this offering.
Governing Law	The indenture, the notes and the guarantees will be governed by and construed in accordance with the laws of the State of New York.

Summary Consolidated Financial Information

The table below shows Pearson plc's summary consolidated financial data under IFRS as issued by the IASB as of December 31 and for each of the years ended December 31 in the five-year period ended December 31, 2012. The summary consolidated income statement data for the years ended December 31, 2012, 2011 and 2010, and the summary consolidated balance sheet data as at December 31, 2012 and 2011 have been derived from our consolidated financial statements incorporated by reference into this prospectus, which have been audited by PricewaterhouseCoopers LLP, independent registered public accounting firm. The summary consolidated income statement data for the years ended December 31, 2009 and 2008, and the summary consolidated balance sheet data as at December 31, 2010, 2009 and 2008 have been derived from our consolidated financial statements for those periods and as of those dates, which are not included in or incorporated by reference into this prospectus.

The summary consolidated financial information should be read in conjunction with "Operating and Financial Review and Prospects" and our consolidated financial statements incorporated by reference into this prospectus. The information provided below is not necessarily indicative of the results that may be expected from future operations.

For convenience, we have translated the 2012 amounts into U.S. dollars at the rate of £1.00 = $1.63, the noon buying rate in The City of New York for cable transfers and foreign currencies as certified by The Federal Reserve Bank of New York on December 31, 2012. On April 26, 2013, the noon buying rate for sterling was £1.00 = $1.55.

	Year Ended December 31,					
	2012[4]	2012[4]	2011[4]	2010[4]	2009[4]	2008[4]
	$	£	£	£	£	£
	(in millions, except for per share amounts)					
Consolidated Income Statement data						
Total sales	8,246	5,059	4,817	4,610	4,138	3,502
Total operating profit	839	515	1,118	638	536	473
Profit for the year from continuing operations	466	286	885	455	319	274
Profit for the year	536	329	956	1,300	462	323
Consolidated Earnings data per share						
Basic earnings per equity share[1]	$ 0.66	£ 40.5p	119.6p	161.9p	53.2p	36.6p
Diluted earnings per equity share[2]	$ 0.66	£ 40.5p	119.3p	161.5p	53.1p	36.6p
Basic earnings from continuing operations per equity share[1]	$ 0.57	£ 35.2p	110.7p	57.4p	39.8p	34.3p
Diluted earnings from continuing operations per equity share[2]	$ 0.57	£ 35.1p	110.5p	57.3p	39.7p	34.2p
Dividends per ordinary share	$ 0.74	£ 45.0p	42.0p	38.7p	35.5p	33.8p
Consolidated Balance Sheet data at period end						
Total assets (non-current assets plus current assets)	18,497	11,348	11,244	10,668	9,412	9,896
Net assets	9,307	5,710	5,962	5,605	4,636	5,024
Non-current liabilities[3]	(5,175)	(3,175)	(3,192)	(2,821)	(3,051)	(2,902)
Share capital	333	204	204	203	203	202
Number of equity shares outstanding (millions of ordinary shares)	817	817	816	813	810	809

(footnotes on following page)

Notes:

(1) Basic earnings per equity share is based on profit for the year and the weighted average number of ordinary shares in issue during the year.

(2) Diluted earnings per equity share is based on diluted earnings for the year and the diluted weighted average number of ordinary shares in issue during the year. Diluted earnings comprise earnings adjusted for the tax benefit on the conversion of share options by employees and the weighted average number of ordinary shares adjusted for the dilutive effect of share options.

(3) Non-current liabilities comprise any liabilities with a maturity of more than one year, including medium and long-term borrowings, derivative financial instruments, pension obligations and deferred income tax liabilities.

(4) The results of Penguin (loss of control anticipated to be in 2013) have been included in discontinued operations for all years through 2012. The results of Interactive Data (disposed in July 2010) have been included in discontinued operations for all years to 2010. The results of the Data Management business (disposed in February 2008) have been included in discontinued operations for all years to 2008.

RISK FACTORS

You should carefully consider the risk factors described below, as well as the other information contained in and incorporated by reference into this prospectus, before purchasing the notes. Our business, financial condition or results from operations could be materially adversely affected by any or all of these risks, or by other risks that we presently cannot identify.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and the Guarantor believes that, unless otherwise indicated, the following factors may affect its ability to fulfil its obligations under the guarantees. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. In addition, risk factors which are specific to the Notes are also described below.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer and (where applicable) the Guarantor believe the factors described below to currently be the most significant risk factors when considering an investment in the Notes. The risks described below do not necessarily comprise all the risks associated with the Group. There may be other risks of which neither the Issuer nor the Guarantor is aware or which the Group believes to be immaterial which may have an adverse effect on the business, financial condition, results or future prospects of the Group and/or its businesses.

Risks Related to Our Business

Global economic conditions may adversely impact our financial performance.

With the continued pressure on the worldwide economies during 2012, there is a continuing risk of a further weakening in trading conditions in 2013 which could adversely impact our financial performance. The effect of continued deterioration or lack of recovery in the global economy will vary across our different businesses and will depend on the depth, length and severity of any economic downturn. Specific economic risks by business are described more fully in the other risk factors below.

A significant deterioration in Group profitability and/or cash flow caused by prolonged economic instability could reduce our liquidity and/or impair our financial ratios, and trigger a need to raise additional funds from the capital markets and/or renegotiate our banking covenants.

To the extent the economic difficulties continue, or worldwide economic conditions materially deteriorate, the Group's revenues, profitability and cash flows could be significantly reduced as customers would be unable to purchase products and services in the expected quantities and/or pay for them within normal agreed terms. A liquidity shortfall may delay certain development initiatives or may expose the Group to a need to negotiate further funding. While we anticipate that our existing cash and cash equivalents, together with availability under our existing credit facility, cash balances and cash from operations, will be sufficient to fund our operations for at least the next 12 months, we may need to raise additional capital to fund operations in the future or to finance acquisitions. If we seek to raise additional capital in order to meet various objectives, including developing future technologies and services, increasing working capital, acquiring businesses and responding to competitive pressures, capital may not be available on favourable terms or may not be available at all.

If the global economy weakens further and/or the global financial markets collapse, whether in general or as a result of specific factors, such as the current European sovereign debt crisis, we may not have access to or could lose our bank deposits. Lack of sufficient capital resources could significantly limit our ability to take advantage of business and strategic opportunities. Any additional capital raised through the sale of equity or debt securities with an equity component would dilute our stock ownership. If adequate additional funds are not available, we may be required to delay, reduce the scope of, or eliminate material parts of our business strategy, including potential additional acquisitions or development of new technologies.

Our education, business information and book publishing businesses will be impacted by the rate of and state of technological change, including the digital revolution and other disruptive technologies.

A common trend facing all our businesses is the digitization of content and proliferation of distribution channels, either over the internet, or via other electronic means, replacing traditional print formats. The digital migration brings the need for change in product distribution, consumers' perception of value and the publisher's position between retailers and authors. The trend to ebooks has created contraction in the consumer books retail market which increases the risk of bankruptcy of a major retail customer. This could disrupt short-term product supply to the market as well as result in a large debt write off.

We face competitive threats both from large media players and from smaller businesses, online and mobile portals and news redistributors operating in the digital arena and providing alternative sources of news and information. New distribution channels, e.g. digital format, the internet, online retailers, growing delivery platforms (e.g., e-readers), combined with the concentration of retailer power pose both threats and opportunities to our traditional consumer publishing models, potentially impacting both sales volumes and pricing.

If we do not adapt rapidly to these changes we may lose business to 'faster' more 'agile' competitors, who increasingly are non-traditional competitors, i.e. technology companies, making their identification all the more difficult. We may be required to invest significant resources to further adapt to the changing competitive environment.

Our U.S. educational solutions and assessment businesses and our U.K. training businesses may be adversely affected by changes in government funding resulting from either general economic conditions, changes in government educational funding, programs, policy decisions, legislation and/or changes in the procurement processes.

The results and growth of our U.S. educational solutions and assessment businesses are dependent on the level of federal and state educational funding, which in turn is dependent on the robustness of state finances and the level of funding allocated to educational programs. State, local and municipal finances have been adversely affected by the U.S. recession and the unknown timing of economic recovery. Funding pressures remain, with competition from low price and disruptive new business models and promotion of open source to keep costs down. The current challenging environment could impact our ability to collect on education-related debt.

Government changes can also affect the funding available for educational expenditure, which include the impact of education reform. Similarly, changes in the government procurement process for textbooks, learning material and student tests, and vocational training programs can also affect our markets. Changes in curricula, delays in the timing of the adoptions and changes in the student testing process can all affect these programs and therefore the size of our market in any given year. Changes in the U.K. government's funding policy for apprenticeships affected the business model for the Pearson in Practice adult training business. As a result, in January 2013 we announced that we will exit this particular business. We will continue to provide training and support for young adults who wish to develop skills and enter the U.K. workforce through our qualifications and curriculum businesses.

There are multiple competing demands for educational funds and there is no guarantee that new textbooks or testing or training programs will be funded, or that we will win this business.

If we do not adequately protect our intellectual property and proprietary rights our competitive position and results may be adversely affected and limit our ability to grow.

Our products and services largely comprise intellectual property delivered through a variety of media, including newspapers, books, the internet and other growing delivery platforms. We rely on trademark, copyright and other intellectual property laws to establish and protect our proprietary rights in these products and services.

Our intellectual property rights in countries such as the United States and the United Kingdom, jurisdictions covering the largest proportion of our operations, are well established. However, we also conduct business in other countries where the extent of effective legal protection for intellectual property rights is uncertain, and this uncertainty could affect our future growth. We cannot guarantee that our intellectual property rights will provide competitive advantages to us; our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak; any of the intellectual property rights that we may employ in our business will not lapse or be invalidated, circumvented, challenged, or abandoned; or that we will not lose the ability to assert our intellectual property rights against others. Moreover, despite trademark and copyright protection, third parties may copy, infringe or otherwise profit from our proprietary rights without our authorization. The loss or diminution in value of these proprietary rights or our intellectual property could have a material adverse effect on our business and financial performance.

A control breakdown or service failure in our school assessment businesses could result in financial loss and reputational damage.

There are inherent risks associated with our school assessment businesses, both in the United States and the United Kingdom. A service failure caused by a breakdown in our testing and assessment processes could lead to a mis-grading of student tests and/or late delivery of test results to students and their schools. In either event we may be subject to legal claims, penalty charges under our contracts, non-renewal of contracts and/or the suspension or withdrawal of our accreditation to conduct tests. It is also possible that such events would result in adverse publicity, which may affect our ability to retain existing contracts and/or obtain new customers.

Our education technology and assessment businesses involve complex contractual relationships with both government agencies and commercial customers for the provision of various testing services. Our financial results, growth prospects and/or reputation may be adversely affected if these contracts and relationships are poorly managed.

Our education technology and assessment businesses are characterized by multi-million pound sterling contracts spread over several years. As in any contracting business, there are inherent risks associated with the bidding process, start-up, operational performance and contract compliance (including penalty clauses) which could adversely affect our financial performance and/or reputation. Failure to retain these contracts at the end of the contract term could adversely impact our future revenue growth. At Edexcel, our U.K. Examination board and testing business, any change in U.K. Government policy to examination marking could have a significant impact on our present business model.

Our investment into inherently riskier emerging markets is growing and the returns may be lower than anticipated.

To take advantage of international growth opportunities and to reduce our reliance on our core U.S. and U.K. markets we are increasing our investments in a number of emerging markets, some of which are inherently more risky than our traditional markets. Political, regulatory, economic and legal systems in emerging markets may be less predictable than in countries with more developed institutional structures. Political, regulatory, economic, currency, reputational and corporate governance risks (including fraud) as well as unmanaged expansion are all factors which could limit our returns on investments made in these markets.

Failure to generate anticipated revenue growth, synergies and/or cost savings from acquisitions and joint ventures and associates could lead to goodwill and intangible asset impairments.

We continually acquire and dispose of businesses to achieve our strategic objectives. In 2012 we acquired Certiport, GlobalEnglish, Author Solutions Inc, Wall Street Indonesia, Wall Street Brazil, Inframation Group, EmbanetCompass and several other small acquisitions. Acquired goodwill and intangible assets could be impaired if we are unable to generate the anticipated revenue growth, synergies and/or cost savings associated with these or other acquisitions.

In October 2012, we entered into an agreement with Bertelsmann to combine our respective consumer publishing businesses in a newly-created combination named Penguin Random House in which we will hold a 47% equity interest. The combination is subject to customary regulatory and other approvals and is expected to complete in the second half of 2013.

We operate in markets which are dependent on Information Technology (IT) systems and technological change.

All our businesses, to a greater or lesser extent, are dependent on information technology. We either provide software and/or internet services to our customers or we use complex IT systems and products to support our business activities, particularly in business information publishing, back-office processing and infrastructure. We face several technological risks associated with software product development and service delivery in our educational businesses, information technology security (including virus and hacker attacks), e-commerce, enterprise resource planning system implementations and upgrades. Although plans and procedures are in place to reduce such risks, from time to time we have experienced verifiable attacks on our systems by unauthorized parties. To date such attacks have not resulted in any material damage to us, but our businesses could be adversely affected if our systems and infrastructure experience a significant failure or interruption.

Failure to comply with data privacy regulations and standards or weakness in internet security could result in a major data privacy breach causing reputational damage to our brands and financial loss.

Across our businesses we hold large volumes of personal data including that of employees, customers and, in our assessment and information technology businesses, students and citizens. Despite our implementation of security measures, individuals may try to gain unauthorized access to our data in order to misappropriate such information for potentially fraudulent purposes. Any perceived or actual unauthorized disclosure of personally-identifiable information, whether through breach of our network by an unauthorized party, employee theft, misuse or error or otherwise, could harm our reputation, impair our ability to attract and retain our customers, or subject us to claims or litigation arising from damages suffered by individuals, and thereby harm our business and operating results. Failure to adequately protect personal data could lead to penalties, significant remediation costs, reputational damage, potential cancellation of some existing contracts and inability to compete for future business. In addition, we could incur significant costs in complying with the multitude of state, federal and foreign laws regarding the unauthorized disclosure of personal information.

Our reported earnings and cash flows may be adversely affected by changes in our pension costs and funding requirements.

We operate a number of pension plans throughout the world, the principal ones being in the United Kingdom and the United States. The major plans are self-administered with the plans' assets held independently of the Group. Regular valuations, conducted by independent qualified actuaries, are used to determine pension costs and funding requirements. As these assets are invested in the capital markets, which are often volatile, the plans may require additional funding from us, which could have an adverse impact on our results.

It is our policy to ensure that each pension plan is adequately funded, over time, to meet its ongoing and future liabilities. Our earnings and cash flows may be adversely affected by the need to provide additional funding to eliminate pension fund deficits in our defined benefit plans. Our greatest exposure relates to our U.K. defined benefit pension plan, which is valued once every three years. Pension fund deficits may arise because of inadequate investment returns, increased member life expectancy, changes in actuarial assumptions and changes in pension regulations, including accounting rules and minimum funding requirements.

Operational disruption to our business caused by our third party providers, a major disaster and/or external threats could restrict our ability to supply products and services to our customers.

Across all our businesses, we manage complex operational and logistical arrangements including distribution centres, data centres and large office facilities as well as relationships with third party print sites. We have also outsourced some support

functions, including information technology and warehousing, to third party providers. The failure of third parties to whom we have outsourced business functions could adversely affect our reputation and financial condition. Failure to recover from a major disaster, (e.g. fire, flood etc) at a key facility or the disruption of supply from a key third party vendor or partner (e.g. due to bankruptcy) could restrict our ability to service our customers. Similarly external threats, such as a flu pandemic, terrorist attacks, strikes, weather etc, could all affect our business and employees, disrupting our daily business activities.

Changes in students' buying and distribution behaviour put downward pressure on price.

Students are seeking cheaper sources of content, e.g. online discounters, file sharing, use of pirated copies, and rentals, along with open source. This change in behaviour puts downward pressure on textbook prices in our major markets, and this could adversely impact our results.

The pace and scope of our business transformation initiatives increase the execution risk that benefits may not be fully realized or that our business as usual activities do not perform in line with expectations.

In parallel with the business transformation as we respond to the digital revolution and shift from a product to a services business, we will continue to look at opportunities to develop new business models and enhance organization structures. The increased pace and scope of change increases the risk that not all of these changes will deliver the expected benefits within anticipated timeframes. In addition, as a result of the increased pressure of transformational change, our business as usual activities may not perform in line with plans or our levels of customer service may not meet expectations.

Changes in our tax position can significantly affect our reported earnings and cash flows.

Changes in corporate tax rates and/or other relevant tax laws in the United Kingdom and/or the United States could have a material impact on our future reported tax rate and/or our future tax payments. We have been subject to audit by tax authorities. Although we believe our tax provision is reasonable, the final determination of our tax liability could be materially different from our historical income tax provisions, which could have a material effect on our financial position, results of operations or cash flows.

We generate a substantial proportion of our revenue in foreign currencies, particularly the U.S. dollar, and foreign exchange rate fluctuations could adversely affect our earnings and the strength of our balance sheet.

As with any international business our earnings can be materially affected by exchange rate movements. We are particularly exposed to movements in the U.S. dollar to sterling exchange rate as approximately 60% of our total revenue is generated in U.S. dollars. In addition, we are increasingly exposed to a range of international currencies, most of which weakened against sterling in 2012. Sales for 2012, translated at 2011 average rates, would have been £29m or 1% higher.

The inherent volatility of advertising could adversely affect the profitability of our newspaper business.

Advertising revenue is susceptible to fluctuations in economic cycles. Certain of our products, such as the Financial Times newspaper, are more advertising-driven than our other products. Consequently, these products are more affected by decreases in advertising revenue. As the internet continues to grow as a global medium for information, communication and commerce, advertisers are increasingly shifting advertising dollars from print to online media. Any downturn in corporate and financial advertising spend due to the economic slowdown will negatively impact the results.

If we fail to attract and retain appropriately skilled employees, our business may be harmed.

Our success depends on the skill, experience and dedication of our employees. If we are unable to retain and attract sufficiently experienced and capable personnel, especially in technology, product development, sales and management, our business and financial results may suffer. When talented employees leave, we may have difficulty replacing them, and our business may suffer. There can be no assurance that we will be able to successfully retain and attract the personnel that we need.

Social, environmental and ethical risks may also adversely impact our business.

We consider social, environmental and ethical (SEE) risks no differently to the way we manage any other business risk. These include journalistic/author integrity, ethical business behaviour, intellectual copyright protection, compliance with UN Global Compact standards, environmental impact, people and data privacy.

Our business depends on a strong brand, and any failure to maintain, protect and enhance our brand would hurt our ability to retain or expand our business.

We have developed a strong brand that we believe has contributed significantly to the success of our business. Maintaining, protecting and enhancing the Pearson brand is critical to expanding our business and will depend largely on our ability to maintain our customers' trust in our solutions and in the quality and integrity of our products and services. If we do not successfully maintain a strong brand, our business could be harmed.

The settlement of legal actions against Penguin over agency arrangements for selling eBooks might impact Penguin's business.

Penguin has settled a civil lawsuit brought in April 2012 by the Antitrust Division of the United States Department of Justice (the "DOJ") with respect to agency arrangements for selling eBooks by agreeing, along with other publishers, to a consent order that requires that the agency selling arrangements be discontinued. In addition, Penguin is in discussions with the Canadian Competition Bureau and the European Competition Commission to settle similar investigations by those entities. Penguin's discontinuation of agency selling arrangements for eBooks could have an adverse impact on its future sales. Penguin is also subject to civil proceedings related to eBooks agency selling arrangements brought by state attorneys general in the United States as well as private plaintiffs in the United States and Canada. Settlement discussions are ongoing, but at this juncture there is no assurance that Penguin can reach a settlement of these cases to avoid trial. Moreover, if Penguin is able to conclude a settlement, it will involve Penguin's payment of monetary damages.

The effects of a recent decision by the U.S. Supreme Court interpreting U.S. copyright law may have an adverse impact on our sales.

In a recent case, the U.S. Supreme Court, reversing decisions by the District Court and Court of Appeals, held that the "first sale" doctrine of United States Copyright Law applied to copies of U.S. copyrighted material printed outside of the United States. The decision would allow third parties to import into the United States for resale international editions of our U.S. textbooks that the United States publisher or its affiliate or other authorized publisher published abroad. These international editions are often available in the countries of publication at prices significantly below those of the U.S. editions. While the international editions may not substitute for the U.S. editions, any widespread importation and resale in the United States of the lower cost international editions of our textbooks could adversely impact overall revenues.

Risks Related to the Notes and this Offering

If an active trading market does not develop for the notes, you may not be able to resell them.

Neither the notes nor the guarantees have been registered under the Securities Act, and neither the Issuer nor the Guarantor has any obligation or intention to subsequently register or exchange registered securities for the notes or the guarantees. Accordingly, the notes and the related guarantees can only be offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Although application has been made to list the notes on the London Stock Exchange's Regulated Market, there is no existing market for the notes, and we can offer no assurance as to the liquidity of any market that may develop for the notes, your ability to sell your notes or the prices at which you may be able to sell your notes. Future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Each of the initial purchasers has advised us that it currently intends to make a market in the notes. However, they are not obligated to do so and they may discontinue any market-making at any time as provided in "Plan of Distribution" below, without notice.

Pearson is a holding company and it may not have access to the cash that is needed to make payments on the notes. The claims of the creditors of Pearson's subsidiaries will effectively rank senior to the noteholders' claims against Pearson and the Issuer with respect to the assets of such other subsidiaries.

Pearson is a holding company that conducts substantially all of its operations, and holds most of its operating assets, through its subsidiaries. The Issuer, a wholly-owned subsidiary of Pearson, has no operations and its only asset will be claims against Pearson and other subsidiaries of Pearson to which it will advance the proceeds from the sale of the notes. The Issuer's obligations will consist only of the obligations under the notes. None of Pearson's subsidiaries is obligated to make funds available to the Issuer or Pearson for payment on the notes. Accordingly, the ability to make payments on the notes is dependent on the distribution of earnings or cash payments by Pearson's operating subsidiaries to the Issuer and Pearson. Regulatory, contractual or other restrictions on Pearson's subsidiaries' ability to pay dividends or make cash payments to the Issuer or Pearson may adversely affect the Issuer's or Pearson's ability to pay principal and interest on the notes. Pearson's subsidiaries are separate and distinct legal entities and, except in the case of the Issuer, they will have no obligation, contingent or otherwise, to pay any amounts due under the notes or to make any funds available for any of those payments. Claims of creditors of Pearson's subsidiaries other than the Issuer, including trade creditors, will effectively have priority over claims of the holders of the notes with respect to the assets of those subsidiaries.

Pearson's subsidiaries may incur indebtedness. This indebtedness may restrict or prohibit the making of distributions, the payment of dividends or the making of loans by these subsidiaries. In addition, this indebtedness will effectively rank senior to the notes with respect to the assets of those subsidiaries. The indenture governing the notes will not limit the amount of indebtedness that can be incurred by Pearson's subsidiaries. Neither Pearson nor the Issuer can assure you that the agreements governing the current and future indebtedness of Pearson's operating subsidiaries will permit those subsidiaries to provide Pearson or the Issuer with sufficient dividends or cash payments to fund payments on the notes when due.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes, after deduction of discounts and expenses of the offering, will be approximately $496,315,000. We intend to use the net proceeds for general corporate purposes, which may include repayment of the 5.5% Global Dollar Bonds due May 6, 2013, the provision of seasonal working capital to our subsidiaries in the United States and investment in short-term money market investments.

CAPITALIZATION

The following table sets forth our capitalisation and cash, liquid resources and marketable securities as at December 31, 2012 (being the most recent completed financial period). This table should be read in conjunction with "Item 5. Operating and Financial Review and Prospects" and our consolidated financial statements included in Pearson's Annual Report on Form 20-F, which is incorporated by reference into this prospectus. The information contained in this table has been derived from our consolidated balance sheet as of December 31, 2012, which is included in Person's Annual Report on Form 20-F and incorporated by reference herein. Borrowings, cash and liquid resources denominated in currencies other than sterling have been translated into sterling at the exchange rates in effect on December 31, 2012, the most significant of which is U.S. dollars, which has been translated at a rate of £1.00 = $1.63. For convenience, we have translated the sterling amounts into U.S. dollars at the rate of £1.00 = $1.63, the noon buying rate in The City of New York for cable transfers and foreign currencies as certified by The Federal Reserve Bank of New York on December 31, 2012. On April 26, 2013, the noon buying rate for sterling was £1.00 = $1.55.

	As at December 31, 2012	
	Actual	
	£	$
	(in millions, except for share data)	
Cash, liquid resources and marketable securities[1]	1,068	1,741
Indebtedness:		
Short-term borrowings[2]	262	427
Medium and long-term borrowings:		
Bonds and loan notes	2,003	3,265
Finance lease liabilities	7	11
Total borrowings[3]	2,272	3,703
Shareholders' Funds:		
Ordinary shares		
authorized: 1,194,000,000		
issued: 25p per ordinary shares	204	333
Share premium	2,555	4,165
Consolidated reserves[4]	2,927	4,771
Total shareholders' funds	5,686	9,269
Non-controlling interest	24	39
Total capitalization and indebtedness	7,982	13,011

Notes:

(1) Includes cash and cash equivalents and marketable securities.

(2) Short-term borrowings are those borrowings maturing within one year.

(3) As of March 31, 2013, our total borrowings were £2,431 million and our net borrowings, which represent total borrowings less cash and liquid resources, were £1,457 million. The increase in our net borrowings since December 31, 2012 is primarily due to the retranslation of U.S. dollar denominated debt into Sterling, acquisitions and tax payments. The increase is also due to the seasonal fluctuation in our borrowings due to the effect of the school year on the working capital requirements of the educational book business. Assuming no acquisitions or disposals, our maximum level of net debt normally occurs in July, and our minimum level of net debt normally occurs in December.

Except as disclosed herein, since December 31, 2012, the date of our last published consolidated financial statements, there has been no material change in our capitalization.

(4) Consolidated reserves includes retained earnings, treasury shares and translation reserve.

SELECTED CONSOLIDATED FINANCIAL DATA

The table below shows Pearson plc's selected consolidated financial data under IFRS as issued by the IASB as of December 31 and for each of the years ended December 31 in the five-year period ended December 31, 2012. The selected consolidated income statement data for the years ended December 31, 2012, 2011 and 2010, and the selected consolidated balance sheet data as at December 31, 2012 and 2011 have been derived from our consolidated financial statements incorporated by reference into this prospectus, which have been audited by PricewaterhouseCoopers LLP, independent registered public accounting firm. The selected consolidated income statement data for the years ended December 31, 2009 and 2008, and the selected consolidated balance sheet data as at December 31, 2010, 2009 and 2008 have been derived from our consolidated financial statements for those periods and as of those dates, which are not included in, or incorporated by reference into, this prospectus.

The selected consolidated financial information should be read in conjunction with "Item 5. Operating and Financial Review and Prospects" and our consolidated financial statements included in Pearson's Annual Report on Form 20-F, which is incorporated by reference into this prospectus. The information provided below is not necessarily indicative of the results that may be expected from future operations.

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	2012(4)	2012(4)	2011(4)	2010(4)	2009(4)	2008(4)
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Non-current liabilities[3]	(5,175)	(3,175)	(3,192)	(2,821)	(3,051)	(2,902)
Share capital	333	204	204	203	203	202
Number of equity shares outstanding (millions of ordinary shares)	817	817	816	813	810	809

Notes:

(1) Basic earnings per equity share is based on profit for the year and the weighted average number of ordinary shares in issue during the year.

(2) Diluted earnings per equity share is based on diluted earnings for the year and the diluted weighted average number of ordinary shares in issue during the year. Diluted earnings comprise earnings adjusted for the tax benefit on the conversion of share options by employees and the weighted average number of ordinary shares adjusted for the dilutive effect of share options.

(3) Non-current liabilities comprise any liabilities with a maturity of more than one year, including medium and long-term borrowings, derivative financial instruments, pension obligations and deferred income tax liabilities.

(4) The results of Penguin (loss of control anticipated to be in 2013) have been included in discontinued operations for all years through 2012. The results of Interactive Data (disposed in July 2010) have been included in discontinued operations for all

years to 2010. The results of the Data Management business (disposed in February 2008) have been included in discontinued operations for all years to 2008.

THE ISSUER

General

Pearson Funding Five plc, or the Issuer, is a public limited company duly incorporated under the laws of England and Wales. Its registered office and principal administrative office is 80 Strand, London WC2R 0RL, United Kingdom (telephone: 44 (0) 20 7010 2000) with Companies House registration number 08422787. Pearson Funding Five plc was duly incorporated and registered on February 27, 2013 and it has an issued share capital of £109,000,000 (divided into 109,000,000 ordinary shares of £1.00 each), of which 108,999,999 ordinary shares are held by Pearson plc and 1 ordinary share is held by Pearson Nominees Limited, a wholly-owned subsidiary of Pearson plc. Pearson Funding Five plc does not have any subsidiary undertakings. Pearson Funding Five plc will use the net proceeds of this offering as described above in "Use of Proceeds". The Issuer's corporate purposes are to carry on business as a finance company in all its aspects and to carry on any other lawful business activity, in accordance with its Memorandum and Articles of Association.

Pearson Funding Five plc is recently formed and since formation has not traded and has not produced financial statements. Consequently, no financial statements exist, and none have been prepared, in regard to Pearson Funding Five plc.

The following table sets out the capitalization of Pearson Funding Five plc as at April 30, 2013.

Share capital:	**(in millions)**
Share capital(1)	£109
Reserves	0
Indebtedness:	£109
Total indebtedness(2)(3)	0
Total capitalization(4)	£109

Notes:

(1) As of April 30, 2013, Pearson Funding Five plc had 109,000,000 issued and outstanding ordinary shares of £1.00 par value each, in respect of which £109,000,000 has been paid up.

(2) Except for the transactions contemplated in this prospectus, since April 30, 2013, total indebtedness has remained unchanged.

(3) Except for the transactions contemplated in this prospectus, as at April 30, 2013, Pearson Funding Five plc had no secured or unsecured debt.

(4) Except for the transactions contemplated in this prospectus, there has been no other material change in the capitalization, indebtedness, contingent liabilities or guarantees of Pearson Funding Five plc since April 30, 2013. Upon completion of the offering contemplated by this prospectus, Pearson Funding Five plc will issue the notes as described above.

Management of the Issuer

The following table sets forth information concerning each of the directors of Pearson Funding Five plc as of April 30, 2013.

Name(1)	**Age**	**Position**
Michael Day	55	Director
Steven Ellis	46	Director
Andrew Midgley	51	Director

Note:

(1) The business address for each director of Pearson Funding Five plc is 80 Strand, London WC2R 0RL, United Kingdom.

Michael Day has been a director of Pearson Funding Five plc since its incorporation. Mr. Day has also been the Group Treasurer since 1997 having been Deputy Treasurer since 1989. Previously he was with Citibank, N.A. He is a Fellow of the Association of Corporate Treasurers.

Steven Ellis has been a director of Pearson Funding Five plc since its incorporation. Mr. Ellis has also been the Deputy Group Treasurer since 2009, having been the Assistant Treasurer since 2005. Previously he was with KPMG. He is a Chartered Accountant and a Member of the Association of Corporate Treasurers.

Andrew Midgley has been a director of Pearson Funding Five plc since its incorporation. Mr. Midgley Andrew Midgley has been a director of Pearson Funding Five plc since its incorporation. Mr. Midgley has also been the Head of Financial Reporting since 2001 and has been with Pearson since 1996. Before joining Pearson he worked at GlaxoSmithKline and LloydsTSB. He is a Chartered Accountant.

Issuer's Board of Directors

The directors of the Issuer manage its affairs.

There are no potential conflicts of interest between any duties owed to the Issuer by its directors and their private interest and/or other duties.

THE GUARANTOR

Information about the Guarantor is incorporated by reference from Pearson's Annual Report on Form 20-F, which is incorporated herein by reference.

The directors of Pearson are:

Name	Age	Position
Glen Moreno	69	Chairman
John Fallon	50	Chief Executive
David Arculus	66	Non-executive Director
Vivienne Cox	53	Senior Independent Director
Will Ethridge	61	Chief Executive, Pearson North American Education
Robin Freestone	54	Chief Financial Officer
Susan Fuhrman	68	Non-executive Director
Ken Hydon	68	Non-executive Director
Josh Lewis	50	Non-executive Director
John Makinson	57	Chairman and Chief Executive, The Penguin Group

The business address for each director of the Guarantor is 80 Strand, London WC2R 0RL, United Kingdom.

Further details about the directors can be found under "Item 6. Directors, Senior Management and Employees – Directors and Senior Management" of Pearson's Annual Report on Form 20-F, which is incorporated by reference into this prospectus.

DESCRIPTION OF GUARANTEED NOTES AND GUARANTEES

General

The 3.250% Guaranteed Notes due 2023, which we refer to as the "notes", will be denominated in U.S. dollars and will be initially limited to $500,000,000 in aggregate principal amount. The notes will be issued pursuant to the indenture. The notes will be issued in denominations of $200,000 and integral multiples of $1,000 in excess thereof. Interest on the notes will be payable in U.S. dollars at our office or agency in the Borough of Manhattan, New York City, New York. At the Issuer's option, the Issuer may also pay interest on the notes by check mailed to the address of the registered holders.

The Issuer may, without the consent of the holders of the notes, create and issue additional notes ranking equally with the notes in all respects, including having the same CUSIP, ISIN and/or common code number, so that such additional notes shall be consolidated and form a single series with the notes under the indenture. Any such additional notes will have the same terms as to status, redemption or otherwise as the notes of that series. No additional notes may be issued if an event of default (which we describe under "—Events of Default" below) has occurred and is continuing with respect to the notes.

The Guarantor is a holding company and receives substantially all of its operating income from its subsidiaries. The Issuer is a special purpose finance subsidiary, whose ultimate parent company is the Guarantor. The notes will be senior unsecured obligations ranking equal in right of payment with all of the Issuer's existing and future unsecured and unsubordinated indebtedness. The guarantee of the notes will be the senior unsecured obligation of the Guarantor and rank equal in right of payment with all of the Guarantor's existing and future unsecured and unsubordinated indebtedness. See "—Guarantees". At December 31, 2012, the subsidiaries of the Guarantor, other than the Issuer, had approximately £4,688 million of liabilities (after excluding intra-group items and provisions for liabilities and charges), including approximately £1,799 million of indebtedness. All of these liabilities will effectively rank senior to the Guarantees with respect to payment under the guarantee. See "Risk Factors—Risks Related to the Notes and this Offering". Pearson is a holding company and it may not have access to the cash that is needed to make payments on the notes. The claims of the creditors of Pearson's subsidiaries will effectively rank senior to the noteholders' claims against Pearson and the Issuer with respect to the assets of such other subsidiaries".

Guarantees

The Guarantor will fully, irrevocably and unconditionally guarantee the due and punctual payment of the principal, premium, if any, interest and any additional amounts on the notes when and as the same shall become due and payable, whether at maturity or otherwise and any and all amounts due and owing to the trustee, paying agent and calculation agent under the indenture. The guarantees of the notes will rank at least pari passu with all other senior unsecured and unsubordinated obligations of the Guarantor (other than any obligations preferred by statute or by operation of law) from time to time outstanding.

Interest and Principal Payments

The notes will bear interest from May 8, 2013 at a rate of 3.250% *per annum*, payable semi-annually on May 8 and November 8 of each year, commencing November 8, 2013. Interest will be paid to the person in whose name the note is registered, subject to certain exceptions as provided in the indenture, at the close of business on April 23 and October 23, as the case may be, immediately preceding each interest payment date. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The notes will be repaid at par in U.S. dollars at maturity on May 8, 2023 and are not subject to any sinking fund provision.

Payments on Business Days

If any date for the payment of any note would fall on a day that is not a business day, that payment shall be made on the next business day, and no interest on such payment shall accrue for the period from and after such payment date.

Business day means any day other than a Saturday or Sunday or a day on which commercial banks and trust companies located in New York City, London or the place of payment with respect to the notes are authorized or required by law, regulation or executive order to be closed.

Optional Redemption

The Issuer may also on not less than 30 nor more than 60 days' written notice to the trustee and, in accordance with the procedures described below under "— Notices", to each registered holder of the notes, at any time, redeem the notes as a whole at any time or in part from time to time, at its option (which we call an "optional redemption"), at a redemption price equal to the greater of:

- 100% of the principal amount of the notes being redeemed, or
- as determined by the calculation agent, the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed not including any portion of such payment of interest accrued on the date of redemption, from the redemption date to the relevant maturity date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate plus 25 basis points,

plus any accrued and unpaid interest to (but excluding) the date of redemption and additional amounts, if any. The initial calculation agent is The Bank of New York Mellon, acting through its London Branch, which, in this capacity, we refer to as the calculation agent.

"treasury rate" means, with respect to any redemption date for any of the notes being redeemed:

(a) the yield for the maturity corresponding to the comparable treasury issue (as defined below), under the heading that represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", *provided*, that if no maturity is within three months before or after the relevant maturity date for the notes being redeemed the yields for the two published maturities most closely corresponding to the comparable treasury issue will be determined and the treasury rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or

(b) if the release referred to in (a) (or any successor release) is not published during the week preceding the calculation date or does not contain the yields referred to above, the rate per annum equal to the semi-annual equivalent yield to maturity of the comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for that redemption date.

The treasury rate will be calculated on the third business day preceding the redemption date.

"comparable treasury issue" means, with respect to any redemption date for any of the notes being redeemed, the United States Treasury security selected by an "independent investment banker" as having the maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

"independent investment banker" means one of the reference treasury dealers appointed by the trustee after consultation with the Issuer and the Guarantor.

"comparable treasury price" means with respect to any redemption date for any of the notes being redeemed:

- the average of three reference treasury dealer quotations (as defined below) for the redemption date obtained by the calculation agent, after excluding the highest and lowest of those reference treasury dealer quotations, or
- if the calculation agent obtains fewer than three reference treasury dealer quotations, the average of all reference treasury dealer quotations obtained.

"reference treasury dealer" means each of Barclays Capital Inc., Deutsche Bank Securities Inc. and HSBC Securities (USA) Inc. If any reference treasury dealer ceases to be a primary U.S. government securities dealer, the Issuer will substitute another primary U.S. government securities dealer for that dealer and so advise the trustee.

"reference treasury dealer quotations" means, with respect to any redemption date, the average, as determined by the calculation agent, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted to the calculation agent by that reference treasury dealer at 5:00 p.m. New York time on the third business day preceding the redemption date.

Unless the Issuer defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes called for redemption.

Assumption of Obligations

The Issuer may transfer its obligations under the notes to a transferee company and such transferee company may assume its obligations thereunder, provided that such transfer and assumption complies with the Indenture.

A limited liability company or corporation that is organized under the laws of the State of Delaware in the United States of America and is legally and beneficially wholly-owned by the Guarantor, directly or indirectly (which we will refer to as a "transferee company"), may assume the Issuer's obligations under the notes and the indenture without your consent, provided that:

(a) the transferee company shall expressly assume by a supplemental indenture all of the Issuer's obligations under the notes, as the case may be, and the indenture;

(b) such supplemental indenture shall be in a form reasonably satisfactory to the trustee, shall be duly authorized and executed by the transferee company, shall constitute a valid and legally binding agreement of such transferee company, and shall be delivered to the trustee;

(c) subject to exceptions contained in the section "— Payment of Additional Amounts" below, where references to "United Kingdom" shall be construed as references to "United States", such transferee company shall agree that all payments made by it in respect of principal of, or premium, if any, or interest on, the relevant notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United States or any

authority thereof or therein having power to tax, unless such withholding or deduction is required by law, and if withholding or deduction is so required, such transferee company will pay to each of you such additional amounts as may be necessary so that the net amounts paid to any of you who are not resident for tax purposes in the United States after such deduction or withholding, shall be not less than the amounts specified in such notes to which you are entitled;

(d) immediately after giving effect to such transfer, no event of default (as described below) with respect to the notes, and no event which, after notice or lapse of time of both, would become an event of default with respect to the notes, shall have occurred and be continuing;

(e) the Guarantor's obligations under the guarantees shall remain in full force and effect after the transfer;

(f) any listing of the notes on or by any stock exchange or other competent listing authority shall not be cancelled or suspended as a result of such transfer, unless alternative arrangements satisfactory to those of you that are affected thereby have been made and a notice with respect to such transfer and assumption of obligations will be given by the Issuer as described under "—Notices" below and, to the extent required by applicable law and/or regulations of any stock exchange or competent listing authority on or by which the notes are then listed, the Issuer and the Guarantor will prepare and publish such prospectus supplement or other documents describing such transfers and assumptions as may be required;

(g) the ratings assigned to the relevant notes shall not be adversely affected as a result of any such transfer, and Moody's Investors Service, Inc and Standard & Poor's shall have provided written confirmation to that effect to the Guarantor;

(h) the Issuer shall give written notice of such transfer to you of the notes not less than 30 nor more than 60 days prior to the date such transfer shall occur;

(i) either the Issuer or the transferee company shall have delivered to the trustee a written opinion of counsel for the Issuer or the Guarantor, stating that such transfer shall constitute a "tax-free exchange"; and

(j) the Issuer and the Guarantor shall each deliver to the trustee an officer's certificate and an opinion of counsel stating that such transfer complies with the above and that all conditions precedent to such transfer have been satisfied.

Upon any assumption in accordance with the above, the transferee company shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the indenture with the same effect as if such transferee company had been named as the Issuer herein; and thereafter the predecessor shall be released from all obligations and covenants under the notes and the indenture with respect to the notes.

A "tax-free exchange" means that, in connection with any proposed transfer and assumption of indebtedness under the notes (i) no gain or loss will be recognized by you for United States federal income tax purposes and no capital gain will arise for United Kingdom tax purposes as a direct result of such transfer; (ii) no transfer or similar taxes will be imposed on you under the laws of the United States or the United Kingdom as a direct result of such transfer; and (iii) the notes will continue to be classified as debt and will not be classified as equity for United States federal income tax purposes.

Payment of Additional Amounts

The Issuer will make all payments of principal and interest in respect of any note without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision or any authority thereof or therein having power to tax with respect to payments of interest and principal on the notes, unless such withholding or deduction is required by law. If any deduction or withholding for any present or future taxes, duties, assessments or other governmental charges described above shall at any time be required in respect of any amounts to be paid by us on the notes, the Issuer will pay to a holder of a note such additional amounts, which are referred to herein as "additional amounts", as may be necessary so that the net amounts paid to such holder, after such deduction or withholding, shall be not less than the amounts specified in such note to which such holder is entitled. However, the Issuer shall not be required to make any payment of additional amounts in respect of any note:

- held by or on behalf of a holder which is liable for such taxes, duties, assessments or governmental charges in respect of such note by reason of the holder (or the beneficial owner of such a note) having some connection with the United Kingdom other than the mere holding of such note; or
- where such withholding or deduction could have been avoided by the holder making a declaration of non-residence or other similar claim for exemption to any authority of or in the United Kingdom; or
- where (in the case of a payment of principal or interest on final maturity) the relevant note is surrendered for payment more than 30 days after the relevant date (as defined below) except to the extent that the relevant holder would have been entitled to such additional amounts if it had surrendered the relevant note on the last day of such period of 30 days; or
- where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- where such taxes, duties, assessments or governmental charges in respect of such note are estate, inheritance, gift, excise, sales, transfer, personal property or similar tax; or
- where the relevant note is surrendered for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by surrendering the relevant note to another paying agent in a member state of the European Union.

We use the term "relevant date" to refer to whichever is later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in New York by the paying agent (which we identify below under "— Payments") on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the holders.

Any reference in these terms and conditions to principal or interest or both in respect of the notes shall be deemed to include (a) a reference to any additional amounts that may be payable and (b) any premium and any other amounts that may be payable in respect of the notes.

If the Issuer, or its successor, becomes subject at any time to any taxing jurisdiction other than the United Kingdom, references to the United Kingdom with respect to additional amounts shall be construed as references to the United Kingdom and/or such other jurisdiction. We refer to any such other jurisdiction as a "successor jurisdiction". You should refer to "— Merger, Consolidation and Sale of Assets" for additional information.

Optional Tax Redemption

The notes may be redeemed, at the Issuer's or the Guarantor's option in whole, but not in part, on not less than 30 nor more than 60 days' written notice to the trustee and, in accordance with the procedures described below under "— Notices", to each registered holder of the notes, at any time, if:

- on the occasion of the next succeeding interest payment date, either the Issuer or the Guarantor has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Issuer's domicile or any authority in or of the Issuer's domicile, having power to tax, or any change in the official or judicial or administrative interpretation of these laws or regulations, which change or amendment becomes effective on or after the date upon which the notes are issued; and
- the Issuer or the Guarantor cannot avoid this obligation by taking reasonable measures available to it, provided that no notice of an optional tax redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to pay, deduct or withhold amounts were a payment in respect of the notes then due.

Notes redeemed pursuant to an optional tax redemption will be redeemed at an amount equal to the principal amount thereof together with any additional amounts, if any, and interest accrued and unpaid to (but excluding) the date of redemption.

Offer to Repurchase upon a Change of Control Triggering Event

If a change of control triggering event occurs, unless the Issuer has exercised its option to redeem the notes as described above, it will be required to make an offer (the "change of control offer") to each holder of the notes to repurchase all or any part (equal to $200,000 or an integral multiple of $1,000 in excess thereof) of that holder's notes on the terms set forth in the notes. In the change of control offer, the Issuer will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest, if any, on the notes repurchased to the date of repurchase (the "change of control payment"). Within 30 days following any change of control triggering event or, at the option of the Issuer, prior to any change of control, but after public announcement of the transaction that constitutes or may constitute the change of control, the Issuer will give written notice to the trustee and, in accordance under the procedures described below under "—Notices", to each registered holder of notes describing the transaction which constitutes or may constitute the change of control triggering event and offering to repurchase the notes on the date specified in such notice, which date will be a date no earlier than 30 days and no later than 60 days from the date such notice is given as described in "—Notices" below (the "change of control payment date").

The notice will, if given prior to the date of consummation of the change of control, state that the offer to purchase is conditioned on the change of control triggering event occurring on or prior to the change of control payment date.

On the change of control payment date, the Issuer will, to the extent lawful:

- accept for payment all notes or portions of notes properly tendered pursuant to the change of control offer;
- deposit with the paying agent an amount equal to the change of control payment in respect of all notes or portions of notes properly tendered; and
- deliver or cause to be delivered to the trustee the notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being repurchased.

The Issuer will not be required to make a change of control offer upon the occurrence of a change of control triggering event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Issuer and the third party repurchases all notes properly tendered and not withdrawn under its offer. In addition, the Issuer will not repurchase any notes if there has occurred and is continuing on the change of control payment date an event of

default under the indenture, other than a default in the payment of the change of control payment upon a change of control triggering event.

As described above under "—Guarantees" and as provided in the indenture, the Guarantor will fully, irrevocably and unconditionally guarantee the obligations of the Issuer to repurchase the notes as described above.

The Issuer and Guarantor will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a change of control triggering event. To the extent that the provisions of any such securities laws and regulations conflict with the change of control offer provisions of the notes the Issuer and Guarantor will comply with those securities laws and regulations and will not be deemed to have breached their obligations under the change of control offer provisions of the notes by virtue of any such conflict.

For purposes of the change of control offer provisions of the notes, the following terms will be applicable:

"Change of control" means the occurrence of any of the following: (1) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person or "group" (as used in Section 13d-3 of the Exchange Act) (other than an affiliate of the Guarantor) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the voting stock of the Guarantor or other voting stock into which the voting stock of the Guarantor is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (2) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of the assets of the subsidiaries of the Guarantor, taken as a whole, to one or more Persons (other than an affiliate of the Guarantor); (3) the first day on which a majority of the members of the Board of Directors of the Guarantor are not continuing directors; or (4) the adoption of a plan relating to the liquidation or dissolution of the Guarantor. Notwithstanding the foregoing, a transaction will not be deemed to involve a change of control if (1) the Guarantor becomes a direct or indirect wholly-owned subsidiary of a holding company and (2)(A) the direct or indirect holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of the voting stock of the Guarantor immediately prior to that transaction or (B) immediately following that transaction one Person (other than a holding company satisfying the requirements of this sentence) is not the beneficial owner, directly or indirectly, of more than 50% of the voting stock of such holding company.

The definition of change of control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of our subsidiaries' properties or assets taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require the Issuer to repurchase such holder's notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Guarantor and its subsidiaries taken as a whole to another person or group may be uncertain.

"Change of control triggering event" means the occurrence of both a change of control and a rating event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Guarantor who (1) was a member of such Board of Directors on the date the notes were issued or (2) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the continuing directors who were members of such Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of the proxy statement of the Guarantor in which such member was named as a nominee for election as a director, without objection to such nomination).

"Investment grade rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any additional rating agency or rating agencies selected by the Issuer.

"Material Company" means any Subsidiary of the Guarantor: (a) whose unconsolidated profits (before interest, taxation and non-operating items) are more than 5% of consolidated profits of the Guarantor and its Subsidiaries (before interest, taxation and non-operating items); or (b) whose external turnover is more than 3% of the consolidated turnover of the Group, all as shown (in the case of any Subsidiary) in the accounts used for preparing the Group consolidation in the most recent annual consolidated financial statements of the Group. If a Subsidiary (other than the Issuer) which is not a Material Company on the basis of the most recent such accounts receives a transfer of assets or the right to receive any trading profits or turnover which, taken together with the existing trading profits, assets or, as the case may be, turnover of that Subsidiary, would satisfy any test in (i) or (ii) above, then that Subsidiary shall also be a Material Company on and from the date it receives such transfer. If a Material Company disposes of any assets or the right to receive any trading profits or turnover such that it would on the basis of the most recent such accounts cease to be a Material Company, then it shall be excluded as a Material Company on and from the date of such disposal. The term "Material Company" shall also include the Issuer.

"Moody's" means Moody's Investors Service Limited which is established in the EEA and is registered under the CRA Regulation.

"Person" means an individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof, or any other entity.

"Rating agencies" means (1) each of Moody's and S&P; and (2) if either Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside the control of the Issuer and the Guarantor, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer or the Guarantor (as certified by a resolution of the Board of Directors of the Issuer or the Guarantor) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

"Rating event" means the rating on the notes is lowered by each of the rating agencies and the notes are rated below an investment grade rating by each of the rating agencies on any day during the period commencing 60 days prior to the first public announcement by the Guarantor of any change of control (or pending change of control) and ending 60 days following the consummation of such change of control (which period will be extended following consummation of a change of control for so long as any of the rating agencies has publicly announced that it is considering a possible ratings change).

"S&P" means Standard & Poor's Credit Market Services Italy Srl. which is established in the EEA and is registered under the CRA Regulation.

"Voting stock" means, with respect to any specified "person" (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

Limitation on Liens

The indenture provides that, so long as any notes remain outstanding, the Guarantor will not, and will not permit any Material Company (which we define below) to create, assume or permit to arise or to exist any mortgage, pledge, charge, lien, security interest or other encumbrance, other than a lien or other encumbrance arising by operation of law, (we refer to each of the foregoing as, a "Lien") upon the whole or any part of the Guarantor's or such Material Company's present or future property, assets or revenues to secure:

- payment of any Relevant Indebtedness (which is defined below) or
- payment under any guarantee or indemnity granted by the Guarantor or any Material Company in respect of any Relevant Indebtedness,

without in any such case at the same time affording to the notes the same security as the Lien created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as the Guarantor, by an officer's certificate, shall confirm to the trustee is not materially less beneficial to the holders of the notes or as shall be approved by holders of a majority in aggregate principal amount of outstanding notes; *provided, however,* that a Lien existing to secure Relevant Indebtedness of, or in respect of the payment of which there is granted a guarantee or an indemnity by, a Material Company and which Lien existed prior to the time of such Material Company becoming a Subsidiary (other than a Lien created or assumed in contemplation of such company becoming a Subsidiary), shall be permitted and neither the Guarantor nor such Material Company shall be required to extend the security of such Lien to the holders of the notes.

"Relevant Indebtedness" means any indebtedness for borrowed money which:

- is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stocks, depositary receipts or other securities issued otherwise than to constitute or represent advances made by banks and/or other lending institutions; and
- at its date of issue is, or is intended by the Issuer or the Guarantor to become, quoted or listed on or by, or dealt in or traded on, any stock exchange, over-the-counter market or other organized securities market (whether or not initially distributed by means of private placement).

"Subsidiary" means each of the Guarantor's subsidiaries within the meaning of Section 1159 of the United Kingdom Companies Act 2006, as modified or re-enacted from time to time, and any orders or regulations made under that Section. Currently, that Section generally provides that a company is a subsidiary of another company which:

- holds a majority of the voting rights in such company.
- is a shareholder or member of such company and has the right to appoint or remove a majority of the board of directors of such company, or
- is a shareholder or member of such company and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in such company.

Merger, Consolidation and Sale of Assets

The indenture provides that the Issuer may consolidate or merge with or into any other entity and may convey, transfer or lease its property as an entirety or substantially as an entirety to any entity, *provided* that:

- the entity (if not the Issuer) formed by or resulting from any such consolidation or merger or which shall have received such property (which we refer to as "the Issuer's successor") shall expressly assume by a supplemental indenture the Issuer's obligations under the notes and the indenture;

- such supplemental indenture shall be in form reasonably satisfactory to the trustee, shall be duly authorized and executed by the Issuer's successor and, when so executed, shall constitute a valid and legally binding agreement of the Issuer's successor, and shall be delivered to the trustee;
- subject to exceptions described under "Additional Amounts" above, the Issuer's successor, where references to "United Kingdom" shall be construed as references to the jurisdiction in which the Issuer's successor is subject to tax, shall agree that all payments made by it under the notes in respect of principal of, or premium, if any, or interest on, any note will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of a taxing authority of a successor jurisdiction, or any political subdivision thereof or authority or agency thereof or therein having power to tax, unless such withholding or deduction is required by law or by the official judicial or administrative interpretation thereof, and if withholding or deduction is so required, the Issuer's successor will pay to a holder of a note such additional amounts as may be necessary so that the net amounts paid to such holder who is not resident in the successor jurisdiction for tax purposes, after such deduction or withholding, shall be not less than the amounts specified in such note to which such holder is entitled;
- immediately after giving effect to such transaction, no event of default, which we describe below, and no event which, after notice or lapse of time or both, would become an event of default shall have occurred and be continuing with respect to the notes;
- the Guarantor's obligations under the guarantees shall remain in full force and effect after the transfer; and
- the Issuer and the Guarantor shall each deliver to the trustee an officer's certificate and an opinion of legal counsel stating that such transaction complies with the above and that all conditions precedent to such transaction have been satisfied, including the Guarantor's obligations under the guarantee, and the indenture remaining in full force and effect thereafter.

The Guarantor may consolidate or merge with or into any other entity and may convey, transfer or lease its property as an entirety or substantially as an entirety to any entity, *provided* that:

- the entity (if other than the Guarantor) formed by or resulting from any such consolidation or merger or which shall have received such property (which we will term as the "successor Guarantor") shall expressly assume by a supplemental indenture all of the obligations of the Guarantor under the Guarantee and the indenture;
- such supplemental agreement shall be in form reasonably satisfactory to the trustee, shall be duly authorized and executed by the successor Guarantor, shall constitute a valid and legally binding agreement of such successor Guarantor, and shall be delivered to the trustee;
- subject to exceptions described under "Additional Amounts" above, such successor Guarantor, where references to "United Kingdom" shall be construed as references to the jurisdiction in which the successor Guarantor is subject to tax, shall agree that all payments made by it under the guarantees in respect of principal of, or premium, if any, or interest on, any note will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the jurisdiction in which such successor Guarantor is incorporated, or any political subdivision thereof or authority or agency thereof or therein having power to tax, unless such withholding or deduction is required by law or by the official judicial of administrative interpretation thereof, and if withholding or deduction is so required, such successor Guarantor will pay to you such additional amounts as may be necessary so that the net amounts paid to those of you who are not resident for tax purposes in the jurisdiction in which such successor Guarantor is incorporated, after such deduction or withholding, shall be not less than the amounts specified in such notes to which you are entitled;
- immediately after giving effect to such transaction, no event of default with respect to the notes, and no event which, after notice or lapse of time or both, would become an event of default with respect to the notes, shall have occurred and be continuing; and
- the Guarantor shall deliver to the trustee an officer's certificate and an opinion of counsel stating that such transaction complies with the above and that all conditions precedent to such transaction have been satisfied.

In addition, upon any such consolidation, merger, conveyance, transfer or lease, a notice thereof shall be given by the Issuer as described under "—Notices" below and, if the notes are listed on or by any stock exchange or other competent listing authority and applicable law and/or regulations of such stock exchange or other competent listing authority so require, the Issuer and the Guarantor will prepare and publish such prospectus supplement or other documents with respect to such consolidation, merger, conveyance, transfer or lease as may be required.

Upon any consolidation, merger, conveyance, transfer or lease to any entity involving the Issuer or the Guarantor, each as described above, the Issuer's successor or the successor Guarantor, as applicable, formed by such consolidation, merger, conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer or the Guarantor, as applicable, and the notes or the guarantees, as applicable, under the indenture and the notes or the guarantees, as applicable, with the same effect as if the Issuer's successor or successor Guarantor, as applicable, had been named originally as such herein; and thereafter the Issuer or the Guarantor, as the case may be, shall be released from all obligations and covenants under the indenture and the notes or the guarantee, as applicable.

Events of Default

The following events shall be considered events of default with respect to the notes, each of which we refer to as an "event of default":

- default in the payment of any interest on any of the notes when due and payable, and such default continues for a period of 30 days;
- default in the payment of the principal of any of the notes when due and payable, and such default continues for a period of two business days;
- default in the performance of, or breach of, any covenant or warranty of the Issuer or the Guarantor contained in the indenture or the notes, and such default or breach continues for a period of 30 days after written notice of such default or breach shall have been given to the Issuer or the Guarantor by the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding;
- if any event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any of the Guarantor's indebtedness or indebtedness of any Material Company for money borrowed, whether such indebtedness now exists or shall hereafter be created, shall occur and shall result in such indebtedness in principal amount in excess of $50,000,000 (or the equivalent thereof in other currencies) becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and such acceleration shall not be rescinded or annulled, or such indebtedness shall not have been discharged, within a period of 30 days after written notice thereof shall have been given to the Issuer and the Guarantor by the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding;
- if certain events in bankruptcy, insolvency or reorganization occur with respect to the Guarantor or any Material Company; or
- if the guarantees shall cease to be in full force and effect or the Guarantor shall, in writing, deny or disaffirm its obligations under the guarantees or the indenture.

If an event of default shall have occurred and be continuing with respect to the notes, other than one relating to the matters referred to in the fifth bullet point above, in which case the principal of all the outstanding notes shall become immediately due and payable, then the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding may declare the principal of all the outstanding notes to be immediately due and payable, together with interest and additional amounts accrued to the date of repayment. At any time after such an acceleration, but before a judgment or decree for payment of money due has been obtained by the trustee or the holders of the notes, the holders of a majority in aggregate principal amount of the notes then outstanding may rescind and annul such acceleration with respect to the notes and its consequences, provided all required payments (other than as a result of such acceleration) shall have been made and all events of default in respect of the notes shall have been cured or waived. The trustee generally cannot be required to exercise any of the rights or powers vested in it under the indenture at the request or direction of any of the holders of the notes, unless such holders offer the trustee security or indemnity satisfactory to the trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The holders of a majority in aggregate principal amount of the notes then outstanding may waive, on behalf of the holders of all the notes, any event of default with respect to the notes and its consequences, except a default in the payment of the principal of, or premium, if any, or interest on any such note or a default in respect of a covenant or agreement that cannot be modified or amended without the consent of the holder of each such note affected thereby. More information regarding such waivers is provided below under "—Modification, Amendment and Waiver".

Modification, Amendment and Waiver

There are three types of changes we and the Guarantor can make to the indenture and the notes.

Changes requiring your approval. First, there are changes that cannot be made to the notes without the specific approval of the holder of each note. These are the following types of changes:

- reduce the principal amount of the notes the holders of which must consent to an amendment or waiver;
- reduce the rate of, or change, or have the effect of changing the time for payment of, interest, including additional amounts, if any, on any notes or change in any adverse respect our obligation and the obligation of the Guarantor to pay additional amounts;
- reduce the principal of, or change, or have the effect of changing the time for payment of principal or the fixed maturity of, any notes or the amount due upon an event of default, or change the date on which any notes may be subject to acceleration or redemption, or reduce the redemption price therefore;
- make any notes payable in a currency or at a location other than that stated in the notes or at a place other than stated in the notes;
- make any change in the provisions of the indenture entitling each holder of notes to receive payment of principal of and interest on such notes on or after the due date thereof or to bring suit to enforce such payment, or permitting holders of a

majority in principal amount of outstanding notes to waive compliance with various provisions of the indenture or defaults or events of default;

- reduce the percentage of holders of notes whose consent is needed to modify or amend the provisions of the indenture with respect to the notes;
- change the terms of the guarantees; and
- changes to modify the items listed above.

Changes requiring a majority vote. The second type of change to the indenture and the notes is the kind that requires a majority vote of the notes. Most changes fall into this category, except for clarifying changes, amendments, supplements and other changes that would not adversely affect holders of the notes in any material respect. For example, a majority vote of the notes would be required for the Issuer to obtain a waiver of a past default applicable to the notes. However, the Issuer and the Guarantor cannot obtain a waiver of a payment default or any other aspect of the indenture or the notes listed above under "—Changes requiring your approval" unless the Issuer and the Guarantor obtain the individual consent to the waiver of the holders of notes affected thereby.

Under the indenture, a majority exists with respect to the notes when more than one half of the aggregate principal amount of outstanding notes are represented or voting pursuant to a written instrument at a meeting of holders of the notes, also known as a noteholder meeting, and a vote of a majority of the notes is cast with respect to those outstanding notes. If representation, including representation pursuant to a written instrument, of the notes does not reach a majority at the initial noteholder meeting, a majority will still exist if at a second noteholder meeting a majority vote is cast with respect to the aggregate principal amount of the outstanding notes represented and voting at such meeting, provided that such amount voting at such meeting shall not be less than 25% in aggregate principal amount of outstanding notes at such date.

Changes not requiring your approval. The third type of change does not require any vote by holders of notes. This type extends to clarifications, amendments, supplements and any other changes that would not adversely affect holders of the notes in any material respect.

Further details concerning voting. Notes will not be considered outstanding, and therefore will not be eligible to vote, if the Issuer has deposited or set aside in trust for the holders of notes money for their payment or redemption.

The Issuer will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding notes that are entitled to vote or take other action under the indenture. In limited circumstances, the trustee will be entitled to set a record date for action by holders. If the Issuer or the trustee set a record date for a vote or other action to be taken by holders, that vote or action may be taken only by persons who are holders of outstanding notes on the record date and must be taken within 180 days following the record date or another period that the Issuer or, if it sets the record date, the trustee may specify. The Issuer may shorten or lengthen (but not beyond 180 days) this period from time to time.

Street name and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if the Issuer seeks to change the indenture or the notes or request a waiver.

Satisfaction and Discharge

The indenture provides that the Issuer and the Guarantor will be discharged from any and all obligations under the indenture with respect to the notes and the guarantee related to the notes (except for certain obligations to register the transfer or exchange of notes, and except for certain obligations with respect to compensation and indemnification) when:

- either:
  - the notes have been delivered to the trustee for cancellation (except certain lost, stolen, destroyed or repaid notes); or
  - all notes not previously delivered to the trustee for cancellation have become due and payable, or by their terms are due and payable within one year, or are scheduled for redemption within one year as described in "—Optional Tax Redemption" or "—Optional Redemption" and the Issuer or the Guarantor has irrevocably deposited with the trustee, U.S. dollar funds sufficient to pay and discharge the entire indebtedness of the notes, together with irrevocable instructions to the trustee in writing directing the trustee to apply such funds to the payment;
- the Issuer or the Guarantor has paid all other sums payable under the indenture, the notes and the guarantee related to the notes; and
- each of the Issuer and the Guarantor has delivered to the trustee an officer's certificate and an opinion of counsel (as provided for in the indenture) stating that all conditions precedent with respect to discharge of the indenture have been complied with.

All monies deposited with the trustee as described above will be held in trust and the trustee will apply it to the payment, to the holders of the particular notes for which such funds have been deposited with the trustee, of all sums due and to become due for principal and interest. Any such funds remaining unclaimed for two years after the date upon which such principal or interest (including additional amounts) shall have become due and payable, will, upon the written request of the Issuer and unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to the Issuer

or the Guarantor by the trustee or such paying agent, and the holder of such note will, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Issuer or the Guarantor for any payment which such holder may be entitled to collect, and all liability of the trustee or any paying agent with respect to such monies shall cease.

Governing Law

The indenture, the notes and the Guarantee will be governed by and construed in accordance with the laws of the State of New York, except that the authorization and execution by the Issuer and the Guarantor of the indenture, the notes and the Guarantee will be governed by and construed in accordance with the laws of England and Wales. Any action arising out of the indenture or the notes may be brought in any state or federal court in the Borough of Manhattan, New York, New York. The Issuer and the Guarantor will irrevocably submit to the non-exclusive jurisdiction of any of these courts in any such actions and will appoint Pearson Inc. as the Issuer's and the Guarantor's authorized agent upon which holders of the notes may serve process.

Trustee

The Bank of New York Mellon, acting through its London Branch, has been appointed as the trustee under the indenture. The indenture contains provisions relating to the duties and responsibilities of the trustee and its obligations to the holders of the notes.

The trustee may resign at any time and the holders of a majority in aggregate principal amount of the notes may remove the trustee at any time. The Issuer or the Guarantor may remove the trustee if the trustee becomes ineligible to serve as trustee under the terms of the indenture, becomes incapable of acting as trustee, or is adjudged insolvent or bankrupt. If the trustee resigns or is removed, a successor trustee will be appointed in accordance with the terms of the indenture. The Issuer or the Guarantor will give notice of any resignation, termination or appointment of the trustee to the registered holders of the notes.

Book Entry; Delivery and Form

The notes offered and sold to qualified institutional buyers, or QIBs, in reliance on Rule 144A under the Securities Act initially will be represented by one or more restricted global registered notes, which we refer to as the "Rule 144A global registered notes". The notes offered and sold outside the United States in reliance on Regulation S under the Securities Act will be issued in the form of one or more unrestricted global registered notes, which we refer to as the "Regulation S global registered notes". The Rule 144A global registered notes and the Regulation S global registered notes are together known as the "global registered notes".

The global registered notes will be deposited on the date of issuance, which the Issuer expects to be May 8, 2013 with The Bank of New York Mellon, acting through its London Branch, as depositary. The global registered notes will be registered in the name of The Depository Trust Company, which we refer to as "DTC", or its nominee, in each case for credit to an account of a direct or indirect participant in DTC (including Euroclear Bank S.A./N.V., as operator of the Euroclear System, which we refer to as "Euroclear", and Clearstream Banking, société anonyme, which we refer to as "Clearstream, Luxembourg") as described below.

Beneficial interests in the Rule 144A global registered notes may be exchanged for beneficial interests in the Regulation S global registered notes at any time in the circumstances described below under "—Exchanges Between the Regulation S Global Registered Notes and the Rule 144A Global Registered Notes".

The notes will be subject to certain restrictions on transfer and will bear restrictive legends as described in "Investor Representations and Transfer Restrictions". In addition, transfer of beneficial interests in the global registered notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants, which may change from time to time.

Ownership of the global registered notes may not be transferred, in whole or in part, except in limited circumstances. Beneficial interests in the global registered notes may not be exchanged for notes in certificated form except in the limited circumstances described below under "—Exchange of Interests in Global Registered Notes for Certificated Notes".

Exchange of Interests in Global Registered Notes for Certificated Notes

Certificated notes evidencing interests in the notes will be issued only under the following circumstances:

- if DTC, as depositary for the global registered notes, has discontinued providing its services as a securities depositary and the Issuer fails to appoint a successor or if DTC or the successor depositary has ceased to be a clearing agency registered under the Exchange Act, or
- if an event of default has occurred with respect to the notes and is continuing, upon the written request from the holder of a note.

In either such case, certificated notes in fully registered form will be printed and delivered to the persons shown on the books of DTC (in accordance with its customary procedures) in exchange for their interests in the global registered notes.

If certificated notes are issued, they may be exchanged or transferred in whole or in part in the principal amount of authorized denominations by surrendering such certificated notes at the office of the trustee or paying agent, together with a written

instrument of transfer duly executed by the holder of such note or its attorney duly authorized in writing. In exchange for any certificated note properly presented for transfer, the trustee will promptly authenticate and deliver or cause to be authenticated and delivered at the corporate trust office of the trustee, to the holder entitled to such note, or send by mail (at the risk of such holder) to such address as such holder may request, a certificated note or notes.

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions, except for the expense of delivery by other than regular mail, if any, and except for the payment of a sum sufficient to cover any tax or other governmental charges or insurance that may be imposed in relation thereto, will be borne by the Issuer. Any such exchanges and transfers must occur in accordance with applicable law.

The Issuer and the Guarantor may replace the trustee as the Issuer's and the Guarantor's agent for maintaining the register, and may perform such function directly or through another agent appointed by the Issuer and the Guarantor.

Exchanges Between the Regulation S Global Registered Notes and Rule 144A Global Registered Notes

Unless the global registered notes have previously been exchanged for certificated notes, beneficial interests in the Regulation S global registered notes may be exchanged for beneficial interests in the Rule 144A global registered notes during the 40-day period commencing on the later of the closing date and the date of completion of the distribution of the securities, which we call the "distribution compliance period", only if such exchange occurs in connection with a transfer of the notes pursuant to Rule 144A and the transferor first delivers to the registrar with respect to the notes, which we refer to as the "registrar", a written certificate to the effect that the notes are being transferred to a person who the transferor reasonably believes is a QIB within the meaning of Rule 144A under the Securities Act, purchasing the notes for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions. Unless the global registered notes have previously been exchanged for certificated notes, beneficial interests in the Rule 144A global registered notes may be transferred to a person who takes delivery in the form of an interest in a Regulation S global registered note, whether before or after the expiration of the distribution compliance period, only if the transferor first delivers to the registrar a written certificate to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S and that, if such transfer occurs prior to the expiration of the distribution compliance period, the book-entry interest transferred will be held immediately through Euroclear or Clearstream, Luxembourg.

Any beneficial interest in one of the global registered notes that is transferred to a person who takes delivery in the form of an interest in other global registered note will, upon transfer, cease to be an interest in such global registered note and will become an interest in the other global registered note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other global registered note for so long as it remains such an interest.

Mutilated, Destroyed, Lost or Stolen Notes

Mutilated, destroyed, lost or stolen notes will be replaced by the trustee in New York City in accordance with the terms of the indenture.

Payments

Payments in respect of the notes will be payable to the registered holder by The Bank of New York Mellon in New York, New York which we refer to as the "paying agent". The paying agent will treat the persons in whose names global registered notes are registered as the owners thereof for the purpose of making such payments and for any and all other purposes whatsoever. Neither the Issuer, nor any of the Issuer's agents, has or will have any responsibility or liability for:

- any aspect of the records of the registered holder(s) or any participant's or indirect participant's records relating to, or payments made on account of, beneficial ownership interests in the global registered notes, or for maintaining, supervising or reviewing any of the records of the registered holder(s) or any participant's or indirect participant's records relating to the beneficial ownership interests in the global registered notes; or
- any other matter relating to the actions and practices of the registered holder(s) or any of its or their participants or indirect participants.

DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the notes, is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Payments by the participants and the indirect participants to the beneficial owners of the notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be the responsibility of DTC or the Issuer. The Issuer and each paying agent may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

The Issuer expects that Euroclear or Clearstream, Luxembourg, upon receipt of any payment of principal or interest in respect of a global registered note will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of that global registered note as shown on the records of Euroclear or Clearstream, Luxembourg. The Issuer also expects that payments by participants to ultimate owners of beneficial interests in a global registered note held through such participants will be governed by standing instructions and customary practices, as is now

the case with securities held for the accounts of customers registered in “street name”, and will be the responsibility of such participants.

Notices

All notices regarding the notes shall be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in New York (which is expected to be *The Wall Street Journal)* and (b) if and for so long as the notes are listed on or by any stock exchange or other competent listing authority in such other newspaper (if any) or in such other manner as may be required by the rules and regulations of such stock exchange or other competent listing authority. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published more than once or on different dates, on the date of the first publication. For so long as the notes are represented by a global registered note and the global registered note is held on behalf of any one or more of DTC, Euroclear, Clearstream, Luxembourg or any alternative clearing system, notices required to be given to holders of the notes may be given by their being delivered to the relevant clearing system for communication by it to entitled accountholders in substitution for notification as required by the foregoing.

Notices to be given by any holder of notes shall be in writing and given by delivering the same to the trustee or any paying agent. Such notice may also be given by any holder to the trustee or any paying agent via DTC in such manner that the trustee or paying agent, as the case may be, and DTC may approve for such purpose.

CLEARANCE AND SETTLEMENT

The Clearing Systems

The principal clearing systems we will use are the book-entry systems operated by DTC and its direct and indirect participants (including Euroclear and Clearstream, Luxembourg). These systems have established electronic securities and payment, transfer, processing, depositary and custodial links among themselves and others, either directly or through custodians and depositories. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates.

Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market. These procedures can be used for cross-market transfers and the securities will be cleared and settled on a delivery against payment basis.

The policies of DTC and its direct and indirect participants will govern payments, transfers, exchanges and other matters relating to the investor's interest in securities held by them. We have no responsibility for any aspect of the actions of DTC, or any of its direct or indirect participants. We have no responsibility for any aspect of the records kept by DTC and its direct and indirect participants. We also do not supervise these systems in anyway.

DTC and its direct and indirect participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that they are not obligated to perform these procedures and may modify them or discontinue them at any time.

The description of the clearing systems in this section reflects our understanding of the rules and procedures of DTC, Clearstream, Luxembourg and Euroclear as they are currently in effect. Those systems could change their rules and procedures at any time.

DTC

- DTC is:
  - a limited-purpose trust company organized under the laws of the State of New York, which is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation, owned in turn by the principal users of DTC, consisting primarily of banks, broker-dealers and other financial institutions, including the initial purchasers of the notes,
  - a "banking organization" within the meaning of the New York Banking Law,
  - a member of the Federal Reserve System,
  - a "clearing corporation" within the meaning of the Uniform Commercial Code, and
  - a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act.
- DTC holds securities for its participants and to facilitate post-trade settlement among its direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between the accounts of its direct participants. This eliminates the need for physical movement of certificates.
- Direct participants in DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.
- Indirect access to the DTC system is also available to banks, brokers, dealers and trust companies that have relationships with participants.
- The rules applicable to DTC and DTC participants are on file with the SEC.

Clearstream, Luxembourg

Clearstream, Luxembourg has advised us as follows:

- Clearstream, Luxembourg is a duly licensed bank organized as a *société anonyme* incorporated under the laws of Luxembourg and is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream, Luxembourg is owned by Deutsche Borse AG. The shareholders of Deutsche Borse AG are banks, securities dealers and financial institutions.
- Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions among them. It does so through electronic book-entry changes to the accounts of its customers. This eliminates the need for physical movement of certificates.
- Clearstream, Luxembourg provides other services to its participants, including safekeeping, administration, clearance and settlement of internationally traded securities, lending and borrowing of securities and collateral management. It interfaces with the domestic markets in over 30 countries through established depositary and custodial relationships.

- Clearstream, Luxembourg's customers include worldwide securities brokers and dealers, banks, trust companies and clearing corporations and may include professional financial intermediaries. Its U.S. customers are limited to securities brokers and dealers and banks.
- Indirect access to the Clearstream, Luxembourg system is also available to others that clear through Clearstream, Luxembourg customers or that have custodial relationships with its customers, such as banks, brokers, dealers and trust companies.
- Clearstream, Luxembourg is an indirect participant in DTC.
- Clearstream, Luxembourg has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.
- Distributions with respect to the notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream, Luxembourg customers in accordance with its rules and procedures, to the extent received by Clearstream, Luxembourg.

Euroclear

Euroclear has advised us as follows:

- Euroclear is incorporated under the laws of Belgium as a bank and is subject to regulation by the Belgian Banking and Finance Commission (Commission Bancaire et Financiere) and the National Bank of Belgium (Banque Nationale de Belgique). The Euroclear system is owned by Euroclear Clearance System Public Limited Company (ECS plc) and operated through a license agreement by Euroclear.
- Securities clearance accounts and cash accounts with Euroclear are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of Euroclear, and applicable Belgian law. These terms and conditions and operating procedures govern transfer of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipt of payments with respect to securities in Euroclear. Euroclear acts under these terms and conditions and operating procedures only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear accounts.
- Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions among them. It does so through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates.
- Euroclear provides other services to its customers, including credit custody, lending and borrowing of securities and tri-party collateral management. It interfaces with the domestic markets of several other countries.
- Euroclear customers include banks, central banks, securities brokers and dealers, trust companies and clearing corporations and may include certain other professional financial intermediaries.
- Euroclear is an indirect participant in DTC.
- Indirect access to the Euroclear system is also available to others that clear through Euroclear customers or that maintain a custodial relationship with a Euroclear participant, either directly or indirectly.
- All securities in Euroclear are held on a fungible basis. This means that specific certificates are not matched to specific securities clearance accounts.

Primary Distribution

DTC has advised us that, pursuant to procedures established by it:

- upon deposit of the global notes, DTC will credit the accounts of direct participants in DTC designated by the initial purchasers with portions of the principal amount of the global notes,
- ownership of these interests in the global notes will be shown on, and the transfer of ownership of these interests will be affected only through, records maintained by DTC (with respect to its participants) or by the participants and the indirect participants in DTC (with respect to other owners of beneficial interest in the global notes), and
- beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction.

Investors in the global notes who are participants in DTC's system may hold their interests therein directly through DTC. Investors in the global notes who are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream, Luxembourg) which are participants in such system. Euroclear and Clearstream, Luxembourg will indirectly hold interests in the global notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. All interests in a global note including those held through Euroclear or Clearstream, Luxembourg, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream, Luxembourg may also be subject to the procedures and requirements of such systems.

Clearance and Settlement Procedures—DTC

DTC participants that hold notes through DTC on behalf of investors will follow the settlement practices applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System. Notes will be credited to the securities custody accounts of these DTC participants against payment in same-day funds, for payments in U.S. dollars, on the settlement date.

Clearance and Settlement Procedures—Euroclear and Clearstream, Luxembourg

We understand that investors that hold their notes through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures that are applicable to conventional eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg participants on the business day following the settlement date, for value on the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

Secondary Market Trading

Trading Between DTC Participants

We understand that secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules. Secondary market trading will be settled using procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System. Settlement will be in same-day funds.

Trading Between a DTC Seller and a Euroclear or Clearstream, Luxembourg Purchaser

A purchaser of notes that are held in the account of a DTC participant must send instructions to Euroclear or Clearstream, Luxembourg at least one business day prior to settlement. The instructions will provide for the transfer of the notes from the selling DTC participant's account to the account of the purchasing Euroclear or Clearstream, Luxembourg participant.

The interests in the notes will be credited to the respective clearing system. The clearing system will then credit the account of the participant, following its usual procedures. Credit for the notes will appear on the next day, Luxembourg time. Cash debit will be back-valued to, and the interest on the notes will accrue from, the value date, which would be the preceding day, when settlement occurs in New York. If the trade fails and settlement is not completed on the intended date, the Euroclear or Clearstream, Luxembourg cash debit will be valued as of the actual settlement date instead.

Euroclear participants or Clearstream, Luxembourg participants will need the funds necessary to process same-day funds settlement. The most direct means of doing this is to preposition funds for settlement, either from cash or from existing lines of credit, as for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the notes are credited to their accounts one business day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can choose not to preposition funds and will allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg participants purchasing notes would incur overdraft charges for one business day (assuming they cleared the overdraft as soon as the securities were credited to their accounts). However, interest on the notes would accrue from the value date.

Therefore, in many cases, the investment income on notes that is earned during that one business day period may substantially reduce or offset the amount of the overdraft charges. This result will, however, depend on each participant's particular cost of funds.

Because the settlement will take place during New York business hours, DTC participants will use their usual procedures to deliver notes to the depositary on behalf of Euroclear participants or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. For the DTC participants, a cross-market transaction will settle no differently than a trade between two DTC participants.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving notes through Euroclear and Clearstream, Luxembourg on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. In addition, because of time-zone differences, there may be problems with completing transactions involving Euroclear and Clearstream, Luxembourg on the same business day as in the United States. U.S. investors who wish to transfer their interests in the notes, or to receive or make a payment or delivery of notes, on a particular day, may find that the transactions will not be performed until the next business day in Brussels or Luxembourg, depending on whether Euroclear or Clearstream, Luxembourg is used.

TAX CONSIDERATIONS

United Kingdom Taxation

The following summary describes the material United Kingdom tax consequences of the ownership of the notes but does not purport to be comprehensive. Except where expressly stated, the summary relates only to the position of those persons who are the absolute beneficial owners of the notes, who hold the notes as capital assets and/or as an investment who are resident and, in the case of individuals ordinarily resident, in the United Kingdom for United Kingdom tax purposes. It may not apply to special situations, such as those of dealers in securities, shares or currencies, banks, other financial institutions, insurance companies, or collective investment schemes. Similarly it does not apply to any person who is connected with Pearson.

Furthermore, the discussion below is generally based upon the provisions of tax law in the United Kingdom and H.M. Revenue & Customs ("HMRC") practice as of the date hereof, and such provisions may be repealed, revoked or modified (possibly with retrospective effect) so as to result in United Kingdom tax consequences different from those discussed below. This discussion is also based on the Income Tax Treaty between the United Kingdom and the United States which came into force on March 31, 2003. Persons considering the purchase, ownership or disposition of the notes should consult their own tax advisers concerning United Kingdom tax consequences in the light of their particular situations as well as any consequences arising under the law of any other relevant jurisdiction. No representations with respect to the tax consequences to any particular holder of notes are made hereby.

Payment of Interest on Notes

The notes will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 (the "Tax Act") provided they are and continue to be listed on a "recognized stock exchange" within the meaning of section 1005 of the Tax Act. In the case of notes to be traded on the London Stock Exchange, which is a recognized stock exchange, the notes will be treated as "listed" on a recognized stock exchange if the notes are included in the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange. Accordingly, while the notes are and continue to be quoted Eurobonds, payment of interest may be without withholding on account of United Kingdom income tax. However, there can be no assurances that such listing will be approved or maintained.

In all cases falling outside the exemption described above an amount must be withheld from interest on account of income at the rate of (currently) 20%, subject to a direction to the contrary by HMRC in accordance with an applicable double taxation treaty, and subject to any other relief or exemption that may be available. Specifically, under the Income Tax Treaty, payments of interest that we make to a U.S. holder (as defined below) who is a resident of the United States (and is not a resident of the United Kingdom) will not be subject to such withholding by the United Kingdom, provided HMRC has issued a relevant direction on application by the holder of the notes.

Regardless of the tax residence of the holder of the notes and whether or not there is a withholding or deduction for or on account of United Kingdom income tax, interest on the notes constitutes United Kingdom source income for United Kingdom tax purposes. As such, United Kingdom tax by direct assessment may apply to it even where paid without withholding or deduction. However, interest with a United Kingdom source received without withholding or deduction for or on account of United Kingdom income tax will not be chargeable to United Kingdom tax in the hands of a note holder who is not resident for tax purposes in the United Kingdom, unless the note holder (in the case of an individual) carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency or, for a note holder who is a company, carries on a trade in the United Kingdom through a United Kingdom permanent establishment and the interest is received or the notes are attributable to that United Kingdom branch, agency or permanent establishment. In such a case, tax may be levied on the United Kingdom branch, agency or permanent establishment.

Treatment of Gains or Losses

United Kingdom Corporation Tax Payers

In general, holders of notes that are within the charge to United Kingdom corporation tax will be charged to tax on returns on and fluctuations in value of the notes as income broadly in accordance with their statutory accounting treatment. For such holders, amounts to be brought into account in respect of the notes for United Kingdom corporation tax purposes are those that, in accordance with generally accepted accounting practice are recognized in determining the company's profit or loss for the period.

Other United Kingdom Taxpayers

Capital Gains. The notes should not be treated as "qualifying corporate bonds" in the hands of non-corporate note holders. In this case, a partial or complete disposal of such notes (which includes a redemption) by a non-corporate note holder who is resident or ordinarily resident in the United Kingdom may give rise to a chargeable gain (subject to the annual exemption and any reliefs that may then be available) or an allowable loss. In calculating any gain or loss on a disposal (including redemption of a note) sterling values are compared at acquisition and disposal. Accordingly, a taxable profit can arise even where the US dollar amount received on a disposal (including redemption) is the same as, or less than, the amount paid for the note. In computing any

chargeable gain or allowable loss on a transfer of the notes, the consideration for the disposal of the notes will be reduced by any amount by which the note holder may be chargeable to income tax under the rules relating to accrued income profits and losses described below. If the notes are treated as "qualifying corporate bonds", neither a chargeable gain nor an allowable loss will arise for the purposes of capital gains tax on a partial or complete disposal (which includes a redemption) of these notes.

Accrued Income Profits and Losses. Under the rules relating to "accrued income profits and losses" in Part 12 of the Tax Act (formerly known as the "accrued income scheme"), a note holder who is within the charge to United Kingdom income tax (as described above) may, on a transfer of notes, be deemed to receive an amount of income equal to any interest which has accrued since the last interest payment date (or, where no interest has been paid, since the issue of the notes).

Additional rules apply under Part 12 of the Tax Act on an issue of securities which are fungible with securities previously issued, and which are issued with an element of accrued interest for which note holders pay an additional amount as part of the issue price. In that case, note holders within the charge to United Kingdom income tax may be entitled to an "accrued income loss" equal to the amount of the accrued interest. Such accrued income loss may be set off against interest deemed to be received on a subsequent transfer (as described above) or against any actual interest subsequently received.

Note holders are advised to consult their own professional advisers for further information about the rules relating to "accrued income profits and losses".

Non-United Kingdom Taxpayers

Under the Income Tax Treaty, a U.S. note holder that is a resident in the United States, and nowhere else, for the purposes of the Income Tax Treaty, and who does not carry on a trade, profession or vocation in the United Kingdom through a permanent establishment, branch or agency to which the notes are attributable will not be liable for United Kingdom taxation on capital gains or eligible for relief for allowable losses, realized on the sale or other disposal (including redemption) of these notes.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No United Kingdom stamp duty or SDRT is payable on the issue or transfer of the global registered notes.

Provision of information

Holders of notes should note that where any interest on notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a "paying agent"), or is received by any person in the United Kingdom acting on behalf of the relevant note holder (other than where collection is purely passive, for example, solely by clearing or arranging the clearing of a cheque) (a "collecting agent"), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the note holder (including the note holder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the note holder is resident in the United Kingdom for United Kingdom taxation purposes. Where the note holder is not so resident, the details provided to HMRC may, in certain cases, be passed by HMRC to the tax authorities of the jurisdiction in which the note holder is resident for taxation purposes.

For the above purposes, "interest" should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on the notes. The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any notes where the amount payable on redemption is greater than the issue price of the notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

On April 24, 2009, the European Parliament approved an amended version of certain changes proposed by the European Commission to the Savings Directive which would, if implemented, cause the requirements described above to apply in a wider range of circumstances. Note holders are advised to consult their independent professional advisers in relation to the implications of the proposed changes, once finally made.

A number of non-EU countries and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with

certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

U.S. Taxation

The following discussion under this heading is a summary of the material U.S. federal income tax considerations arising from the acquisition, ownership and disposition of notes by a U.S. holder. A U.S. holder is a beneficial owner of a note that is:

- an individual citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States or any of its political subdivisions;
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust; or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is the beneficial owner of a note, the treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. A partnership and any partner in a partnership holding notes should consult its own tax advisor.

This summary deals only with notes that are held as capital assets by U.S. holders that purchase notes pursuant to their original issue at their issue price, and does not address alternative minimum tax considerations or tax considerations applicable to U.S. holders that may be subject to special tax rules, including:

- dealers or traders in securities or currencies;
- financial institutions or other U.S. holders that treat income in respect of the notes as financial services income;
- insurance companies;
- tax-exempt entities;
- U.S. holders that hold notes as a part of a straddle or conversion transaction or other arrangement involving more than one position;
- U.S. holders that own (or are deemed for U.S. tax purposes to own) ten percent or more of the total combined voting power of all classes of Pearson's voting stock;
- U.S. holders that have a principal place of business or "tax home" outside the United States; or
- U.S. holders whose functional currency is not the United States dollar.

The discussion below is based upon current provisions of the U.S. Internal Revenue Code of 1986, as amended, and regulations, rulings and judicial decisions thereunder as of the date of this prospectus; any such authority may be repealed, revoked or modified, perhaps with retroactive effect, so as to result in federal income tax consequences different from those discussed below.

Because U.S. tax consequences may differ from one holder to the next, the discussion set out below does not purport to describe all of the tax considerations that may be relevant to you and your particular situation. Accordingly, you are advised to consult your own tax advisor as to the U.S. federal, state, local and foreign tax consequences of investing in the notes. The statements of U.S. tax law set out below are based on the laws and interpretations in force as of the date of this prospectus, and are subject to any changes occurring after that date.

The following discussion assumes that, as of the date of issuance of the notes, it will be significantly more likely than not that the scheduled payments will be made on the notes through maturity notwithstanding the optional redemption, optional tax redemption and change of control features of the notes.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, U.S. HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN BY U.S. TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY U.S. HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON BONDHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) U.S. HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Payments of Stated Interest

Interest on the notes will be taxable by the United States as ordinary income at the time that the interest accrues or is received, in accordance with the U.S. holder's regular method of accounting for federal income tax purposes.

Sale, Exchange or Retirement of the Notes

A U.S. holder's initial tax basis in a note generally will be its cost. A U.S. holder generally will recognize gain or loss on the sale, exchange or retirement of a note in an amount equal to the difference between the amount realized on the sale, exchange or retirement (excluding amounts received in respect of accrued interest on a note, which will be taxed as such) and the adjusted tax basis of the note. Any gain or loss will be treated as capital gain or loss and will be long-term capital gain or loss if the U.S. holder has held the note for more than one year. The deductibility of capital losses is subject to limitations.

Foreign Tax Credit

In general, in computing its U.S. federal income tax liability, a U.S. holder may elect for each taxable year to claim a deduction or, subject to the limitations on foreign tax credits generally, a credit for foreign income taxes paid or accrued by it. For U.S. foreign tax credit purposes, interest on the notes generally will be treated as foreign-source income and as passive category income, subject to the separate foreign tax credit limitation for passive category income. Gain or loss realized on the sale, exchange or retirement of a note by a U.S. holder generally will be treated as U.S.-source gain or loss for foreign tax credit purposes.

The availability of foreign tax credits depends on your particular circumstances. You are advised to consult your own tax advisor.

Information with Respect to Foreign Financial Assets

Individuals that (i) are either (a) a U.S. citizen, (b) a resident alien for any part of the year, (c) a nonresident alien that has made an election to be treated as a resident alien for purposes of filing a joint U.S. federal income tax return or (d) a nonresident alien who is a bonafide resident of American Samoa or Puerto Rico and (ii) own "specified foreign financial assets" with an aggregate value in excess of US$50,000 on the last day of the taxable year (or with an aggregate value in excess of $75,000 at any time during the taxable year), will generally be required to file an information report on IRS Form 8938 with respect to such assets with their U.S. federal tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts maintained by U.S. financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Holders that are individuals are urged to consult their tax advisors regarding the application of this legislation to their ownership of Notes.

Information Reporting and Backup Withholding Tax

In general, information reporting requirements may apply to payments of principal and interest on a note, and to the payment of the proceeds of the sale of a note to non-corporate U.S. holders. Backup withholding tax, at a current rate of 28%, will apply to these payments if the U.S. holder fails to provide its taxpayer identification number or otherwise fails to comply with applicable requirements of the backup withholding tax rules. Any amounts withheld under the backup withholding tax rules will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is furnished to the IRS.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions set forth in the purchase agreement, dated May 1, 2013 among Pearson, the Issuer and the several initial purchasers named below, each initial purchaser has severally agreed to purchase from the Issuer, and the Issuer has agreed to sell to such initial purchaser, the aggregate principal amount of notes set forth below opposite such initial purchaser's name:

	Principal Amount of Notes
Initial Purchasers	
Barclays Capital Inc.	$166,667,00
Deutsche Bank Securities Inc.	$166,667,000
HSBC Securities (USA) Inc.	$166,666,000
Total	$500,000,000

The purchase agreement referred to above provides that the obligation of the initial purchasers to pay for and accept delivery of the notes is subject to approval of certain legal matters by their counsel and to certain other conditions. The initial purchasers are obligated to take and pay for all the notes offered hereby if any of such notes are purchased.

The purchase agreement provides that Pearson and the Issuer will each jointly and severally indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the initial purchasers may be required to make in respect of these liabilities. In addition, the initial purchasers have agreed to reimburse Pearson for certain of its expenses.

The initial purchasers have advised us that they propose to resell the notes initially at the offering prices indicated on the cover page of this prospectus to purchasers as described in this prospectus in the section "Investor Representations and Transfer Restrictions". After the initial offering of the notes, the offering prices and other selling terms may from time to time be varied by the initial purchasers.

The notes have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except that notes may be offered or sold to (a) qualified institutional buyers, or QIBs, as such term is defined in the Securities Act, in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A, and (b) non-U.S. persons in offshore transactions in reliance upon Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see "Investor Representations and Transfer Restrictions".

In connection with sales outside the United States, each initial purchaser has agreed that, except for sales described in the preceding paragraph, it will not offer, sell or deliver the notes to, or for the account or benefit of, U.S. persons (a) as part of the initial purchaser's distribution at any time or (b) otherwise prior to 40 days after the later of the closing date with respect to the notes and the completion of the distribution of the notes, and it will send to each dealer to whom it sells such notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. Resales of the notes are restricted as described below under "Investor Representations and Transfer Restrictions".

In addition, until 40 days after the later of the closing date with respect to the notes and the completion of the distribution of the notes, an offer or sale of the notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another valid exemption therefrom.

As used herein, the terms "offshore transaction", "United States" and "U.S. person" have the meaning given to them in Regulation S under the Securities Act.

We expect to deliver the notes against payment for the notes on or about the date specified in the last paragraph of the cover page of this prospectus, which will be the fifth business day following the date of the pricing of the notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in three business days, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify alternative settlement arrangements to prevent a failed settlement.

The notes will constitute a new class of securities with no established trading market. An application will be made to the UK Listing Authority for the notes to be admitted to the Official List and to the London Stock Exchange for the notes to be admitted to trading on the London Stock Exchange's Regulated Market. However, the Issuer cannot assure you that the prices at which the notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market in the notes will develop and continue after this offering. The initial purchasers have advised the Issuer that they currently intend to

make a market in the notes. However, they are not obligated to do so and they may discontinue any market making activities with respect to the notes at any time without notice. In addition, market making activity will be subject to the limits imposed by the Securities Act and the Securities Exchange Act of 1934, as amended, and may be limited by applicable laws and regulations. Accordingly, the Issuer cannot assure you as to the liquidity of or the trading market for the notes.

In order to facilitate the offering of the notes, the Stabilizing Manager or any person acting for it may engage in transactions that stabilize, maintain, or otherwise affect the price of the notes. Specifically, the Stabilizing Manager may over-allot notes in connection with the offering or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. In addition, to cover over-allotments or stabilize the price of such notes, the Stabilizing Manager may bid for, and purchase such notes in the open market. Finally, the Stabilizing Manager may reclaim selling concessions allowed to dealers for distributing such notes in the offering, if the Stabilizing Manager repurchases previously distributed notes in transactions to cover short positions established by the initial purchasers or the Stabilizing Manager, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such notes above independent market levels. However, there is no assurance that the Stabilizing Manager (or any person acting on behalf of the Stabilizing Manager) will undertake such stabilizing action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of offer of the notes is made and, if begun, may be ended at any time, but no later than the earlier of 30 days after the issue date of the notes and 60 days after the date of the allotment of the notes.

Each initial purchaser has represented and agreed that:

(i) (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any notes in circumstances in which Section 21 (1) of the FSMA does not apply to the Issuer or the Guarantor, and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom; and

(ii) in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of notes which are the subject of the offering contemplated by this prospectus, to the public in that Relevant Member State other than:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospective Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospective Directive, subject to obtaining the prior consent of the relevant initial purchaser or the initial purchasers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes referred to above in paragraphs (a) to (c) inclusive shall require the Issuer or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplemental prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this sub-clause (ii), the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amendment Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

No action has been taken by us that would permit a public offering of the notes or possession or distribution of this prospectus or any other offering material in any jurisdiction where action for that purpose is required. Accordingly, each of the initial purchasers has agreed that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells notes or possesses or distributes this prospectus or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and we shall have no responsibility therefore.

The initial purchasers and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the initial purchasers and certain of their affiliates have, from time to time, performed, and may in the future perform, various commercial and investment banking and financial advisory services for us and our affiliates, for which they received or may in the future receive customary fees and reimbursements of their out-of-pocket expenses.

In the ordinary course of their various business activities, the initial purchasers and certain of their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments

(including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of us or our affiliates. Certain affiliates of certain of the initial purchasers are lenders under certain of our credit facilities and they routinely hedge their credit exposure to us consistent with their customary risk management policies. The initial purchasers and their affiliates may hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities or the securities of our affiliates, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and certain of their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

INVESTOR REPRESENTATIONS AND TRANSFER RESTRICTIONS

Neither the notes nor the guarantees have been, and neither the notes nor the guarantees will be, registered under the Securities Act or with any securities regulatory authority in any jurisdiction and, accordingly, the notes may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except that notes may be offered or sold to (a) qualified institutional buyers, or QIBs, in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) non-U.S. persons in offshore transactions in reliance upon Regulation S.

Each purchaser of the notes in the United States or that is a U.S. person will be deemed to:

(a) represent that it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB and is aware that the sale to it is being made in reliance on Rule 144A;

(b) acknowledge that the notes have not been registered under the Securities Act or with any securities regulatory authority in any jurisdiction and, until so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(c) agree that if it should resell or otherwise transfer the notes, it will do so only pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction;

(d) agree that it will deliver to each person to whom it transfers notes, notice of any restrictions on transfer of such notes; and

(e) acknowledge that we, the trustee, the paying agents, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

If the purchaser is acquiring any notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

No representation can be made as to the availability of the exemption from registration provided by Rule 144 under the Securities Act for resales of the notes.

Each Rule 144A global registered note and each Rule 144A certificated note will bear the following legend:

THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR WITH ANY SECURITIES REGULATORY AUTHORITY IN ANY JURISDICTION, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (2) AGREES THAT IT WILL NOT, WITHIN ONE YEAR AFTER THE LATER OF (x) THE ORIGINAL ISSUANCE OF THIS NOTE AND (y) THE LAST DATE ON WHICH PEARSON FUNDING FIVE PLC (THE "COMPANY"), PEARSON PLC (THE "GUARANTOR") OR ANY AFFILIATE THEREOF WAS THE BENEFICIAL OWNER OF THIS NOTE (OR ANY PREDECESSOR HEREOF) (THE "RESTRICTED PERIOD"), RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED AFTER THE EXPIRATION OF THE RESTRICTED PERIOD. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

Each purchaser of notes that purchases outside of the United States or is a non-U.S. person will be deemed to:

(a) acknowledge that the notes have not been registered under the Securities Act or with any securities regulatory authority in any jurisdiction and, until so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below; and

(b) agree that if it should resell or otherwise transfer the notes prior to the expiration of a distribution compliance period (defined as 40 days after the later of the closing date with respect to the notes and the completion of the distribution of the notes), it will do so only (i)(A) outside the United States in compliance with Rule 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction.

Each Regulation S global registered note will bear the following legend:

THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE

UNITED STATES OR WITH ANY SECURITIES REGULATORY AUTHORITY IN ANY JURISDICTION, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD (DEFINED AS 40 DAYS AFTER THE LATER OF THE CLOSING DATE WITH RESPECT TO THE NOTES AND THE COMPLETION OF THE DISTRIBUTION OF THE NOTES), RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A)(1) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (2) TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT; AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION”, “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN THEM IN REGULATION S UNDER THE SECURITIES ACT.

LEGAL MATTERS

Certain matters as to United States and New York law are being passed upon on behalf of Pearson Funding Five plc and Pearson by Morgan, Lewis & Bockius LLP, New York, New York. Certain matters as to English law are being passed upon on behalf of Pearson Funding Five plc and Pearson by Morgan, Lewis & Bockius, registered foreign lawyers and solicitors. Certain matters as to United States, New York and English law are being passed upon on behalf of the initial purchasers by Sidley Austin LLP, London, England, registered foreign lawyers and solicitors.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The financial statements incorporated into this offering prospectus by reference to Pearson's Annual Report on Form 20-F for the year ended December 31, 2012, and the effectiveness of internal control over financial reporting as of December 31, 2012, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report incorporated herein.

GENERAL INFORMATION

Listing

Application has been made to the UK Listing Authority for the notes to be admitted to the Official List and to the London Stock Exchange for the notes to be admitted to trading on the London Stock Exchange's Regulated Market.

Clearing Reference Numbers

The notes have been accepted for clearance through DTC's book-entry settlement system. The ISIN, CUSIP numbers and common codes for the notes are as follows:

	ISIN	CUSIP Number	Common Code
Notes represented by Rule 144A Global Notes	US70501VAA61	70501VAA6	092818845
Notes represented by Regulation S Global Notes	USG6964RAA26	G6964RAA2	092818861

Corporate Authority

The Issuer has obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the notes. Resolutions of a committee of the Issuer's board of directors on April 29, 2013, authorized the execution and delivery of the Indenture and the issuance and sale of the notes pursuant thereto. The guarantees of the notes have been authorized by resolutions of the board of directors of the Guarantor on April 19, 2013.

Absence of Significant or Material Changes

There has been no material adverse change in the prospects of the Issuer since February 27, 2013, the date of its incorporation, or in the prospects of the Guarantor and its subsidiaries taken as a whole since December 31, 2012. There has been no significant change in the financial or trading position of the Issuer since February 27, 2013, the date of its incorporation, or in the financial or trading position of the Guarantor and its subsidiaries taken as a whole since December 31, 2012.

Interests of Natural and Legal Persons

Save for any fees payable to the initial purchasers, so far as the Issuer is aware, no person involved in the issue of the notes has an interest material to the other.

Litigation and Arbitration Proceedings

Government investigations of Penguin and other major publishers over agency arrangements for selling ebooks have resulted in formal legal action and may result in further legal actions and/or negotiated agreements, along with private litigation. These investigations are ongoing and Penguin is cooperating. Penguin is defending itself in these actions and believes that it is fully compliant with all applicable laws

Other than as noted in the paragraph above, neither the Issuer nor the Guarantor and its subsidiaries taken as a whole have been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor and its subsidiaries taken as a whole are aware) during the 12 months preceding

the date of this prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Guarantor and its subsidiaries taken as a whole.

Absence of Conflicts of Interest

There are no potential conflicts of interest between any duties owed to Pearson by its directors and its chief executive officer and their private interest and/or other duties.

Business Address

Pearson's business address is 80 Strand, London, WC2R 0RL, United Kingdom.

Documents Available for Inspection

For as long as the notes remain outstanding, copies of the following documents will be available for inspection at the registered office of the Issuer during usual business hours on any weekday (public holidays excepted):

(a) this prospectus;

(b) the Memorandum and Articles of Association of the Issuer and the Guarantor;

(c) the annual reports and accounts of the Group, including the audited consolidated accounts for the period ended December 31, 2012, 2011 and 2010; and

(d) the Indenture

Each person receiving this prospectus acknowledges that (1) such person has been afforded an opportunity to request from Pearson Funding Five plc and Pearson, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein, (2) such person has not relied on any initial purchaser or any person affiliated with any initial purchaser in connection with its investigation of the accuracy of such information or its investment decision and (3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the notes offered hereby other than those contained herein or incorporated by reference herein and, if given or made, such other information or representation should not be relied upon as having been authorized by Pearson Funding Five plc, Pearson or any initial purchaser. While any notes remain outstanding Pearson Funding Five plc will make available, upon request, to any holders, or any prospective purchaser, of notes, the information required pursuant to Rule 144A(d)(4) under the Securities Act during any period in which Pearson is not subject to Section 13 or 15(d) of the Exchange Act or exempt from the requirements of the Exchange Act under Rule 12g3-2(b). Written requests for such information should be addressed to Pearson Funding Five plc at:

Pearson Funding Five plc
80 Strand
London WC2R 0RL United Kingdom
Telephone +44 (0) 20 7010 2000

PRINCIPAL OFFICE OF THE ISSUER AND THE GUARANTOR

Pearson Funding Five plc
80 Strand
London WC2R 0RL
United Kingdom

Pearson plc
80 Strand
London WC2R 0RL
United Kingdom

INDENTURE TRUSTEE,
PRINCIPAL PAYMENT AGENT, TRANSFER AGENT AND REGISTRAR

The Bank of New York Mellon, acting through its London Branch
One Canada Square
London E14 5AL
United Kingdom

LEGAL ADVISOR TO
THE ISSUER AND THE GUARANTOR

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LEGAL ADVISOR TO
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INDEPENDENT AUDITOR OF THE ISSUER AND THE GUARANTOR

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
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PEARSON