

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached offering circular (the “**Offering Circular**”) and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

THE OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED IN “OFFSHORE TRANSACTIONS” TO PERSONS OTHER THAN U.S. PERSONS AS DEFINED IN, AND AS PERMITTED BY, REGULATION S UNDER THE US SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”). ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

**UK MiFIR product governance / target market** - Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (“**EUWA**”) (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**Prohibition of sales to EEA retail investors** — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**EU MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**Prohibition of sales to UK retail investors** — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of UK MiFIR. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA, as amended (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Confirmation of your representation:** The attached Offering Circular is delivered to you at your request and on the basis that you have confirmed to BNP PARIBAS, Citigroup Global Markets Limited and J.P. Morgan Securities plc (the

“**Active Bookrunners**”) and Barclays Bank PLC, HSBC Bank plc and Merrill Lynch International (the “**Passive Bookrunners**”) and together with the Active Bookrunners, the “**Joint Lead Managers**”), Pearson Funding plc (the “**Issuer**”) and Pearson plc (the “**Guarantor**”) that (i) you are located outside United States and not a U.S. person (as defined in Regulation S under the Securities Act); and (ii) if you are in the UK, you are a Relevant Person (as defined below); (iii) if you are in any member state of the EEA, you are a "qualified investor" (as defined in Article 2 of Regulation (EU) 2017/1129, as amended (the “**EU Prospectus Regulation**”)) (an “**EU Qualified Investor**”); (iv) if you are acting as a financial intermediary, the securities acquired by you as a financial intermediary have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA to EU Qualified Investors or in the UK to UK Qualified Investors (as defined below); (v) you are outside of the UK and EEA (and the electronic mail addresses that you provided and to which the Offering Circular has been delivered are not located in such jurisdictions) or (vi) you are a person into whose possession the Offering Circular may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located. For these purposes, a “**Relevant Person**” means a person (i) who is a “qualified investor” within the meaning given by Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”) (a “**UK Qualified Investor**”); (ii) who has professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and falling within Article 49 of that Order; and (iii) to whom it may otherwise lawfully be communicated.

The Offering Circular has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version. By accessing the attached Offering Circular, you consent to receiving it in electronic form.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the Offering Circular, electronically or otherwise, to any other person.

**Restriction:** Nothing in this electronic transmission constitutes an offer of securities for sale to persons other than the specified EU Qualified Investors and Relevant Persons described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein. None of the Joint Lead Managers, the Trustee or any of their respective affiliates accepts any responsibility whatsoever for the contents of the Offering Circular or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the Issuer, the Guarantor or the securities described therein.

The Joint Lead Managers, the Trustee and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of the Offering Circular or any such statement. No representation or warranty express or implied, is made by any of the Joint Lead Managers, the Trustee or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the Offering Circular.

The Joint Lead Managers are acting exclusively for the Issuer and the Guarantor and no one else in connection with the Offering Circular and the securities described therein. They will not regard any other person (whether or not a recipient of the Offering Circular) as their client in relation to the securities referred to herein and will not be responsible to anyone other than the Issuer and the Guarantor for providing the protections afforded to their clients or for giving advice in relation to any securities referred to herein or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. **Your receipt of the electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.**



## PEARSON FUNDING PLC

£350,000,000 in aggregate principal amount of 5.375% Guaranteed Notes due 2034  
Guaranteed by Pearson plc  
Issue price: 99.199 per cent.

Pearson Funding plc (the “**Issuer**”) will pay interest at the rate of 5.375 per cent. per annum annually on each 12 September, commencing 12 September 2025, up to the date of maturity or earlier upon redemption of the £350,000,000 5.375 per cent. Guaranteed Notes due 2034 (the “**Notes**”). The Issuer will be entitled to redeem the Notes in whole, but not in part, on any Optional Redemption Date at the redemption price to be determined using the procedures described in this Offering Circular (the “**Offering Circular**”). The Issuer will also be entitled to redeem the Notes, in whole, but not in part, at 100 per cent. of their principal amount, plus accrued and unpaid interest to, but excluding, the date of redemption at any time upon the occurrence of certain tax events. Pearson plc (the “**Guarantor**” or “**Pearson**”) will fully, irrevocably and unconditionally guarantee all amounts payable under the Notes (the “**Guarantee**”). The Notes will mature on 12 September 2034.

The Notes and the Guarantee 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 London Stock Exchange plc (“**London Stock Exchange**”) for the approval of this Offering Circular and for the Notes to be admitted to trading on the International Securities Market of the London Stock Exchange (the “**ISM**”). References in this Offering Circular to the Notes being “**listed**” (and all related references) shall mean that the Notes have been admitted to trading on the ISM. There can be no assurance that any such application will be successful or that any listing will be granted or maintained. The ISM is not an EEA regulated market for the purposes of MiFID II or a UK regulated market for the purposes of UK MiFIR.

**The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the UK Financial Conduct Authority (the “FCA”). Neither the London Stock Exchange nor the FCA has approved or verified the contents of this Offering Circular.**

This Offering Circular is not a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the “**EU Prospectus Regulation**”) or Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the “**EUWA**”) (the “**UK Prospectus Regulation**”). The Issuer is not offering the Notes in any jurisdiction in circumstances that would require a prospectus to be prepared pursuant to the EU Prospectus Regulation, the UK Prospectus Regulation or the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”).

This Offering Circular comprises admission particulars in accordance with the International Securities Market Rulebook effective as of 1 January 2021 (as may be modified and/or supplemented and/or restated from time to time).

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 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 and further irrevocably and unconditionally guarantees to make payment for any and all Notes properly tendered for payment.

The Notes are expected to be rated “Baa2” by Moody’s Investors Service Limited (“**Moody’s**”) and “BBB” by Fitch Ratings Limited (“**Fitch**”). Each of Moody’s and Fitch is established in the UK and is registered under Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). Ratings issued by Moody’s and Fitch are endorsed by Moody’s Deutschland GmbH and Fitch Ratings Ireland Limited, respectively, each of which is established in the European Economic Area (the “**EEA**”) and registered under Regulation (EU) No 1060/2009 on credit rating agencies (the “**EU 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.

**Investing in the Notes involves risks. See the section headed “Risk Factors” below.**

Neither the Notes nor the Guarantee have been, and they will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and, being in bearer form, the Notes are subject to United States tax law requirements. The Notes are being offered outside the United States by the Joint Lead Managers (as defined in “*Subscription and Sale*”) (the “**Joint Lead Managers**”) in accordance with Regulation S under the Securities Act (“**Regulation S**”), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be issued in bearer form and in the denominations of £100,000 and integral multiples of £1,000 in excess of £100,000. The Notes will initially be in the form of a temporary global note (the “**Temporary Global Note**”), without interest coupons, which will be deposited on or around 12 September 2024 (the “**Closing Date**”) with The Bank of New York Mellon, London Branch in its capacity as common safekeeper (the “**Common Safekeeper**”). Euroclear and Clearstream, Luxembourg will be instructed to make appropriate entries in their records in respect of the Notes. The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the “**Permanent Global Note**”) and, together with the Temporary Global Note, each a “**Global Note**”), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form with interest coupons attached. See “*Summary of Provisions Relating to the Notes in Global Form*”.

*Active Bookrunners*

**BNP PARIBAS**

**Citigroup**

**J.P. Morgan**

*Passive Bookrunners*

**Barclays**

**BofA Securities**

**HSBC**

The date of this Offering Circular is 10 September 2024.

## IMPORTANT INFORMATION

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

Prospective investors should rely only on the information contained in or incorporated by reference into this Offering Circular. No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor, or the Joint Lead Managers. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference. See “*Documents Incorporated by Reference*”.

None of the Joint Lead Managers or the Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the issue and offering of the Notes of their distribution. None of the Joint Lead Managers or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer or Guarantor 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.

**EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND FINANCIAL ADVISER AS TO TAX, LEGAL, FINANCIAL AND RELATED MATTERS CONCERNING THE PURCHASE OF THE NOTES.**

The market share, ranking and other data contained in, or incorporated by reference into, this Offering Circular are based either on Pearson’s management’s own estimates, independent industry publications, reports by market research firms or other published independent sources and, in each case, are believed by Pearson’s 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, prospective investors 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.

The Notes and the Guarantee have not been and will not be registered under the Securities Act and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Offering Circular, see “*Subscription and Sale*”.

The distribution of this Offering Circular and the offering or sale of the Notes and the Guarantee in certain jurisdictions is restricted by law. This Offering Circular 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 Offering Circular may come are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe such restrictions. None of the Issuer, the Guarantor or any of the Joint Lead Managers accepts 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 and the Guarantor reserve the right to withdraw the offering of Notes at any time, and the Issuer, the Guarantor and the Joint Lead Managers 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 prospective investors less than the full amount of Notes sought by them.

Unless otherwise indicated, the financial information contained in, and incorporated by reference into, this Offering Circular relating to the Group has been prepared in accordance with International Financial Reporting Standards and IFRS Interpretations Committee interpretations as issued by the International Accounting Standards Board and as adopted by the European Union (“**IFRS**”). The Group’s consolidated financial statements are presented in sterling. In this Offering Circular and any documents incorporated by reference into this Offering Circular:

- references to “**sterling**”, “**pounds**”, “**pence**” or “**£**” are to the lawful currency of the United Kingdom,
- references to “**U.S. dollars**”, “**dollars**”, “**cents**” or “**\$**” are to the lawful currency of the United States of America,
- references to the “**Group**” are references to Pearson plc, its predecessors and its consolidated subsidiaries,
- references to the “**Issuer**” or “**Pearson Funding plc**” refer only to Pearson Funding plc,
- references to “**Pearson**” or the “**Guarantor**” are to Pearson plc only, and
- references to Pearson’s “**Social Bond Framework**” are to the social bond framework published by Pearson on 2 September 2024 and available on Pearson’s website at <https://plc.pearson.com/en-GB/investors/debt-investors>. For the avoidance of doubt, the Social Bond Framework is not incorporated in this Offering Circular.

**UK MiFIR product governance / target market** - Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (“**EUWA**”) (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**Prohibition of sales to EEA retail investors** — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**EU MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**Prohibition of sales to UK Retail Investors** — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of UK MiFIR. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA, as amended (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the

Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

## **SINGAPORE SFA PRODUCT CLASSIFICATION**

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as amended or modified from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

None of the Issuer, Pearson nor any Joint Lead Manager makes any representation as to the suitability of the Notes to fulfil sustainable, social or any similar criteria required by prospective investors. None of the Joint Lead Managers have undertaken, or are responsible for, any assessment of Pearson’s Social Bond Framework or the Eligible Categories, or the monitoring of the proceeds of the Notes (see “*Use of Proceeds*” and “*Social Bond Framework*” below). Investors should refer to the Pearson’s website, the Social Bond Framework and Moody’s Investors Service Limited second party opinion for information. Moody’s has been appointed by Pearson. No representation or assurance is given by the Issuer, Pearson or the Joint Lead Managers as to the suitability or reliability of any opinion or certification of any third party made available in connection with the Notes. For the avoidance of doubt, any such opinion or certification is not incorporated in this Offering Circular. Any such opinion or certification is not a recommendation by the Joint Lead Managers or any other person to buy, sell or hold the Notes and is current only as of the date it was issued. As of the date of this Offering Circular, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein.

In the event any such Notes are, or are intended to be, listed, or admitted to trading on a dedicated “social” or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Joint Lead Managers that such listing or admission will be obtained or maintained for the lifetime of the Notes.

**In connection with the issue of the Notes, BNP PARIBAS (the “Stabilisation Manager”) or any person acting on behalf of the Stabilisation 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, stabilisation may not necessarily occur. Any stabilising 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 cease at any time but must 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. Any stabilisation action must be conducted by the Stabilisation Manager in accordance with all applicable laws and rules.**

## CONTENTS

	Page
RISK FACTORS .....	1
DOCUMENTS INCORPORATED BY REFERENCE .....	13
TERMS AND CONDITIONS OF THE NOTES .....	15
SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM .....	28
USE OF PROCEEDS .....	30
SOCIAL BOND FRAMEWORK.....	31
DESCRIPTION OF THE ISSUER.....	33
DESCRIPTION OF THE GUARANTOR .....	34
TAXATION .....	35
SUBSCRIPTION AND SALE .....	37
GENERAL INFORMATION.....	39



## RISK FACTORS

*Prospective investors should carefully consider the risk factors described below, as well as the other information contained in and incorporated by reference into this Offering Circular, before purchasing the Notes. The Group's business, financial condition or results from operations could be materially adversely affected by any or all of these risks, or by other risks that the Group 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 Guarantee. In addition, each of the risks highlighted below could adversely affect the trading price of Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.*

*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 or the Guarantee are also described below. Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer and the Guarantor believe the risk 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 the Group's Business**

***Changes in government policy and/or regulations have the potential to affect the Group's business model and/or decisions across all markets.***

The Group's educational services and assessment businesses may be adversely affected by changes in government funding resulting from either trends that are beyond the Group's direct control, such as general economic conditions, changes in government educational funding, programmes, policy decisions, legislation and/or changes in the procurement process, or the Group's failure to successfully deliver previous contracts. These may also include decisions to suspend, require amendments to or permanently cancel high stakes testing impacting the Group's assessments or "Pearson Test of English" businesses.

During 2023, the "Pearson Test of English" business won recognition for the Canadian "Student Direct Stream" and economic migration visa applications and the Group acquired Personnel Decisions Research Institutes, LLC ("PDRI") which provides recruitment assessment for US federal employees. The results and growth of the Group's US educational services 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 programmes. State, local and municipal education funding pressures remain, competition from low price and disruptive new business models continues and open source is promoted as a way to keep costs down for customers. The current challenging environment could impact the Group's ability to collect on education-related debt. State and local government leadership changes and resultant shifts in education policy can also affect the funding available for educational expenditure, which include the impact of educational reform. Similarly, changes in the government procurement process for textbooks, learning material and student tests, and vocational training programmes can also affect the Group's markets. Political pressure on testing, changes in curricula, delays in the timing of the adoptions and changes in the student testing process can all affect these programmes and therefore the size of the market in any given year.

Any of the foregoing could have an adverse effect on the Group's business, operational results or financial performance and, in particular, could adversely impact the results and potential growth of the Group's US educational services and assessment businesses.

***Increased competitive pressure or reduced demand due to changing consumer learning preferences may adversely impact the Group's financial performance.***

The Group faces a number of large value contract renewals each year which individually could be worth up to 5 per cent. of group turnover and the long-range plan assumes that these are successfully retained. The loss of any of these contracts would lead to lower sales and profits in the future unless replaced by other contract wins.

The Group competes in a highly competitive market that is subject to rapid change in some areas. The Group faces competitive threats both from large media players and from smaller businesses, online and mobile portals and operators in the digital arena that provide alternative sources of content. Alternative distribution channels, such as digital format, the internet, online retailers and growing delivery platforms, pose both threats and opportunities to traditional publishing business models, potentially impacting both the Group's sales volumes and pricing. In addition, new competitive entrants, increased price competition or shifts in learners away from educational institutions (as seen previously in reduced Higher Education division enrolments) may lead to lower profitability and cash flow performance. The level of competition is placing financial strain on some of the Higher Education division's channel partners and the failure of one of these companies would risk the loss of any outstanding debtor balances.

Enhanced product offerings and improvements in sales capability have led to a stabilisation of market share in the Higher Education division market, but there is no guarantee that these measures will be sufficient in the future to prevent loss of revenue and profit.

The Pearson Virtual School division faces revenue headwinds following the termination of one of its major customers and with another due to terminate in the autumn of 2024. Both have decided to operate services in-house. Consequently, there are risks to achieving the Group's profit plan and further contract losses would increase this risk.

***Failure to use the Group's data effectively to enhance the quality and scope of current products and services in order to improve learning outcomes could adversely affect the Group's business.***

The Group seeks to maximise data to enhance the quality and scope of current products and services in order to improve learning outcomes while managing associated risks. The Group's ability to continue to do so may be subject to factors beyond the Group's control. In addition, the lack of availability of timely, complete and accurate data limits informed decision-making and increases the risk of non-compliance with legal, regulatory and reporting requirements. Business change and transformation success is dependent on migration of a significant number of datasets and the Group's inability to effectively accomplish this could adversely affect the Group's operational results and financial performance.

***Global economy and cyclical market factors may adversely impact the Group's financial performance.***

With the continued pressure and uncertainty in the worldwide economies, particularly in the Group's major markets in the US and UK, there is a risk of a weakening in trading conditions, which could adversely impact the Group's future financial performance. The effect of continued deterioration or lack of recovery in the global economy will vary across different businesses and will depend on the depth, length and severity of any economic downturn. The education market can be affected by cyclical factors which, although they can have a positive impact for some of the Group's businesses, could for others lead to a reduction in demand for the Group's products and services.

***All the Group's businesses depend on IT systems and technological change. Failure to maintain and support customer facing services, systems, and platforms, including addressing quality issues and execution on time of new products and enhancements, could negatively impact the Group's sales and reputation.***

All the Group's businesses, to a greater or lesser extent, are dependent on IT. The Group either provides software and/or internet services to its customers or uses complex IT systems and products to support its business activities, including customer-facing systems, back-office processing and infrastructure. The Group migrated several key data centres to the cloud during the year, with the aim of increasing resilience. Nevertheless, the Group faces several technological risks associated with software product development (including risks associated with the use of AI in the Group's products and services) and service delivery, information technology security (including viruses and cyber-attacks), e-commerce, enterprise resource planning system implementation and upgrades. Although plans and procedures are in place to reduce such risks, and further progress was made during 2023 in this area, from time to time the Group has experienced verifiable attacks on its systems by unauthorised parties. To date, such attacks have not resulted in any material damage, but the Group's businesses could be adversely affected if its systems and infrastructure experience a significant failure or interruption.

***Operational disruption to its business, including those caused by third party providers, a major disaster and/or external threats, could restrict the Group's ability to supply products and services to its customers.***

Across all its businesses, the Group manages complex operational and logistical arrangements including distribution centres, data centres, and educational and office facilities, as well as relationships with third party print sites. It has also outsourced some support functions, including elements of information technology, warehousing and logistics to third party providers. The failure of third parties to whom it has outsourced business functions could adversely affect its reputation or financial condition. Failure to recover from a major disaster, (e.g. fire, flood, etc.) at a key facility and/or a major failure of a key facility, such as a data centre outage or the disruption of supply from a key third party vendor or partner (e.g. due to bankruptcy) could restrict the Group's ability to service its customers and meet the terms of its contractual relationships with both government agencies and commercial customers. Penalty clauses and/or the failure to retain these contracts at the end of the contract term could adversely impact future revenues and/or operations.

***Failure to meet the Group's customers' rapidly changing expectations in the Group's products and services and not being able to anticipate new customer demands could result in reduced market share, profitability and brand erosion.***

The Group continues to adjust its business model to keep pace with increasing end user demands. The Group may not be able to adapt, change and succeed in a rapidly changing and uncertain environment resulting in competitive disadvantage, higher cost and brand erosion. This could result from failing to identify changes in learner preferences or in failing to create products and services which meet these revised expectations.

With the direct-to-consumer strategic focus and the launch of new products, the Group risks that the customer experience expectations are not met with regard to how the products and services are delivered e.g. quality and timeliness, impacting the customer's brand loyalty and propensity to purchase; resulting in customer complaints, less favourable social media sentiment, bad reviews, low recommendations, and/or customer attrition.

Evidence of higher customer expectations has been observed in the direct to consumer market, particularly for the Mondly platform, where the cost of acquiring and retaining new learners is high, leading to some re-balancing towards offering language tuition for enterprises. In the Workforce division, feedback from customers led to a re-focus on modular solutions rather than a fully integrated platform as previously envisaged. Should customer acquisition or the cost of acquiring and retaining customers continue to be elevated, this could lead to lower profitability than anticipated if it is not possible to mitigate.

There is also the risk that the Group's technology and data dependent products and services do not meet accessibility requirements in respect of customers' and prospective customers' ability to access the products and services, and this could result in increased costs, restrictions and/or fines.

***The Group's investment in new markets may deliver returns that are lower than anticipated.***

The Group has invested in and has plans to continue to invest in new markets such as workforce and direct-to-consumer learning experiences of which the Group has less experience and faces a variety of competition to be successful. Failure to achieve the Group's planned outcomes may lead to lower than expected sales and profitability.

***If the Group fails to successfully invest in and deliver the right products and services and respond to government concerns and/or competitive threats, its sales could be adversely impacted.***

A common trend facing all the Group's businesses is the digitisation of content and proliferation of distribution channels, either over the internet, or via other electronic means, replacing traditional print formats. The digital migration has led to changes in consumers' perception of value and the publisher's position between consumers, retailers and authors, and has required the Group to make changes in product and content distribution.

A proliferation of available supply routes for content in addition to buying or subscribing to the Group's content, means that the Group is not guaranteed to be rewarded for its investment in developing and distributing this content. Alternatives such as second hand and rental copies, open educational resources, online discounters, file sharing and use of pirated copies all offer either lower or no financial returns to the Group.

Where the purchaser is a school or institution, they will typically use educational funding to purchase the Group's materials or assessments. However, there are multiple competing demands for educational funds and there is no guarantee that new courseware or testing or training programs will be funded, or that the Group will win or retain this business.

If the Group does not adapt rapidly to these changes, it may lose business to 'faster' and more 'agile' competitors, who increasingly are non-traditional competitors, making their identification all the more difficult. The Group may be required to invest significant resources to further adapt to the changing competitive environment, which requires continued development of both content and the method of delivery to be able to provide differentiated products and services, and can result in competitive disadvantage and missed opportunity for revenue and growth. An example of this is where the Group's products and services may potentially face competition from those developed by non-traditional competitors using advanced Generative AI tools. Generative AI in particular offers new ways of creating content which could disrupt the sectors in which the Group focuses and failure to adapt could in future lead to adverse impact for its businesses.

***Failure to comply with antitrust and competition legislation and/or legal or regulatory proceedings could result in substantial financial cost and/or adversely impact the Group's reputation.***

The Group is subject to global and local antitrust and competition law and although it is committed to conducting its business in compliance with local and international laws, there is a risk that management, employees or representatives may act in a way that violates applicable antitrust or competition laws. Further, the Group and its subsidiaries are and may be in the future subject to legal and regulatory proceedings in the countries in which the Group operates. These proceedings could result in greater scrutiny of the Group's operations in other countries for anti-competitive behaviour and, in the worst case, incur a substantial financial cost. This would also have an adverse impact on the Group's reputation.

***The Group could face additional cost and diversion of personnel (i) to meet any new regulation or law applicable to its use of Artificial Intelligence ("AI") in its products and services and/or (ii) to protect any of its intellectual property developed using AI.***

The Group has a history of utilising AI in its products and services and incorporation will only increase as AI technologies (including, generative AI) continue to develop. For example, 2023 saw the successful beta launch of AI study tools in the Higher Education division and use of large language models in the English Language Learning division. The Group's ability to do this successfully depends in part on public willingness to use AI in the learning sector. If the content that AI applications assist the Group in producing are, or are perceived or alleged to be, deficient or inaccurate, The Group's reputation may be adversely affected, and/or the effectiveness of the Group's products may be undermined.

2023 also saw the deployment of new curriculum materials in the Virtual Schools division and the launch of the Group's Connections Academy Career Pathways programme. In the Pearson VUE division new offerings were launched to aid test preparation and in the Higher Education division, a trial of "Channels" video content as a separate product began. Each of these have shown promising signs in testing and so have anticipated revenue but failure to maintain the positive momentum would result in lower revenue and profit.

In addition, if the Group's competitors incorporate AI into their products more quickly or more successfully than the Group, the Group's ability to compete effectively could be impaired.

This increasing interest in AI globally by governments and regulators brings a level of regulatory uncertainty which may increase costs and liabilities in a manner that is beyond the Group's control and could result in conflicting legal requirements, potentially further increasing costs and/or adversely impacting the Group's ability to operate.

In addition, the Group faces uncertainty with regard to protection under law or regulation afforded to its intellectual property developed (in whole or in part) with the use of AI (or software including any AI).

***If the Group does not adequately protect its intellectual property and proprietary rights, its competitive position and results may be adversely affected and its ability to grow restricted.***

Some of the Group's products and services largely comprise intellectual property delivered through a variety of print and digital media, online software applications and platforms. The Group relies on trademark, patent, copyright and other intellectual property laws to establish and protect its proprietary rights in these products and services. Reference is made to the risk factor above headed "*The Group could face additional cost and diversion of personnel (i) to meet any new regulation or law applicable to its use of Artificial Intelligence ("AI") in its products and services and/or (ii) to protect any of its intellectual property developed using AI.*" Regarding the risk of the evolving AI regulatory framework globally and the applicability and interpretation of the existing legal protection of intellectual property. The Group also faces uncertainty on its ability to adequately protect its content from its unauthorised use in training Large Language Models.

Failure, or an inability, to adequately manage, procure, register or protect intellectual property rights (including trademarks, patents, trade secrets and copyright) in the Group's brands, content and technology, may (1) prevent the Group from enforcing its rights, and (2) increase the risk that bad actors will infringe the Group's content rights (print and digital counterfeit, digital piracy), which may reduce sales and/or erode sales.

The Group's intellectual property rights ("**IPR**") in brands and content – historically its core assets – are generally well established in key markets. As technology and digital delivery of content have become an increasingly critical component of the Group's business strategy, the Group has grown its patent portfolio to expand its protection of high value technology in the US and key international markets.

Online copying and security circumvention have become increasingly sophisticated and resistant to available countermeasures. Advancements in technology, including advancements in generative AI technology, have made unauthorised copying and wide dissemination of unlicensed content more accessible. At the same time, detection of unauthorised use of the Group's intellectual property and enforcement of the Group's intellectual property rights has become more challenging, in part due to the increasing volume and sophistication of attempts at unauthorised use of the Group's intellectual property through the use of generative AI. Notably, in recent years "digital counterfeit" websites have offered or attempted to offer unprotected PDF files of many of Pearson's titles, at scale, using modern and sophisticated ecommerce methods, with a professional or legitimate appearance. From an IPR perspective, increasing the Group's digital business continues to expose it to evolving trademark, copyright and patent infringement risks.

The Group's forward-looking IPR strategy includes efforts to maintain a broad footprint of intellectual property rights in key markets outside the US. However, the Group also conducts business in other countries where its intellectual property protection efforts have been limited or where legal protection for intellectual property may be uncertain, and these limitations could affect future growth.

Where the Group has registered or otherwise established its IPR, it cannot guarantee that such rights will provide competitive advantages due to the challenges and costs of monitoring and enforcement in jurisdictions where competition may be intense; the limited and/or ineffective IPR protection and enforcement mechanisms available to it in many countries; the potential that its IPR may lapse, be invalidated, circumvented, challenged, or abandoned, or that it may otherwise lose the ability to assert its intellectual property rights against others. The loss or diminution in value of these proprietary rights or the Group's intellectual property could have a material adverse effect on the Group's business and financial performance.

***A control breakdown or service failure in the Group's testing businesses could result in financial loss and reputational damage.***

The Group's testing businesses, including those in its Assessment & Qualifications, Workforce and English Language Learning divisions, involve complex contractual relationships with both government agencies and commercial customers for the provision of various testing services. The Group's financial results, growth prospects and/or reputation may be adversely affected if these contracts and relationships are poorly managed or face increased competitive pressures.

There are inherent risks associated with the Group's testing businesses, both in the US and the UK. A service failure caused by a breakdown in 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. During 2022, the Group suffered negative publicity because of failures to deliver certain Business and Technology Education Council (BTEC) qualification results in a timely manner. Performance was improved in 2023, but failures to meet expected service standards have in the past and/or could in future leave the Group subject to regulatory sanctions (including fines), legal claims, penalty charges under contracts,

non-renewal of contracts and/or the suspension or withdrawal of its accreditation to conduct tests. In either event the Group may be subject to legal claims, penalty charges under contracts, non-renewal of contracts and/or the suspension or withdrawal of its accreditation to conduct tests. A late delivery of qualification results could result in a potentially significant regulatory fine in addition to the contractual penalties. It is also possible that such events described above would result in adverse publicity, which may affect the Group's ability to retain existing contracts and/or obtain new customers.

***The Group has businesses in a variety of geographies globally and faces uncertain international environments and regulatory changes.***

The Group faces risks of government limiting the ability of non-local companies to compete and/or limiting repatriation of profits. Operating in a variety of geographies also exposes the Group to tariffs or other regulatory restrictions. Political, regulatory, economic, currency, reputational, corporate governance and compliance risks (including fraud, sanctions, bribery and corruption) as well as unmanaged expansion are all factors which could limit returns on investments made in these markets and limit the ability to reinvest funds or distribute them to shareholders.

Sanctions against certain economies, entities and/or individuals may be levied which could result in the Group needing to withdraw from a market. Any regulatory inquiry or investigations in relation to sanctions could be costly, require a significant amount of management's time and attention, adversely impact the Group's reputation, or lead to litigation and financial impacts.

***Failure to effectively manage risks associated with compliance with global and local anti-bribery and corruption (ABC) legislation could result in costly legal investigations and/or adversely impact the Group's reputation.***

The Group is committed to an effective compliance programme in keeping with changing regulatory expectations, and it is also committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to its business. Despite those commitments, there is a risk that the Group's management, employees or representatives may take actions that violate applicable laws and regulations including regarding accurate keeping of books and records or prohibiting the making of improper payments for the purposes of obtaining or keeping business, including laws such as the US Foreign Corrupt Practices Act or the UK Bribery Act. Any regulatory inquiry or investigations could be costly, require a significant amount of management's time and attention, adversely impact the Group's reputation, or lead to litigation and financial impacts.

***The Group's failure to generate anticipated sales growth, synergies and/or cost savings from acquisitions, mergers and other business combinations, could lead to goodwill and intangible asset impairments.***

The Group periodically acquires and disposes of businesses to achieve its strategic objectives and will continue to consider both as means to pursue its strategic priorities. During 2023, the Group completed the disposal of Pearson Online Services and acquired PDRI, which expanded the Group's services to the US federal government.

Acquisitions may involve significant risks and uncertainties, including difficulties in integrating acquired businesses to realise anticipated sales growth, synergies and/or cost savings; diversion of management attention from other business concerns or resources; and diversion of resources that are needed in other parts of the Group's business. If these risks are not managed, acquisitions could result in goodwill and intangible asset impairments.

Divestitures also involve risks and uncertainties that could adversely affect the Group's business, results of operations and financial condition including, among others, the inability to find potential buyers on favourable terms, disruption to the Group's business and/or diversion of management attention from other business concerns, loss of key employees and possible retention of certain liabilities related to the divested business.

***Security breaches involving the Group's information technology ("IT") systems could harm the Group's ability to run its business and expose the Group to potential liability and loss of revenue.***

Failure to prevent or detect a malicious attack on the Group's systems has in the past and could in future result in loss of system availability, breach of confidentiality, integrity and/or availability of sensitive information. Such incidents have in the past resulted, and could in future result, in damage to the customer experience and the Group's reputation and in financial loss. In particular, the Group has experienced, and may continue to experience in the future, an

unauthorised disclosure of personal information despite best efforts to prevent it. This has also occurred and may again in the future as a result of a failure of IT controls to protect such data, principally due to software malfunctions.

Information security and cyber risk are continually evolving and comprise many complex external drivers: increasing customer demand to demonstrate a strong security posture, external compliance requirements, ongoing digital revolution, increasing use of the cloud, greater volumes of data and increasingly sophisticated attack strategies. Across its businesses, the Group holds large volumes of personal data including that of employees, customers, students and citizens, and other highly sensitive business critical data such as financial data, internal sensitive information, and intellectual property. Despite its implementation of security measures, threat actors of all types, including individuals, criminal organisations and state sponsored operatives, have from time to time gained access, and may in the future gain access to the Group's data through unauthorised means in order to misappropriate such information for fraudulent or other purposes.

Any perceived or actual unauthorised disclosure of personal data or confidential information, whether through a breach of the Group's network or a third-party partner with whom the Group shares data or access to the Group's network by an unauthorised party, employee theft, misuse or error or otherwise, could harm the Group's reputation, impair its ability to attract and retain its customers, impair business and operations, or subject the Group to regulatory investigations and/or to claims or litigation arising from damages suffered by individuals and customers, and thereby harm its business and operational results. Failure to adequately protect personal data and confidential information has in the past led, or could potentially lead to, respectively, regulatory penalties, litigation costs and damages, significant remediation costs, reputational damage, cancellation of some existing contracts and/or difficulty in competing for future business, among other things. In addition, the Group could incur significant costs in complying with the relevant laws and regulations regarding the protection of personal data and confidential information against unauthorised disclosure, payments due to cyber extortion or to responding to regulatory investigations into such matters.

Changes to data privacy legislation must also be monitored and acted upon to ensure the Group remains in compliance across different markets.

Data protection legislation continues to be adopted by countries in which the Group has a presence and/or customers and enforcement is focusing upon transparency and customer choice in addition to data breaches, which reflects the increased sophistication of customers on data protection matters.

Failure to provide the appropriate level of transparency and control in the Group's products could increase the regulatory, commercial and/or reputational risks that the Group faces with any or all of its various stakeholders.

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

To the extent that worldwide economic conditions materially deteriorate, the Group's sales, profitability and cash flows could be significantly reduced as customers could be unable to purchase products and services in the expected quantities and/or pay for them within normal agreed terms.

Disruption in capital markets or potential concerns about the Group's credit rating, for instance manifested in downgrades or negative outlooks by the credit rating agencies, may mean that this capital may not be available on favourable terms or may not be available at all.

***A lack of sufficient capital resources could adversely impact the Group's ability to operate.***

Financial crises impact financial markets periodically, which could result in bank failures and loss of capital for the Group, or an inability to access debt capital markets as planned. If the Group were unable to raise finance to replace debt approaching maturity (such as the £300 million bond maturing in 2025), it may be required to delay investment, negatively impacting the Group's growth prospects.

***High levels of global inflation could increase costs and adversely impact the Group's profits and financial performance.***

High ongoing global inflation factors have increased and could further increase the cost of production for Pearson, particularly through wage inflation. There is no guarantee that the Group can increase prices or reduce cost for products and services that can mitigate the effects of inflation, which could lead to reduced earnings and ability to invest in future growth.

***Conflict could affect Pearson's operations.***

Pearson has staff and offices globally, which could be impacted by conflict or blockades as a result of geopolitical issues. Notably, Pearson has offices in Israel which support Pearson's digital products, which if affected by conflict could negatively impact the pace of innovation or the quality of Pearson's products.

***The Group's strategy involves significant change, including moving into new markets. This increases the risk of failure to realise anticipated benefits or of costs being higher than anticipated, or that the Group's business as usual activities are adversely impacted.***

The Group's strategy aims, among other things, to achieve significant growth in markets in which Pearson has less experience, including enterprise sales of content, direct-to-consumer language learning and increasing direct-to-consumer sales. During the year ended 31 December 2023, the Group successfully executed its cost efficiency programme resulting in a lower cost base, albeit ongoing maintenance of cost levels needs constant and rigorous monitoring and control. The Group's financial plan assumes that costs will be successfully managed in all divisions, despite the lower cost base but should this not be possible, the Group is likely to report lower than anticipated profits.

Challenges were also experienced in the Workforce division in successful delivery of products and sales capability on time during the 2023 financial year and similar challenges in the future would result in lower than anticipated sales and profits.

***If the Group fails to attract, retain and develop appropriately skilled employees, it may limit its ability to achieve its strategic and operational goals and its business may be harmed.***

The Group's success depends on the skill, experience and engagement of its employees. Their expertise has allowed the Group to demonstrate agility, notably in how the Group has been able to develop and deploy beta tests of products using large language models (including, in the areas of AI and machine learning). Training and development of staff is a focus area for managers throughout the organisation, but there is no guarantee that workers will continue to have the required skills prospectively.

The Group has a key dependency on the Chief Executive and certain other key employees. If it is unable to attract, retain and develop sufficiently experienced and capable staff, especially in technology, product development, sales and leadership, its business and financial results may suffer. When talented employees leave, the Group may have difficulty replacing those skills, and its business may suffer. There can be no assurance that the Group will be able to successfully retain and attract the skills that it needs.

***Risks associated with identity verification could lead to financial losses.***

The Group is required to take measures to validate the identity of learners, especially those completing assessments. In certain jurisdictions, companies have faced legal claims for the collection of or use of information obtained, particularly in relation to biometric information. The Group takes reasonable steps to protect learners and obey legal requirements but there is no guarantee that these will be sufficient to protect the Group from any and all potential issues, which could result in potential fines and penalties for the Group, especially if not covered by the Group's insurance cover.

***Failure to adequately protect learners could result in significant harm to one or more learners.***

Incidents have occurred and may in future occur where learners may not have been, or may not be, adequately protected. For example, where the Group has direct learner contact via online learning, or in its test centres. While the Group has made further progress during the last year, the range and frequency of threats remains high. These incidents can cause harm to learners, which is something the Group takes extremely seriously, and could also have a negative financial, legal and reputational impact to the business.



***Failure to adequately protect the health, safety and well-being of the Group's employees, learners and other stakeholders could adversely impact the Group's reputation, profitability and future growth.***

Although the Group has invested in global health and safety procedures and controls to safeguard the health, safety and wellbeing of its employees and other stakeholders, accidents or incidents could still occur due to unforeseen risks, causing injury or harm to individuals and impacting the Group's business operations. This has the potential to lead to criminal and civil litigation, business disruption leading to operational loss, reduction in profitability and impact on the Group's reputation.

***Failure to ensure security for the Group's staff, learners, assets and reputation, due to increasing numbers of and variety of local and global threats.***

Pearson is a global business with locations in diverse, sometimes high-risk, locations worldwide. Although it has protective measures in place to secure its staff, learners and assets, the Group could still be impacted by external threats, such as localised incidents, terrorist attacks, strikes or extreme weather. Future occurrences could cause harm to individuals and/or disrupt business operations. These have the potential to lead to operational loss, a reduction in profitability and impact on the Group's global reputation.

***Environmental, social and governance risks may also adversely impact the Group's business.***

The Group considers environmental, social and governance ("ESG") risks no differently to the way it manages any other business risk. Expectations around climate commitments and measurements change on a regular basis. A failure to comply with relevant standards, or other ESG-related laws or regulations, whether in the UK or elsewhere, could adversely affect the Group's reputation and have a negative impact on its relations with employees, customers and/or business partners. In addition, costs associated with climate-transition which cannot be fully managed by decarbonisation activities may lead to decreased margins.

***The Group's business depends on a strong brand, and any failure to maintain, protect and enhance its brand would hurt its ability to retain or expand its business.***

Protecting the Pearson brand is critical to maintaining and expanding the Group's business and will depend largely on its ability to maintain its customers' trust in its solutions and in the quality and integrity of its products and services, including how it protects the data and privacy of customers and users. If the Group does not successfully maintain a strong brand, its business could be harmed. Beyond protection, strengthening the Pearson brand will enable the Group to engage governments, administrators, teachers, learners and influencers more effectively.

## **Risks Related to the Notes and this Offering**

### ***There is no public market for the Notes***

Although application has been made to admit the Notes to trading on the ISM, there is no existing market for the Notes, and there can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell their Notes or the prices at which they may be able to sell their Notes. Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, the Group's operating results and the market for similar securities.

***Pearson is a holding company and it may not have access to the cash that is needed to make payments to the Issuer in respect of its obligations under 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 of its own 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 Trust Deed will not limit the amount of indebtedness that can be incurred by Pearson's subsidiaries. Neither Pearson nor the Issuer can provide assurance 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. Failure or delay in receiving sufficient dividends or cash payments from subsidiaries could adversely impact the Issuer's and Pearson's ability to pay principal, interest and any other amounts in respect of the Notes when due.

#### ***Meetings of Noteholders, modification, waiver, authorisation, determination and substitution***

The Terms and Conditions of the Notes and the Trust Deed (as defined in the Terms and Conditions of the Notes) contain provisions for convening meetings (including the holding of physical or, wholly or partly, virtual meetings by means of electronic facility or facilities (including telephone and video conference platforms)) of Noteholders to consider any matter affecting their interests. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes and the Trust Deed also provide that the Trustee may, without the consent of the Noteholders or Couponholders, agree to (i) any modification of the Notes, the Coupons or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes, the Coupons or the Trust Deed which is of a formal, minor or technical nature or which is made to correct a manifest error or to comply with mandatory provisions of applicable law. The Trustee may also agree, without the consent of the Noteholders or Couponholders, to the waiver or authorisation of any breach or proposed breach of any of the Terms and Conditions of the Notes or any of the provisions of the Trust Deed or determine, without any such consent, that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders.

The Trust Deed contains provisions under which the Trustee may, without the consent of the Noteholders or the Couponholders, agree with the Issuer and the Guarantor to the substitution (a) in place of the Issuer as the principal debtor in respect of the Notes of (i) of the Guarantor, (ii) a successor in business to the Issuer or the Guarantor, (iii) a holding company (as defined in the Trust Deed) of the Issuer or the Guarantor or (iv) any subsidiary of the Guarantor; or (b) in place of the Guarantor as the guarantor in respect of the Notes, the Coupons and the Trust Deed of (i) a successor in business to the Guarantor or (ii) a holding company of the Guarantor, in each case subject to certain conditions, as specified in Condition 14 (*Substitution*) of the Notes and the Trust Deed, including the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Noteholders.

#### ***Minimum denomination of £100,000, and integral multiples thereafter of less than £100,000; definitive Notes***

The Notes have a minimum denomination of £100,000. The Terms and Conditions of the Notes provide that, for so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg (or other relevant clearing system) so permit, the Notes will be tradeable in principal amounts (a) equal to, or integral multiples of, the minimum denomination, and (b) equal to the minimum denomination plus integral multiples thereafter of £1,000.

Definitive Notes will only be issued if (a) Euroclear or Clearstream, Luxembourg (or other relevant clearing system) is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Events of Default*) occurs. If Definitive Notes are issued, such Notes will be issued only in denominations of at least £100,000 plus integral multiples thereafter of £1,000 up to and including £199,000. No Definitive Notes will be issued with a denomination above £199,000. As such, a holder of Notes who holds less than the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of Definitive Notes unless and

until such time as his holding becomes an integral multiple of a permitted denomination. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in pounds sterling. This presents certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to pounds sterling would decrease (1) the Investor's Currency equivalent yield on the Notes; (2) the Investor's Currency equivalent value of the principal payable on the Notes; and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest rate risks***

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Investors should note that if market interest rates start to rise then the income to be paid on the Notes might become less attractive and the price the investors get if they sell such Notes could fall (however, the market price of the Notes has no effect on the interest amounts due on the Notes or what investors will be due to be repaid if the Notes are held by the investors until they mature).

### ***Credit ratings may not reflect all risks***

The Notes are expected to be rated "Baa2" by Moody's and "BBB" by Fitch. Each of Moody's and Fitch is established in the United Kingdom under the UK CRA Regulation. Neither Moody's nor Fitch is established in the European Economic Area and neither of them is registered under the EU CRA Regulation. A credit 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. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended subject to transitional provisions that apply in certain circumstances).

Investors regulated in the United Kingdom are subject to similar restrictions under the UK CRA Regulation. As such, United Kingdom regulated investors are required to use for United Kingdom regulatory purposes ratings issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation. In the case of ratings issued by third country non-United Kingdom credit rating agencies, third country credit ratings can either be: (a) endorsed by a United Kingdom registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant United Kingdom registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. At the date of this Offering Circular, credit ratings issued by Moody's and Fitch are endorsed by Moody's Deutschland GmbH and Fitch Ratings Ireland Limited, respectively, each of which is established in the EEA and registered under the EU CRA Regulation.

If the status of the rating agency rating, or endorsing, the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the United Kingdom, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

***The Notes may not meet social criteria set by some investors***

Pearson intends to apply an amount equal to the net proceeds of the issue of the Notes, in part or in full, to finance or refinance projects and expenditures that meet the Eligible Categories set out in Pearson's Social Bond Framework (see the sections headed "*Use of Proceeds*" and "*Social Bond Framework*"). There is currently no market consensus on what precise attributes are required for a particular project to be defined as "social", and therefore no assurance can be provided to investors that the Eligible Categories set out in Pearson's Social Bond Framework will satisfy, whether in whole or in part, any present or future expectations or investment criteria regarding sustainability performance or expectations for sustainable finance products. In particular, no assurance is given that the use or allocation of such proceeds for any such projects or expenditures will satisfy, whether in whole or in part, any present or future investor expectations or requirements, taxonomies or standards or other investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations, by its own by-laws or other governing rules or investment portfolio mandates, ratings criteria, taxonomies or standards or other independent expectations (in particular with regard to any direct or indirect, environmental, sustainability or social impact of any projects that meet the Eligible Categories as set out in Pearson's Social Bond Framework). Pearson retains flexibility in allocating the net proceeds from the Notes, including re-allocating the net proceeds in the event Pearson determines at its discretion that the projects receiving allocation no longer meet the criteria within the Eligible Categories. Any failure to use the net proceeds from the issue of the Notes for the purpose described above or to meet or continue to meet the investment requirements of certain socially-focused investors with respect to the Notes may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in social assets. No representation or assurance is given as to the suitability or reliability of any opinion or certification of any third party made available in connection with the Notes. For the avoidance of doubt, neither the Social Bond Framework nor any such opinion or certification is incorporated into this Offering Circular. Any such opinion or certification is not a recommendation by the Issuer, the Guarantor, the Joint Lead Managers or any other person to buy, sell or hold the Notes and is current only as of the date it was issued. As at the date of this Offering Circular, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevant of any such opinion or certification and/or the information contained therein.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents (the “**Documents Incorporated by Reference**”) or sections thereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- Pearson’s audited consolidated financial statements as of 31 December 2023 and 2022 and for each of the years ended 31 December 2023, 2022 and 2021 prepared in accordance with IFRS (the “**Pearson Financial Statements**”) (including the auditor reports thereon and notes thereto) on pages 146-218 (inclusive), pages 221-226 (inclusive) and pages 250-253 (inclusive) of Pearson’s Annual Report on Form 20-F for the year ended 31 December 2023 (the “**Pearson’s Annual Report on Form 20-F**”).
- The audited annual financial statements (on an entity basis and including the auditor’s report thereon and notes thereto) of the Issuer as of and for the year ended 31 December 2023 prepared in accordance with Financial Reporting Standard 101, ‘Reduced Disclosure Framework’ (“**FRS 101**”) (the “**2023 Issuer Financial Statements**”).
- The audited annual financial statements (on an entity basis and including the auditor’s report thereon and the notes thereto) of the Issuer as of and for the year ended 31 December 2022 prepared in accordance with FRS 101 (the “**2022 Issuer Financial Statements**”).
- Pearson’s unaudited Interim Results for the six months to 30 June 2024 (including the auditor’s independent review report thereon and notes thereto) on pages 12-39 inclusive of the press release headed “Pearson Interim Results for the six months to 30th June 2024 (Unaudited)” issued by Pearson on 29 July 2024 (“**Pearson’s H1 2024 Interim Results**”).
- The sections headed “*Divisional Overview*”, as set out on pages 8 to 10, and “*2023 highlights*”, as set out on page 11, of Pearson’s Annual Report on Form 20-F.

With the exception of (a) the Pearson Financial Statements, and (b) pages 8 to 11 (inclusive) of Pearson’s Annual Report on Form 20-F (see “*Description of the Guarantor*”), Pearson’s Annual Report on Form 20-F is not incorporated by reference herein, shall not form part of this Offering Circular and is not relevant for investors in the Notes.

Except for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of Pearson for the year ended 31 December 2021, including the related notes, the Pearson Financial Statements have been audited by Ernst & Young LLP, independent registered public accounting firm. The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of Pearson for the year ended 31 December 2021, including the related notes, were audited by PricewaterhouseCoopers LLP.

Pearson’s Annual Report on Form 20-F has been previously published and was filed with each of the FCA’s National Storage Mechanism and the SEC on 14 March 2024 (SEC File No. 001-16055/24747863).

Copies of documents incorporated by reference in this Offering Circular may be obtained (i) at the office of The Bank of New York Mellon, London Branch, 160 Queen Victoria Street, London EC4V 4LA, United Kingdom upon prior written request of the Noteholder and provision of proof of holding and identity in a form satisfactory to the Principal Paying Agent; or (ii) by contacting Pearson’s Company Secretary at 80 Strand, London WC2R 0RL, United Kingdom (Tel: +44 20 7010 2257). In addition, a copy of Pearson’s Annual Report on Form 20-F and Pearson’s H1 2024 Interim Results may be accessed electronically free of charge at Pearson’s website at <https://www.pearson.com/corporate/investors/reports-and-presentations.html>, and the 2023 Issuer Financial Statements and the 2022 Issuer Financial Statements may be accessed electronically free of charge at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM). Other than the documents specifically incorporated by reference herein, as set forth above, the information contained on Pearson’s website is not incorporated by reference in this Offering Circular, and prospective investors should not consider any information contained on, or that can be accessed through, Pearson’s website as part of this Offering Circular or in deciding whether to purchase the Notes being offered hereby.

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 Offering Circular 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 Offering Circular.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes (the “**Conditions**”) which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The £350,000,000 5.375 per cent. Guaranteed Notes due 2034 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 17 (*Further Issues*) and forming a single series with the Notes) of Pearson Funding plc (the “**Issuer**”) are constituted by a Trust Deed dated 12 September 2024 (the “**Trust Deed**”) made between the Issuer, Pearson plc (the “**Guarantor**”) as guarantor and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include its successor(s)) as trustee for the holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 12 September 2024 (the “**Agency Agreement**”) made between the Issuer, the Guarantor, The Bank of New York Mellon, London Branch as Principal Paying Agent (the “**Principal Paying Agent**”) and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Notes at Eighth Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom and at the specified office of the Principal Paying Agent (or may be provided by email to such Noteholder or Couponholder requesting copies of such documents) upon prior written request of the Noteholders and provision of proof of holding and identity in form satisfactory to the Principal Paying Agent. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of £100,000 and integral multiples of £1,000 (the “**Calculation Amount**”) in excess thereof up to and including £199,000 (each a “**Specified Denomination**”) with Coupons attached on issue. Notes of one denomination may not be exchanged for Notes of the other denomination.

#### 1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

#### 1.3 Holder Absolute Owner

The Issuer, the Guarantor, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

### 2. STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

### 3. **GUARANTEE**

#### 3.1 **Guarantee**

The payment of the principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor (the “**Guarantee**”) in the Trust Deed.

#### 3.2 **Status of the Guarantee**

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Guarantor and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

### 4. **NEGATIVE PLEDGE**

So long as any of the Notes remains outstanding, the Guarantor will not, and will not permit any Material Company (as defined in Condition 10.2) to, create or permit to arise or subsist any Relevant Indebtedness or grant or permit to subsist any guarantee of any Relevant Indebtedness, which Relevant Indebtedness or guarantee of Relevant Indebtedness is secured by any mortgage, pledge or other charge upon any of the present or future assets or revenues (including uncalled capital) of the Guarantor or such Material Company, unless in any such case as aforesaid simultaneously with, or prior to the creation of such security, there shall be taken any and all action necessary to procure that such security is extended equally and rateably to all amounts payable in respect of the Notes, the Coupons, the Guarantee and under the Trust Deed to the satisfaction of the Trustee, or such other security is provided as the Trustee shall in its absolute discretion deem to be not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of this Condition, “**Relevant Indebtedness**” means any indebtedness of the Issuer or the Guarantor or of any other person which is in the form of or represented by any bonds, notes, loan stock, depositary receipts or other securities which are intended by the Issuer or the Guarantor to be, or are, with the consent or concurrence of the Issuer or the Guarantor for the time being, quoted or listed on, or dealt in or traded on, any stock exchange, over-the-counter securities market or other organised securities market (whether or not initially distributed by means of a private placing) and any reference to a guarantee in respect of any Relevant Indebtedness shall include a reference to an indemnity being given in respect thereof.

### 5. **INTEREST**

#### 5.1 **Interest Rate and Interest Payment Dates**

The Notes bear interest on their outstanding principal amount from and including 12 September 2024 (the “**Issue Date**”) at the rate of 5.375 per cent. per annum, payable annually in arrear on 12 September in each year (each such date an “**Interest Payment Date**”). The first payment (for the period from and including 12 September 2024 to but excluding 12 September 2025 and amounting to £53.75 per £1,000 principal amount of Notes) shall be made on 12 September 2025.

#### 5.2 **Interest Accrual**

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

#### 5.3 **Calculation of Broken Interest**



When interest is required to be calculated in respect of a period other than as described in Condition 5.1, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the “**Accrual Date**”) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

## 6. PAYMENTS

### 6.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made in sterling against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

### 6.2 Method of Payment

Payments will be made by credit or transfer to an account in sterling maintained by the payee with a bank in London.

### 6.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 9 (*Prescription*)) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

### 6.4 Payments subject to Applicable Laws

All payments under the Notes will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (in each case without prejudice to the provisions of Condition 8 (*Taxation*)).

### 6.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

“**Presentation Date**” means a day which (subject to Condition 9 (*Prescription*)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and

- (c) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London.

In this Condition: “**Business Day**” means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits).

## 6.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantor reserve the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that there will at all times be a Principal Paying Agent.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 13 (*Notices*).

## 7. REDEMPTION AND PURCHASE

### 7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 12 September 2034 (the “**Maturity Date**”).

### 7.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8 (*Taxation*)), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 10 September 2024, on the next Interest Payment Date either (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) or (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and
- (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply on the next Interest Payment Date, and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

### 7.3 Redemption at the Option of the Issuer

The Issuer may, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the Notes at the Optional Redemption Amount on any Optional Redemption Date.

For the purposes of this Condition 7.3, “**Optional Redemption Amount**” means: (a) 100 per cent. of the principal amount of the outstanding Notes to be redeemed; or (b) if higher, such principal amount multiplied by the price (as determined by the Calculation Agent and reported in writing by the Calculation Agent to the Issuer, the Guarantor and the Trustee) expressed as a percentage (rounded to four decimal places, 0.00005 being rounded upwards) at which the Gross Redemption Yield on the Notes (if the Notes were to remain outstanding until their stated maturity) on the Determination Day is equal to the sum of (x) the Gross Redemption Yield at 11.00 a.m. (London time) on the Determination Day of the Reference Stock plus (y) 0.25 per cent., where:

“**Business Day**” shall mean a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

“**Calculation Agent**” means an independent adviser with appropriate expertise appointed by the Issuer not less than 15 days prior to the scheduled date for redemption for the purposes of calculating the Optional Redemption Amount, and notified to the Noteholders in accordance with Condition 13 (*Notices*).

“**Determination Day**” means the day falling three Business Days prior to the Optional Redemption Date.

“**Gross Redemption Yield**” on the Notes and the Reference Stock will be expressed as a percentage and will be calculated by the Calculation Agent on the basis set out by the United Kingdom Debt Management Office in the paper “*Formulae for Calculating Gilt Prices from Yields*” page 4, Section One: Price/Yield Formulae “*Conventional Gilts*”; “*Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date*” (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005 and as further updated or amended from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places).

“**Optional Redemption Date**” means any Business Day falling after the Issue Date.

“**Reference Stock**” means 4.5 per cent. United Kingdom Treasury Stock due 7 September 2034 where the Calculation Agent advises the Issuer, the Guarantor and the Trustee that, for reasons of illiquidity or otherwise, such Reference Stock is not appropriate for such purpose, such other government stock as the Calculation Agent may recommend.

#### 7.4 **Offer to Purchase 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 pursuant to Conditions 7.2 or 7.3, the Issuer will be required to make an offer (the “**Change of Control Offer**”) to each Noteholder to purchase all or any part (equal to £100,000 or an integral multiple of £1,000 in excess thereof) of that Noteholder’s Notes. In the Change of Control Offer, the Issuer will be required to offer payment in cash equal to the aggregate principal amount of Notes to be purchased, plus accrued and unpaid interest, if any, on the Notes to be purchased up to but excluding the date of purchase (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, in accordance with the procedures set forth in Clause 26 (*Notices*) of the Trust Deed, describing: (i) the transaction which constitutes or may constitute the Change of Control Triggering Event; (ii) offering to purchase 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 (the “**Change of Control Payment Date**”); and (iii) including the instructions (as determined by the Issuer) that a Noteholder must follow in order to have its Notes purchased.

The notice will, if given prior to the date of consummation of the Change of Control, state that the offer to purchase is conditional 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:

- (a) accept for purchase all Notes or portions of Notes properly tendered and not withdrawn pursuant to the Change of Control Offer;

- (b) deposit with the agent as set out in the written notice an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered and not withdrawn; and
- (c) deliver or cause to be delivered to the Principal Paying Agent the Notes accepted for purchase together with a certificate signed by an Officer of the Issuer stating the aggregate principal amount of Notes or portions of Notes being purchased and request that such Notes are cancelled forthwith as contemplated pursuant to Condition 7.6 below.

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 purchases all Notes properly tendered and not withdrawn under its offer. In addition, the Issuer will not purchase any Notes if there has occurred and is continuing on the Change of Control Payment Date an Event of Default under Condition 10 (*Events of Default*), other than a default in the payment of the Change of Control Payment upon a Change of Control Triggering Event.

The Guarantor hereby irrevocably and unconditionally guarantees the obligations of the Issuer to make a Change of Control Offer as described above. The Guarantor further irrevocably and unconditionally guarantees to make payment for any and all Notes properly tendered and not withdrawn as described above.

The Trustee is under no obligation to ascertain whether a Change of Control Triggering Event, a Change of Control or Rating Event or any event which could lead to the occurrence of or could constitute a Change of Control Triggering Event or Rating Event has occurred and, until it shall have actual knowledge or notice to the contrary, the Trustee may assume that no Change of Control Triggering Event, Change of Control or Rating Event or other such event has occurred.

References in the Trust Deed and in these Conditions to principal shall, unless the context otherwise requires, be deemed to include a reference any purchase monies paid pursuant to this Condition 7.4.

#### 7.5 **Purchases**

Subject to Condition 7.6, the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

#### 7.6 **Cancellations**

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries, will forthwith be cancelled, together with all related unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be held, reissued or resold.

#### 7.7 **Notices Final**

Upon the expiry of any notice as is referred to in Conditions 7.2, 7.3 or 7.4 above, the Issuer shall be bound to redeem or purchase the Notes to which the notice refers, all in accordance with the terms of such paragraph.

#### 7.8 **Interpretation**

In these Conditions:

“**Affiliate**” shall have the meaning given in Rule 405 of the U.S. Securities Act of 1933, as amended.

“**Board of Directors**” means, as to any Person, the board of directors, management committee or similar governing body of such Person or any duly authorised committee thereof.

“**Change of Control**” means the occurrence of any of the following:

- (a) 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, directly or indirectly, of more than 50 per cent. 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;
- (b) 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 Guarantor and the Subsidiaries of the Guarantor, taken as a whole, to one or more Persons (other than an Affiliate of the Guarantor);
- (c) the first day on which a majority of the members of the Board of Directors of the Guarantor are not Continuing Directors; or
- (d) 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:

- (i) the Guarantor becomes a direct or indirect wholly-owned subsidiary of a holding company; and
- (ii) (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 per cent. of the Voting Stock of such holding company.

“**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).

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

“**Fitch**” means Fitch Ratings Limited, or any successor.

“**Investment Grade Rating**” means a rating equal to or higher than Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by Fitch, and the equivalent investment grade credit rating from any additional rating agency or rating agencies selected by the Issuer.

“**Moody’s**” means Moody’s Investors Service Limited, or any successor.

“**Officer**” means, when used in connection with any action to be taken by the Issuer or the Guarantor, as the case may be, the chairman of the Board of Directors, the chief executive officer, any executive director of the Issuer or the Guarantor, as the case may be, or any person authorised by the Board of Directors of the Issuer or the Guarantor, as the case may be, (such authorisation to be evidenced in writing and delivered to the Trustee) to act as representative of such persons.

“**Person**” means an individual, partnership, corporation, limited liability company, unincorporated organisation, 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 Fitch; and (2) if either Moody’s or Fitch 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 recognised statistical rating organisation” 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 Fitch, 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).

“**Subsidiary**” means, in relation to the Issuer or the Guarantor, any company (i) in which the Issuer or, as the case may be, the Guarantor holds a majority of the voting rights or (ii) of which the Issuer or, as the case may be, the Guarantor is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer or, as the case may be, the Guarantor is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer or, as the case may be, the Guarantor.

“**Voting Stock**” means, with respect to any specified Person 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.

## 8. TAXATION

### 8.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In the event that any withholding or deduction is required by law for or on account of any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) 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
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 6 (*Payments*)).

### 8.2 Interpretation

In these Conditions:

- (a) “**Relevant Date**” means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before

the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 13 (*Notices*); and

- (b) “**Relevant Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or the Guarantor, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

### 8.3 **Additional Amounts**

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

## 9. **PRESCRIPTION**

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 6 (*Payments*).

## 10. **EVENTS OF DEFAULT**

10.1 The Trustee at its absolute discretion may, and if so required in writing by the holders of not less than 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer declaring the Notes to be repayable, if at any time any of the following events (each an “**Event of Default**”) shall occur and is continuing, so long as at the time of such notice such event or (as the case may be) all such events shall not have been waived by, or remedied to the reasonable satisfaction of, the Trustee:

- (a) default being made in the payment of any interest in respect of any of the Notes for a period of 14 days as and when the same ought to be paid; or
- (b) default being made in the payment of the principal in respect of any of the Notes for a period of seven days as and when the same ought to be paid; or
- (c) default being made by the Issuer or the Guarantor in the performance or observance of any other covenant, undertaking, condition or provision contained in the Trust Deed or in the Notes and (except where the Trustee shall have certified in writing to the Issuer or the Guarantor (as the case may be) that it considers such default to be incapable of remedy when no such notice as is hereinafter mentioned shall be required) such default continues for a period of 30 days or more immediately following the service by the Trustee on the Issuer of a notice requiring the same to be remedied; or
- (d) the occurrence of 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 indebtedness of the Issuer, the Guarantor or any Material Company for money borrowed, whether such indebtedness now exists or shall hereafter be created, resulting 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 not having been rescinded or annulled, or such indebtedness not having 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
- (e) an order being made or an effective resolution being passed for the winding up or dissolution of the Issuer, the Guarantor or any Material Company (except, in the case of a Material Company, for a

winding-up for the purpose of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or a voluntary solvent winding-up in connection with the transfer of all or the major part of the business, undertaking and assets of such Material Company to the Issuer or the Guarantor, another Material Company or any Subsidiary which becomes a Material Company as a result of such transfer); or

- (f) the Issuer, the Guarantor or any Material Company ceasing to carry on all or substantially all of its business (except a cessation (1) in the circumstances referred to in the parentheses of paragraph (e) above or (2) consequent upon a sale by a Material Company of all or any part of its business on arm's length terms and for fair market value); or
- (g) an encumbrancer taking possession of, or an administrative or other receiver, an administrator or any similar official being appointed in relation to, the Issuer, the Guarantor or any Material Company or in relation to the whole or substantially the whole of the undertaking, property, assets or revenues of the Issuer, the Guarantor or any Material Company or a distress or execution or other legal process being levied or enforced upon or sued out against the whole or substantially the whole of the chattels or property of the Issuer, the Guarantor or any Material Company and not being discharged within 28 days; or
- (h) the Issuer, the Guarantor or any Material Company being unable to pay its debts within the meaning of Section 123(1) of the Insolvency Act 1986; or
- (i) the Issuer, the Guarantor or any Material Company consenting to proceedings relating to itself under any applicable bankruptcy, insolvency, composition or other similar laws or making a conveyance or assignment for the benefit of, or entering into any composition with, its creditors generally, or being adjudicated or found bankrupt or insolvent by any competent court; or
- (j) the Guarantee ceases to be in full force and effect or the Guarantor shall, in writing, deny or disaffirm its obligations under the Guarantee.

Upon any such declaration being made as aforesaid, the outstanding Notes shall become immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed.

## 10.2 Interpretation

In these Conditions:

“**Material Company**” means:

- (a) the Issuer; and
- (b) any Subsidiary of the Guarantor:
  - (i) whose unconsolidated profits (before interest, taxation and non-operating items) are more than 5 per cent. of the consolidated profits of the Guarantor and its Subsidiaries (the “**Group**”) (before interest, taxation and non-operating items); or
  - (ii) whose external turnover is more than 3 per cent. 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. A report (whether or not addressed to the Trustee) by two directors of the Guarantor that a Subsidiary of the Guarantor is or is not or was or was not at any particular time or throughout any specified period a Material Company may be relied upon by the Trustee without further enquiry or evidence and, if so relied upon by the Trustee shall, in the absence of manifest error, be conclusive and binding on all parties.

## 11. ENFORCEMENT

### 11.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

### 11.2 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails or is unable so to do within 60 days and such failure or inability shall be continuing.

## 12. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## 13. NOTICES

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve. It is expected that publication will normally be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

*So long as the Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg, rather than by notification as required by these Conditions.*

## 14. SUBSTITUTION

The Trustee may, without the consent of the Noteholders or the Couponholders, agree with the Issuer and the Guarantor to the substitution (a) in place of the Issuer as the principal debtor in respect of the Notes of (i) the Guarantor, (ii) a successor in business to the Issuer or the Guarantor, (iii) a holding company (as defined in the Trust Deed) of the Issuer or the Guarantor or (iv) any Subsidiary of the Guarantor; or (b) in place of the Guarantor as the guarantor in respect of the Notes, the Coupons and the Trust Deed of (i) a successor in business to the Guarantor or (ii) a holding company of the Guarantor, subject to:

- (a) except in the case of the substitution of the Guarantor, the Notes being unconditionally and irrevocably guaranteed by the Guarantor;
- (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (c) certain other conditions set out in the Trust Deed being complied with.

15. **MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**

The Trust Deed contains provisions for convening meetings of the Noteholders (including the holding of physical or, wholly or partly, virtual meetings by means of electronic facility or facilities (including telephone and video conference platforms)) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee or by Noteholders holding not less than 5 per cent. in principal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders. An Extraordinary Resolution may also be effected in writing executed by or on behalf of persons holding or representing not less than three-fourths in principal amount of the Notes for the time being outstanding.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification of the Notes, the Coupons or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons or the Trust Deed which is of a formal, minor or technical nature or which is made to correct a manifest error or to comply with mandatory provisions of applicable law.

The Trustee may also agree, without the consent of the Noteholders or Couponholders, to the waiver or authorisation of any breach or proposed breach of any of these Conditions or any of the provisions of the Trust Deed or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders.

Any such modification, waiver, authorisation or determination as aforesaid shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders by the Issuer in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the

Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except, in the case of the Issuer, to the extent provided for in Condition 8 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

16. **INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTOR**

16.1 **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

16.2 **Trustee Contracting with the Issuer and the Guarantor**

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17. **FURTHER ISSUES**

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

18. **GOVERNING LAW**

The Trust Deed (including the Guarantee), the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed (including the Guarantee), the Notes and the Coupons are governed by, and will be construed in accordance with, English law.

19. **RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

### 1. Form

The Notes will be in bearer new global note (“NGN”) form and will be initially issued in the form of a temporary Global Note which will be delivered on or prior to the issue date of the Notes to the Common Safekeeper.

The Notes will not necessarily be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. Noteholders should note that, as at the date of this Offering Circular, Notes admitted to trading on the ISM are not expected to be recognised as eligible collateral as the ISM is not on the list of “certain acceptable non-regulated markets” maintained by the European Central Bank.

### 2. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) upon the happening of any of the events defined in the Trust Deed as “Events of Default”; or
- (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available.

Thereupon the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, “**Exchange Date**” means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

### 3. Payments

On and after 22 October 2024, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. The Issuer shall procure that the amount so paid shall be entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg and the principal amount of the Notes recorded in the records of Euroclear and Clearstream, Luxembourg and represented by such Global Note will be reduced accordingly. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to

make the entries in the records of Euroclear and Clearstream, Luxembourg shall not affect such discharge. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

4. **Notices**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 13 (*Notices*).

5. **Accountholders**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an Accountholder) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 10 (*Events of Default*)) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

6. **Prescription**

Claims against the Issuer and the Guarantor in respect of principal and interest on the Notes represented by a Global Note will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 8 (*Taxation*)).

7. **Cancellation**

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

8. **Electronic Consents**

While a Global Note is held on behalf of Euroclear and/or Clearstream, Luxembourg, approval of an Ordinary Resolution or an Extraordinary Resolution by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than a clear majority or 75 per cent., respectively, in principal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Ordinary Resolution or an Extraordinary Resolution, as applicable, passed at a meeting of the Noteholders duly convened and held.

## USE OF PROCEEDS

Pearson intends to apply an amount equal to the net proceeds of the issue of the Notes, in part or in full, to finance or refinance projects and expenditures that meet the Eligible Categories set out in Pearson's Social Bond Framework (see "*Social Bond Framework*"). See the following section headed "*Social Bond Framework*".

The Eligible Categories are the following:

- (i) Access to essential services - education.
- (ii) Socioeconomic advancement and empowerment.

## SOCIAL BOND FRAMEWORK

On 2 September 2024, Pearson published its updated Social Bond Framework, which has been prepared in accordance with the 2023 Social Bond Principles (the “**Social Bond Principles**”) published by the Executive Committee of the Social Bond Principles with the support of the International Capital Market Association (ICMA) (acting as Secretariat to the Social Bond Principles) and under which Pearson aims to issue bonds that finance or refinance, in part or in full, projects and expenditures that meet the Eligible Categories set out in the Social Bond Framework and which advances the United Nations’ Sustainable Development Goal 4 - Quality Education.

### Use and Management of Proceeds

The net proceeds of the issue of the Notes will be allocated, in part or in full, to finance or refinance projects and expenditures that meet the following Eligible Categories:

1. Access to essential services - education: (i) teaching, technology, student materials and curriculum development for the provision of free online education services through (for example) Pearson’s Connections Academy, and (ii) curriculum and product development for alternative secondary education credential and foundational learning to enable progress in post-secondary education through (for example) the General Educational Development programme.
2. Socioeconomic Advancement and Empowerment: (i) the development of vocational certification services for underserved learners subject to free or reduced cost meals or those with special needs; and (ii) testing to identify learners’ special needs and development of curriculum and product adaptation to ensure accessibility to educational materials including Pearson’s products.

The Social Bond Framework has been approved by Pearson’s Social Bond Governance Group (“**SBGG**”), which is comprised of Pearson’s Chief Financial Officer, Deputy Chief Financial Officer, Chief Legal Officer, Chief Strategy Officer and relevant divisional business leads.

Eligible projects will be shortlisted by Pearson’s Treasury Team in collaboration with the Sustainability Team. The Treasury Team will regularly submit potential eligible projects and expenditures to the SBGG for review and approval. Each project or expenditure approved by the SBGG for inclusion in the bond issuance portfolio is recorded by the Treasury Team in an internal database, and proceeds from outstanding bonds will be allocated accordingly.

The proceeds of each bond will be earmarked against a pool of eligible projects and expenditures and may be used for direct operating expenses or capital expenditure provided the primary purpose is the provision of education. Allocations will be made from two calendar years prior to, and up to two calendar years after, the date of issuance of the Notes. In the event that funds cannot be immediately and fully allocated, or in the event of any early repayment, any unutilised funds may be lent in the short term to operating companies to fund working capital and investment in Pearson’s education business, until such time as they are recalled for investment in eligible projects that meet the Eligible Categories as updated from time to time.

If any allocated expenditure becomes unallocated due to a project or expenditure ceasing to meet the eligibility criteria or being involved in a controversy during the life of the bond, Pearson will aim to allocate it towards alternative eligible projects or expenditures as soon as possible, and until then the funds will be lent in the short term to operating companies to fund working capital and investment in Pearson’s education business (until such time as they are recalled for investment in or refinancing of projects or expenditures that meet the Eligible Categories). If and when a project or expenditure becomes eligible again, it will be resubmitted to the SBGG for review against the Eligible Categories as updated from time to time.

### Reporting

The SBGG will be responsible for reporting both the allocation of proceeds and social benefits of the project or expenditure until the proceeds have been fully allocated. Pearson will report to investors annually on the allocation of the use of proceeds, and these reports will also be subject to external verification. All such documents will be published on Pearson’s Investor Relations webpage (<https://plc.pearson.com/en-GB/investors/debt-investors>).

## External Review

Pearson has appointed Moody's to confirm the alignment of its Social Bond Framework with the Social Bond Principles. Moody's has reviewed the content of Pearson's Social Bond Framework as well as its alignment with the Social Bond Principles and provided Pearson with a second party opinion. The objective of this opinion is to provide investors with an independent assessment of the Pearson Social Bond Framework. The second party opinion provided by Moody's is available on Pearson's website (<https://plc.pearson.com/en-GB/investors/debt-investors>).

Pearson, through the SBGG, may amend or update the Social Bond Framework in the future, and any change to the Social Bond Framework would be publicly announced. Where the change is material, a new second party opinion will be obtained for a revised or updated Social Bond Framework. Pearson's Social Bond Framework, including any changes thereto, is available on its website (<https://plc.pearson.com/en-GB/investors/debt-investors>).

For the avoidance of doubt, neither the Social Bond Framework nor any second party opinion is incorporated in this Offering Circular.

No representation or assurance is given by the Issuer, Pearson, any other member of the Group, any Joint Lead Manager or any other person as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party (whether or not solicited by the Issuer and/or Pearson) made available in connection with the Notes and in particular with any eligible projects to fulfil any environmental, sustainable, social and/or other criteria. As at the date of this Offering Circular, the providers of such opinions, reports and certifications are not subject to any specific regulatory or other regime or oversight.



## DESCRIPTION OF THE ISSUER

### General

Pearson Funding plc (the “**Issuer**”) is a direct wholly-owned subsidiary of Pearson plc (the “**Guarantor**”). The Issuer acts as a financing company within the Group. 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. Its registered office and principal administrative office is 80 Strand, London WC2R 0RL, United Kingdom (telephone: +44 20 7010 2000) with Companies House registration number 08422787. The Issuer was duly incorporated and registered on 27 February 2013. The Issuer was initially incorporated as a public limited company under the UK Companies Act 2006.

All of the debt held by Pearson Funding plc is guaranteed by Pearson plc and the Issuer is rated Baa2 by Moody’s and BBB by Fitch in line with Pearson plc.

### Reporting

The Issuer produces company only (unconsolidated) financial statements for the year ended 31 December in each year, and the Issuer’s unconsolidated financial statements for the years ended 31 December 2023 and 31 December 2022 are incorporated by reference in this Offering Circular. The Issuer has no employees. During 2023 and 2022, the only income statement items were finance income and costs related to external debt and receivables from the Guarantor and taxable income on the loss generated, resulting in a net loss of £4.1 million in 2023 (compared to a net loss of £54,000 in 2022).

The Issuer had total share capital of £476,989 at 31 December 2023 and 31 December 2022 and retained profits of £67 million at 31 December 2023 and £71 million at 31 December 2022.

### Directors of the Issuer

The following table sets forth information concerning each of the directors of Pearson Funding plc as of the date of this Offering Circular.

<b>Name</b>	<b>Role</b>
Lynsey Found	VP Finance, Pearson plc
James Kelly	SVP Treasury, Pearson plc
Fiona Muir	SVP Tax, Pearson plc

The business address for each of the above directors is the Issuer’s registered office at 80 Strand, London WC2R 0RL, United Kingdom.

No conflicts of interest currently exist between any duties owed to the Issuer by its directors and their private interests and/or other duties.

## DESCRIPTION OF THE GUARANTOR

Information about the Guarantor is incorporated herein by reference from pages 8 to 11 (inclusive) of Pearson's Annual Report on Form 20-F for the year ended 31 December 2023 (see "*Documents Incorporated by Reference*" above).

### Pearson

Pearson is the world's lifelong learning company. The Group creates and curates learning content, distributes the content digitally and physically, and builds and verifies skills. The Group creates and manages intellectual property, which it promotes and sells to its customers under well-known brand names. The Group delivers its content in a variety of forms and through a variety of channels, most of which are digital. The Group offers services as well as content, from test creation, administration and processing to teacher development and school software. Though it operates in more than 70 countries around the world, for the year ended 31 December 2023 its largest markets are North America (70 per cent. of sales) and Europe (16 per cent. of sales).

Pearson plc 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. The Group conducts its operations primarily through Pearson's subsidiaries and other affiliates. Pearson's principal executive offices are located at 80 Strand, London WC2R 0RL, United Kingdom (telephone: +44 20 7010 2000) and its website address is [www.pearson.com](http://www.pearson.com).

The Group 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 colleges and schools.

The Group is run as one global education company, organised around five operating segments (Assessment & Qualifications, Virtual Learning, English Language Learning, Higher Education and Workforce Skills).

### Directors of the Guarantor

Pearson is managed by a board of directors and a chief executive who reports to the board and manages through an executive committee. Pearson refers to the board of directors, the chairman of the board of directors and the executive committee as its "senior management".

The directors of Pearson are:

<b>Name</b>	<b>Position</b>
Omid Kordestani .....	Chair
Graeme Pitkethly .....	Deputy Chair
Omar Abbosh .....	Chief Executive
Sally Johnson .....	Chief Financial Officer
Sherry Coutu, CBE .....	Non-Executive Director
Alison Dolan .....	Non-Executive Director
Alex Hardiman .....	Non-Executive Director
Esther Lee .....	Non-Executive Director
Annette Thomas .....	Non-Executive Director
Lincoln Wallen .....	Non-Executive Director

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

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

## TAXATION

### United Kingdom Taxation

The following is a general summary of the Issuer's understanding of certain aspects of current United Kingdom law and published HM Revenue & Customs ("HMRC") practice relating to certain aspects of United Kingdom taxation. It applies only to persons who are the absolute beneficial owners of Notes and related Coupons and may not apply to certain classes of persons, such as dealers and persons connected with the Issuer, to whom special rules may apply.

Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should seek independent professional advice without delay.

### *United Kingdom withholding tax*

Payments of interest made in respect of Notes which carry a right to interest and are listed on a "recognised stock exchange" within the meaning of section 1005 Income Tax Act 2007 ("ITA 2007"), or are admitted to trading on a multilateral trading facility operated by a regulated recognised stock exchange within the meaning of section 987 ITA 2007 may be made without withholding or deduction for or on account of United Kingdom income tax.

Section 987(2)(a) ITA 2007 provides that a "regulated recognised stock exchange" is a recognised stock exchange that is regulated in the United Kingdom, the EEA or Gibraltar. The Notes will be admitted to trading on the ISM, a multilateral trading facility for the purposes of section 987(2)(b) ITA 2007, operated by the London Stock Exchange which is a regulated recognised stock exchange. Accordingly, provided the Notes are and continue to be admitted to trading on the ISM, the Issuer is entitled to make payments of interest on such Notes without deduction for or on account of United Kingdom income tax.

In cases falling outside the exemption described above, interest on Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Depending on the correct legal analysis of payments made by the Guarantor as a matter of United Kingdom tax law, it is possible that payments by the Guarantor would be subject to withholding on account of United Kingdom tax, subject to any applicable exemptions or reliefs (and noting that not all of the exemptions and reliefs set out above would necessarily be applicable).

### The Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes.

A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless

materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under “*Terms and Conditions – Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such Notes, including those Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

## SUBSCRIPTION AND SALE

Barclays Bank PLC, BNP PARIBAS, Citigroup Global Markets Limited, HSBC Bank plc, J.P. Morgan Securities plc and Merrill Lynch International (the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 10 September 2024, jointly and severally agreed to subscribe for or procure subscribers for the Notes at the issue price of 99.199 per cent. of the principal amount of Notes, less a combined management and underwriting commission. The Issuer will reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### **United Kingdom – Prohibition of Sales to UK Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular to any retail investor in the UK. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or both) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of UK MiFIR.

### **United Kingdom – other Regulatory Restrictions**

Each Joint Lead Manager has represented and agreed that:

- (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 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 any Notes in, from or otherwise involving the United Kingdom.

### **European Economic Area - Prohibition of Sales to EEA Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision the expression “retail investor” means a person who is one (or both) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **Belgium**

Each Joint Lead Manager has represented and agreed that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1, 2° of the Belgian Code of Economic Law, as amended from time to time (a “**Belgian Consumer**”) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, this Offering Circular or any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

### **Singapore**

Each Joint Lead Manager has acknowledged and agreed that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore and, accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold the Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the “**SFA**”)) pursuant to Section 274 of the SFA or (b) to an accredited investor (as defined in Section 4A of the SFA) and in accordance with the conditions specified in Section 275 of the SFA.

### **General**

No action has been taken by the Issuer, the Guarantor or any of the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Lead Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## GENERAL INFORMATION

1. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 2 September 2024 and the giving of the Guarantee was duly authorised by a resolution of the Standing Committee of the Board of Directors of the Guarantor dated 2 September 2024.
2. The Legal Entity Identifier (“LEI”) for the Issuer is 2138001ZJKQ5U81RMY52 and the LEI for the Guarantor is 2138004JBXWWJKIURC57.
3. Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the ISM. It is expected that admission to trading will occur on or shortly following the Issue Date. Notes admitted to trading on the ISM are not admitted to the Official List of the FCA.
4. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS2887786478 and the Common Code is 288778647. The CFI Code for the issue of the Notes and the FISN Code are set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

5. There has been no significant change in the financial or trading position of the Group since 30 June 2024, and no material adverse change in the prospects of the Group since 31 December 2023. There has been no significant change in the financial or trading position of the Issuer since 31 December 2023. There has been no material adverse change in the prospects of the Issuer since 31 December 2023.
6. Neither the Issuer nor the Guarantor nor any other member of Pearson is or has 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 are aware) in the 12 months preceding the date of this Offering Circular which may have a significant effect on the Issuer’s or Guarantor’s ability to meet their respective obligations in respect of the Notes.
7. The auditors of the Issuer are Ernst & Young LLP, 1 More London Place, London SE1 2AF, who have audited the Issuer’s financial statements, without qualification, for the years ended 31 December 2022 and 2023. The auditors of the Issuer have no material interest in the Issuer.

The auditors of the Guarantor are Ernst & Young LLP, 1 More London Place, London SE1 2AF, who have audited the Guarantor’s financial statements, without qualification, for the years ended 31 December 2022 and 2023. The auditors of the Guarantor have no material interest in the Guarantor.

Ernst & Young LLP are registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

8. The Notes and Coupons will contain the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”
9. For as long as the Notes remain outstanding, copies of the following documents will be available for inspection by Noteholders at the offices of the Principal Paying Agent and the registered office of the Issuer during usual business hours on any weekday (public holidays excepted), or may be provided by email to such Noteholder requesting copies of such documents upon prior written request of the Noteholder and provision of proof of holding and identity in a form satisfactory to the Principal Paying Agent:
  - (a) this Offering Circular;
  - (b) the Articles of Association of the Issuer and the Guarantor;

- (c) the Documents Incorporated by Reference; and
- (d) the Trust Deed and the Agency Agreement.

10. The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers or their respective affiliates may have performed investment banking and advisory services for the Issuer, the Guarantor and their affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Joint Lead Managers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Issuer, the Guarantor and their affiliates in the ordinary course of their business. Certain of the Joint Lead Managers and/or their respective affiliates have acted and expect in the future to act as a lender to the Issuer, the Guarantor and/or other members of the Group and/or otherwise participate in transactions with the Group.

In the ordinary course of their business activities, the Joint Lead Managers and their respective 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. Such investments and securities activities may involve securities and/or investments of the Issuer, the Guarantor and their affiliates. Certain of the Joint Lead Managers or their respective affiliates that have a lending relationship with the Issuer, the Guarantor or their affiliates, routinely hedge their credit exposure to the Issuer, the Guarantor or their affiliates (as applicable), consistent with their customary risk management policies. Typically, such Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.



**THE ISSUER**

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

**THE GUARANTOR**

Pearson plc  
80 Strand  
London WC2R 0RL  
United Kingdom

**ACTIVE BOOKRUNNERS**

**BNP PARIBAS**  
16, boulevard des Italiens  
75009 Paris  
France

**Citigroup Global Markets  
Limited**  
Citigroup Centre  
Canada Square, Canary Wharf  
London E14 5LB  
United Kingdom

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**PASSIVE BOOKRUNNERS**

**Barclays Bank PLC**  
1 Churchill Place  
London E14 5HP  
United Kingdom

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**Merrill Lynch International**  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**  
Eighth Floor, 100 Bishopsgate  
London EC2N 4AG  
United Kingdom

**PRINCIPAL PAYING AGENT**

**The Bank of New York Mellon, London Branch**  
160 Queen Victoria Street  
London EC4V 4LA  
United Kingdom

**LEGAL ADVISERS**

*To the Issuer and the Guarantor*  
**Simmons & Simmons LLP**  
Citypoint  
1 Ropemaker Street  
London EC2Y 9SS  
United Kingdom

*To the Joint Lead Managers and the Trustee*  
**Freshfields Bruckhaus Deringer LLP**  
100 Bishopsgate  
London EC29 2SR  
United Kingdom

**AUDITORS**

*To the Issuer and the Guarantor*  
**Ernst & Young LLP**  
1 More London Place  
London SE1 2AF  
United Kingdom