

Applicant: Pearson Capital, Inc.	SEC File Number: 801-64879	Date: January 1, 2007
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Pearson Capital, Inc.	IRS Empl. Ident. No.: 59-3529779
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Item of Form (identify)	Answer
Item 1.D.	<p><u>EXECUTIVE SUMMARY:</u></p> <p><u>Business Focus</u></p> <p>Pearson Capital provides objective, innovative and personalized solutions - on a broad range of investment products and services - to affluent individuals, qualified pension/profit sharing plans, trusts, estates, charitable organizations, corporations, and small businesses who desire a high degree of personalized and professional service. Services are provided on a fee-only basis.</p> <p><u>Mission Statement</u></p> <p>Pearson Capital's objective is to enhance investment performance while reducing portfolio volatility by simplifying the vast complicated web of financial investments with one overall objective in mind - to structure and implement strategies designed to assist the client in retaining maximum control over their wealth in a manner appropriate with their given level of risk.</p> <p><u>Preparation for Investment Services</u></p> <p>Pearson Capital conducts a pre-advisory one-on-one consultation with a client to better understand their individual financial make-up and objectives. Through this consultation Pearson Capital discusses a client's liquidity needs, risk tolerances, and other variables relevant to understanding his or her unique investment circumstances.</p> <p>Successful investment management and asset allocation can be difficult to achieve if the client cannot project a clear picture of his or her financial needs and time horizons; and with today's global markets this can be very critical. Therefore to eliminate any potential miscommunication, Pearson Capital requires every client to complete a Confidential Client Profile prior to conducting investment advisory services. This Profile will assist Pearson Capital in clarifying the clients overall personal finances and objectives.</p> <p>A Confidential Client Profile for a client can simplify and determine financial alternatives by:</p> <ol style="list-style-type: none"> 1. Defining and narrowing a client's objectives and investment options; 2. Forcing creative thinking; 3. Identifying areas of greatest concern; 4. Creating a unique picture of the client's overall financial personality; and, 5. Providing an effective and efficient way for Pearson Capital to address a client's unique financial needs and objectives. <p>Once a Confidential Client Profile has been completed, each client will receive a written assessment of Pearson Capital's understanding of that client's investment objectives, needs, and risk tolerance and include a proposed investment strategy.</p>

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

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1.A.(1)	<p>The services Pearson Capital offers are described in greater detail below along with its fee schedule, management requirements, refund and termination provisions:</p> <p>INVESTMENT SERVICES -</p> <p>Pearson Capital provides investment management services on a discretionary basis for respective clients by designing and managing tailored investment portfolios.</p> <p><u>Fee Structure for Investment Services</u></p> <p>The standardized fee structure for these services is based on an annual percentage of assets under management according to the following schedule:</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th align="center"><u>Assets under Management</u></th> <th align="center"><u>Annual Fee Rate</u></th> </tr> </thead> <tbody> <tr> <td align="center">\$ 0 - \$25,000</td> <td align="center">2.00%</td> </tr> <tr> <td align="center">\$25,000 and up</td> <td align="center">1.00%</td> </tr> </tbody> </table> <p>Pearson Capital retains the right to modify the minimum account size and the above fee structure depending on the size, complexity, and nature of the services provided for the account. The fees may be negotiable on a client to client basis. The above fees are exclusive any fees, trading commissions, service or account charges, and load or redemption charges that may be imposed by a fund company, custodian or broker/dealer.</p> <p>The initial fee for implementation of a new investment service account will be based upon the portfolio value proportionate to the remaining days left in the quarter, and is due at the time account is opened. Thereafter, client will be billed quarterly in advance based on the clients assets under management and in accordance with the above fee schedule. The minimum annual fee billed quarterly for all investment management consulting services is \$250.00.</p> <p>At the beginning of every quarter, Pearson Capital shall send an invoice for that quarter's management fee to the custodian of the client's account. Client's agreement with custodian will have authorized such management fee payments from the account to Pearson Capital. A duplicate of the invoice will be sent to the client.</p> <p><u>Termination Provisions for Investment Services</u></p> <p>Client has five (5) full business days after entering into the written agreement for investment services in which to cancel without penalty. After the five (5) day grace period offered to client has expired, services may be terminated by either party at anytime upon receipt of 30 days written notice. This allows Pearson Capital sufficient time to finalize transactions and enable the delivery of final statements and release of documents. Upon termination, Pearson Capital shall be paid their</p>	<u>Assets under Management</u>	<u>Annual Fee Rate</u>	\$ 0 - \$25,000	2.00%	\$25,000 and up	1.00%
<u>Assets under Management</u>	<u>Annual Fee Rate</u>						
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Item 5.	<p style="text-align: center;"><i>- Continuation of Termination Provisions for Investment Services -</i></p> <p>fee through the date of termination, and includes any unpaid fees, expenses, or account charges. Any balance of the management fee paid but not used shall be refunded on a pro-rata basis.</p> <p><u>EDUCATION AND BUSINESS STANDARDS:</u></p> <p>Any Investment Advisory Representatives retained by Pearson Capital will be required to have suitable investment experience in fields directly related to investment management; and/or have the required examinations and qualifications to act as such representative.</p>
Item 6.	<p><u>EDUCATION AND BACKGROUND:</u></p> <p>Donald E. Pearson <i>Date of Birth:</i> April 10, 1944</p> <p><i>Education:</i> NASD Exams: Series 65 - Uniform Investment Advisor Law Examination</p> <p><i>Business:</i> 12/98 - Present Pearson Capital, Inc. 11/63 - 04/99 Coca-Cola Bottling Company of N.E.</p> <p style="text-align: right;"><i>Position:</i> President, CEO & CCO <i>Position:</i> Sales & Marketing</p>
Item 8.	<p><u>OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS:</u></p>
8.C.(1)	<p><u>BROKER/DEALER -</u></p> <p>Pearson Capital has custodial and brokerage relations with Waterhouse Securities, Inc. an NYSE licensed broker/dealer (member NYSE/SIPC), through its Waterhouse Institutional Services division for investment advisors.</p> <p>Unless specified otherwise, all managed accounts of Pearson Capital will be serviced through Waterhouse. Pearson Capital is solely responsible for investment advice rendered, and advisory services are provided separately and independently of the broker/dealer.</p>
Item 9.	<p><u>PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS:</u></p>
9.E.	<p>Owners, officers, directors and employees of Pearson Capital are permitted to personally invest their own monies in mutual funds and/or other similar vehicles which may also be, from time to time, recommended to clients. Such investment purchases are independent of, and are not connected in any way to, investment decisions made on behalf of Pearson Capital's clients. Personal trading activities</p>

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	- <i>Continuation of Participation or Interest in Client Transactions</i> -
	<p>conducted by Pearson Capital and its owners, officers, directors and employees are monitored by Mr. Pearson to ensure that such activities do not impact upon client security or create conflicts of interest.</p> <p>Pearson Capital does not permit insider trading. All employee's personal securities transaction records will be maintained separately and independently from that of clients.</p>
Item 12.	<u>INVESTMENT OR BROKERAGE DISCRETION:</u>
12.A.(1)&(2)	<p>SECURITIES AND AMOUNT BOUGHT OR SOLD -</p> <p>Pearson Capital executes an agreement with each client which sets forth the authority to buy and sell securities in whatever amounts are determined to be appropriate for the account and whether such transactions are with, or without, prior approval by the client.</p>
Item 13.	<u>ADDITIONAL COMPENSATION:</u>
13.B.	<p>REFERRAL COMPENSATION -</p> <p>Pearson Capital may directly compensate persons for client referrals, provided that those persons are qualified and have entered a solicitation agreement with Pearson Capital. Under such arrangements, the client will be provided full disclosure of the compensation paid to the solicitor and whether such referral will result in higher management fees.</p>
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