

Pearson plc (the *Company*)

In 2001, the Company established the Pearson Long Term Incentive Plan (the *Plan*) for the purpose of providing a long-term share incentive for executive directors and senior executives of the Pearson group. The Plan provided for the grant of two separate categories of award relating to ordinary shares in the Company (*Shares*) – option awards and restricted share awards.

Restricted Share Awards Granted on 16 December 2002

The first tranche of the restricted share awards granted on 16 December 2002, to executive directors, vested on 28 June 2005.

As a result of these Shares being released on 26 July 2005, the following executive directors have become entitled to the number of Shares shown in the second column below. The number of Shares shown in the third column below were sold on 26 July 2005 at a price of 677.67 pence per share in order to discharge tax and social security liabilities on the Shares received, leaving the after-tax number of Shares set out in the final column below.

| Name of Director | Shares released | Shares sold to discharge tax liabilities | Shares retained |
|-------------------------|------------------------|---|------------------------|
| David Bell | 26,613 | 10,912 | 15,701 |
| Rona Fairhead | 26,613 | 10,912 | 15,701 |
| John Makinson | 34,480 | 14,137 | 20,343 |
| Marjorie Scardino | 60,340 | 24,740 | 35,600 |

Interests of the Directors

As a result of the above transactions, the executive directors are interested in the following Shares (excluding Shares to which they are notionally entitled or may become entitled, subject to the satisfaction of any relevant conditions, under the Company's employee share plans) :

| Name of Director | Number of Shares | % of capital |
|-------------------------|-------------------------|---------------------|
| David Bell | 101,695 | 0.01265 |
| Rona Fairhead | 43,209 | 0.005377 |
| John Makinson | 147,314 | 0.01833 |
| Marjorie Scardino | 181,238 | 0.02256 |

The Shares required to satisfy these awards have been sourced from an employee benefit trust established by the Company. As a result of the release of Shares described above, the number of Shares held by Maurant & Co Trustees Limited (as trustee of the Pearson Employee Share Ownership Trust) is now 217,683 Shares (representing 0.027% of the Company's issued ordinary share capital).

Each of the executive directors of the Company is for Companies Act purposes, regarded as interested in all the shares held by this trust. Despite the technical interest in all the Shares each executive director will only be entitled to receive from the Trust that number of Shares to which he or she is entitled under share plans operated by the Company in which he or she participates.