

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 9 May 2001

The vesting of restricted share awards granted on 9 May 2001 was dependent on the Company's free cash flow per share performance over the three-year period 2001 to 2003 as set out in the 2003 annual report and accounts.

On 25 February 2005, these restricted share awards vested as to 70.5 % of the Shares originally comprised in the award (the *Vested Shares*). Each of the executive directors exercised their right to call for the main tranche of their Vested Shares (being 75% of the total award) and these Shares were released to them on 1 March 2005. The remaining 25% of the Vested Shares formed a deferred tranche which could be called for after 9 May 2006, subject to continued employment and retention of the main tranche (other than shares sold to satisfy any personal tax liabilities) to that date.

As a result of the deferred tranche of Shares being released, 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 10 March 2006 at a price of 7.642424 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 (@ 25% of vesting shares)	Shares Sold to discharge tax liabilities	Shares Retained
David Bell	3,842	1,576	2,266
John Makinson	4,649	1,907	2,742
Marjorie Scardino	9,764	4,004	5,760

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	107,558	0.01337
John Makinson	155,351	0.01931
Marjorie Scardino	190,649	0.02370

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 Mourant & Co Trustees Limited (as trustee of the Pearson plc Employee Share Ownership Trust) is now 1,724,428 Shares (representing 0.2143% 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.

Stephen Jones
Deputy Secretary