

Letter from the Chairman on business to be transacted at the Annual General Meeting at 12 noon on Friday, 25 April 2008 and Notice of Annual General Meeting

This document is important and requires your immediate attention.

If you are in any doubt as to what action you should take, you should seek your own advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your ordinary shares in Pearson plc, please pass this document and the enclosed form of proxy at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A form of proxy for the Annual General Meeting is enclosed and should be completed and returned as soon as possible. To be valid, it must reach the company's registrars, Equiniti (formerly known as Lloyds TSB Registrars), no later than 12 noon on Wednesday, 23 April 2008. Alternatively, you may register your vote online by visiting the website of our registrars at www.sharevote.co.uk or, if you have a portfolio registered with Equiniti, by logging onto www.shareview.co.uk. In order to register your vote online you will need to enter the Reference Number, Card I.D. and Account Number which are given on the enclosed form of proxy. If you are a member of CREST, the electronic settlement system for UK securities, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained in the form of proxy. Completion of a form of proxy, or the appointment of a proxy electronically, will not stop you from attending the meeting and voting in person should you so wish. Electronic and CREST proxy voting instructions should also be submitted no later than 12 noon on Wednesday, 23 April 2008.



To Shareholders

20 March 2008

Dear Shareholder

I am writing to give you details of the business which will be conducted at the Annual General Meeting (AGM or the meeting) of Pearson plc (Pearson or the company) to be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE at 12 noon on Friday, 25 April 2008.

Voting on all of the proposed resolutions at the AGM will be conducted on a poll rather than on a show of hands. This is in line with recommended best practice as published in the Myners Report to the Shareholder Voting Working Group.

Voting by calling a poll is more transparent and equitable because it includes the votes of all shareholders, including those cast by proxies, rather than just the votes of those members who attend the meeting.

Shareholders of the company (shareholders) will be asked to consider and, if thought fit, approve resolutions in respect of the following matters:

Ordinary business

The company's accounts and reports of the directors of the company (directors) and auditors of the company (auditors);

The final dividend for the year ended 31 December 2007;

Re-election of directors;

Approval of the report on directors' remuneration;

Reappointment of PricewaterhouseCoopers LLP (PwC) as auditors for the ensuing year;

Authority to determine the remuneration of the auditors; and

Authority to allot shares.

Special business

Increase in authorised share capital;

Waiver of pre-emption rights;

Adoption of new articles of association (Articles); and

Renewal of the Annual Bonus Share Matching Plan.

A brief description of these matters is set out below.

Notice of AGM

The Notice convening the AGM is set out on pages 5 and 6 of this document.

Report and accounts and final dividend (resolutions 1 and 2)

The first item for consideration at the AGM will be the company's accounts and the reports of the directors and auditors for the financial year ended 31 December 2007.

Separately, shareholders will also be asked to approve the payment of a final dividend of 20.5p per ordinary share in respect of the year ended 31 December 2007, as recommended by the directors.

It is proposed that the dividend will be paid on 9 May 2008 to shareholders on the register at close of business on 11 April 2008 (the record date).

Re-election of directors (resolutions 3 to 6)

Four directors will retire by rotation at the AGM in accordance with the company's Articles and the requirements of the Combined Code on Corporate Governance (the Code). All of them, being Terry Burns, Ken Hydon, Glen Moreno and Marjorie Scardino will offer themselves for re-election.

Terry Burns, has been chairman of Marks and Spencer Group plc since July 2006, having previously been deputy chairman from October 2005. He is chairman of Abbey National plc and a non-executive director of Banco Santander Central Hispano. He is also chairman of Glas Cymru Limited. He was the UK government's chief economic adviser from 1980 until 1991 and Permanent Secretary of HM Treasury from 1991 until 1998. He was appointed a non-executive director of Pearson in May 1999 and senior independent director in February 2004. Particular consideration was given to the assessment of Terry Burns' independence since he has now served on the board for almost nine years. Terry has been asked by the chairman to remain on the board because of his experience, knowledge and effectiveness as a non-executive director and he has indicated that he is willing to stand for re-election as a director of the company on an annual basis.

Ken Hydon, is a non-executive director of Tesco plc, Reckitt Benckiser plc and Royal Berks NHS Foundation Trust. He was previously financial director of Vodafone Group plc and subsidiaries of Racal Electronics. He became a non-executive director of Pearson in February 2006.

Glen Moreno, was appointed chairman of Pearson on 1 October 2005. He is the senior independent director of Man Group plc and a director of Fidelity International Limited.

Marjorie Scardino, chief executive, joined the Pearson board in January 1997. She trained and practised as a lawyer, and was chief executive of The Economist Group from 1993 until joining Pearson. She is also a non-executive director of Nokia Corporation and a director of several charitable organisations.

Report on directors' remuneration (resolution 7)

Shareholders will be asked to approve the report on directors' remuneration in accordance with the provisions of the Directors' Remuneration Report Regulations 2002.

Auditors (resolutions 8 and 9)

Resolutions will be proposed to reappoint PwC as auditors until the conclusion of the AGM in 2009 and to authorise the directors to determine the remuneration of the auditors.

Renewal of the directors' authority to allot shares (resolution 10)

Shareholders will be asked, pursuant to the provisions of section 80 of the Companies Act 1985 (the Act), to update for another year the authority for the allotment of shares which was conferred on the board of directors at the last AGM held on 27 April 2007. This resolution is conditional on resolution 11 being passed.

If both resolutions are passed, the new authority would permit the allotment of up to approximately 269 million ordinary shares (representing approximately 33% of Pearson's issued ordinary share capital at 29 February 2008) over and above those committed to the various share option and employee share plans. The directors have no current intention to exercise this authority.

Proposed increase in authorised share capital (resolution 11)

Shareholders will be asked to approve an increase in the authorised ordinary share capital of the company to ensure that a reasonable amount of unissued equity is available to take advantage of opportunities for expansion which may arise in the future. If this resolution is passed, there will be approximately 389 million ordinary shares unissued, including approximately 107 million ordinary shares (representing approximately 9% of the enlarged authorised ordinary share capital) reserved for the various share option and employee share plans. The increase represents approximately 0.5% of the current authorised share capital.

Waiver of pre-emption rights (resolution 12)

A resolution will also be proposed to waive (under the provisions of section 95 of the Act) the statutory pre-emption provisions applicable to the allotment of equity securities for cash contained in section 89 of the Act. Accordingly, resolution 12 proposes a one year authority to issue ordinary shares for cash consideration either by way of a rights or other pre-emptive issue or to persons other than existing shareholders, in the latter case limited to a total of approximately 40 million ordinary shares, representing approximately 5% of Pearson's issued ordinary share capital at 29 February 2008. This resolution is conditional on resolution 10 being passed.

Authority to purchase own shares (resolution 13)

Shareholders will be asked to renew for a further year the authority given to the directors at the AGM held on 27 April 2007 to authorise the market purchase by Pearson of a proportion of its issued ordinary share capital, subject to the limits referred to below.

Last year's authority has not been exercised, but the directors consider it prudent to be able to act at short notice if circumstances warrant. In considering the purchase of ordinary shares, the directors will follow the procedures laid down in the Act and will take into account cash resources, capital requirements and the effect of any purchase on gearing levels and on earnings per equity share. They will only consider exercising the authority when satisfied that it is in the best interests of the company to do so, having first considered the other investment opportunities open to the company.

A purchase by the company of its own shares pursuant to this authority will be paid for out of distributable profits. Any shares which are repurchased will be dealt with in accordance with section 162A of the Act. The company is entitled to hold the shares as treasury shares, sell them for cash, cancel them or transfer them pursuant to an employee share plan.

The authority, which will expire no later than 24 July 2009, will be limited to the purchase of 80 million ordinary shares, representing approximately 10% of Pearson's issued ordinary share capital at 29 February 2008. The maximum price (excluding expenses) to be paid per ordinary share on any occasion will be restricted to the higher of (i) 105% of the average of the market value of ordinary shares of the company derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current bid for an ordinary share as derived from the London Stock Exchange Trading System, and the minimum price will be 25p per ordinary share.

Shareholders should understand that the maximum number of shares and the price range are stated merely for the purposes of compliance with statutory and Financial Services Authority (FSA) requirements in seeking this authority and should not be taken as any representation of the terms upon which the company intends to make such purchases. The directors have no current intention to exercise this authority.

The total number of options to subscribe for ordinary shares which were outstanding at 29 February 2008, the latest practicable date prior to the publication of this document, was 17 million, which represents 2.10% of the issued share capital of the company at that date and would represent 2.33% of the company's issued share capital, if the maximum number of 80 million shares were to be purchased by the company.

Adoption of new Articles (resolution 14)

Shareholders will be asked to adopt new Articles for the company in order to amend the company's current Articles to take account of changes contained in the Companies Act 2006.

The UK Government recently announced that the implementation of certain provisions of the Companies Act 2006 will be delayed until 1 October 2009. The proposed amendments to the Articles address the changes arising from (i) those provisions of the Companies Act 2006 in force at the date of the AGM; and (ii) those provisions relating to directors' conflicts of interests which will come into force on 1 October 2008.

The material differences between the current Articles and the proposed Articles are set out below. A copy of the current Articles and the proposed Articles (showing the proposed amendments) will be available for inspection during normal business hours from the date of dispatch of this Notice until the date of the AGM at the registered office of the company, and will be available prior to and during the AGM. They will also be available on our website.

Articles which duplicate statutory provisions Certain provisions in the proposed Articles reflect amendments to bring them into line with the Companies Act 2006. Examples of these provisions are those relating to electronic and website communications, the form of resolutions, and the notice periods required to convene general meetings, further details of which are set out below.

Electronic and website communications Certain provisions of the Companies Act 2006 enable companies to communicate with shareholders in electronic form and/or via the company's website. The proposed Articles reflect these changes. Before the company can communicate with a shareholder by means of website communication, the relevant shareholder must be asked individually by the company to agree that the company may send or supply documents or information to him/her by means of a website, and the company must have either received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The company will notify the shareholder (either in writing or by other permitted means) when a relevant document or information is placed on the website and a shareholder can always request a hard copy version of the relevant document or information.

Form of resolution The current Articles contain certain references to extraordinary resolutions. The relevant provisions are being amended as the concept of an extraordinary resolution has not been retained by the Companies Act 2006.

General meetings and notice periods The current Articles contain certain references to extraordinary general meetings. The relevant provisions are being amended as the term 'extraordinary general meeting' has not been retained by the Companies Act 2006.

The revised statutory notice periods for general meetings are 21 days for an annual general meeting and 14 days for any other general meeting, even in circumstances where a special resolution is being proposed.

Votes of members Under the Companies Act 2006, proxies are entitled to vote on a show of hands and to speak at general meetings, whereas under the current Articles, they are only entitled to vote on a poll. Furthermore, multiple proxies may now be appointed by one shareholder, and multiple corporate representatives may also be appointed. The proposed Articles reflect all of these new provisions.

To Shareholders *continued*

The company is aware of concerns that have been expressed about multiple corporate representatives being appointed by the same shareholder and in particular, under the Companies Act 2006, if such corporate representatives purport to exercise their votes in different ways, those votes are treated as not having been exercised. The company intends to take account of best practice to ensure, as far as possible, that the votes of multiple corporate representatives are counted.

Non-executive directors' fees There are currently five non-executive directors of the company, in addition to the chairman. In view of the increasing time commitment involved, and in line with market trends, the board believes it is appropriate to recommend an increase in the overall limit of fees payable to non-executive directors to £750,000 per annum in order to provide flexibility for the future. Non-executive directors' fees will continue to be reviewed regularly.

Directors' conflicts of interests The Companies Act 2006 sets out directors' general duties. The provisions largely codify the old law but with some changes. Under the Companies Act 2006, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or may conflict, with a company's interests. The requirement is very broad and could apply for example, if a director becomes a director of another company. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts where the Articles contain a provision to this effect. The Companies Act 2006 also allows the Articles to contain other provisions for dealing with directors' conflicts to avoid a breach of duty. The amended Articles give directors authority to approve such situations and include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position. The new provisions in the proposed Articles that cover directors' conflicts have been drafted so that they only become effective on 1 October 2008, when the relevant provisions of the Companies Act 2006 come into force.

Directors' indemnities The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. The proposed Articles reflect this.

Miscellaneous Certain further miscellaneous provisions in the current Articles which replicate provisions contained in the Companies Act 2006 will also be amended to bring them into line.

Renewal of the Pearson Annual Bonus Share Matching Plan (resolution 15)

The Pearson Annual Bonus Share Matching Plan (the Plan) was approved by shareholders in 1998.

As always, our overriding objective is to be able to continue to recruit and retain the ablest executives and managers worldwide and to ensure that their remuneration is both linked to performance and is competitive in the markets in which we operate.

Share ownership is encouraged throughout the company and our various equity-based reward programmes align the interests of employees with those of shareholders by linking rewards to Pearson's financial performance. We want to continue to encourage executives and managers in particular to build up their shareholding in the company and this Plan helps meet that objective in a very direct way.

The personnel committee of the Pearson board (the Committee) has reviewed the operation of the Plan since its introduction. Taking into account how plans of this type have evolved, we are seeking to renew the Plan for a further ten-year term on broadly similar terms. But we are proposing certain changes that we think are consistent with market practice, will simplify the Plan, enhance take-up particularly in our key market, avoid compliance difficulties in the US, and benefit the Plan's administration.

A summary of the Plan and its intended operation is set out in the Appendix.

We have consulted with major shareholders and their representatives on the renewal of the Plan and its operation in 2008. The proposals set out in the Appendix, including amendments to the current Plan, reflect the constructive and supportive comments received as part of this consultation. The Committee will continue to ensure that full and transparent information is provided to shareholders each year on the manner in which the Plan has been operated.

Annual General Meeting

The resolutions referred to in this letter are included in the Notice of AGM set out on pages 5 and 6 of this document. The AGM is to be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE at 12 noon on Friday, 25 April 2008. If you are unable to attend the meeting, please complete and return the enclosed form of proxy in the prepaid envelope provided so as to reach the company's registrars, Equiniti, not less than 48 hours before the time of the meeting. Alternatively, you may register your vote online by visiting the website of our registrars at www.sharevote.co.uk or, if you already have a portfolio registered with them, by logging onto www.shareview.co.uk. In order to register your vote online you will need to enter the Reference Number, Card I.D. and Account Number which are given on the enclosed form of proxy. If you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained in the form of proxy. Completion of a form of proxy, or the appointment of a proxy electronically, will not stop you from attending the AGM and voting in person should you so wish. If you are unable to attend the AGM in person but would like to ask a question, please e-mail glenmoreno-agm@pearson.com.

Recommendation

In the opinion of the directors, the passing of resolutions 1 to 15 is in the best interests of the company and its shareholders as a whole. Your directors unanimously recommend you to vote in favour of resolutions 1 to 15 as they intend to do in respect of their beneficial holdings.

Yours sincerely



Glen Moreno, *Chairman*

Directors

G R Moreno (chairman)
M M Scardino (chief executive)
D C M Bell (director for people)
R A Fairhead (chairman and chief executive
of The Financial Times Group)
R A D Freestone (chief financial officer)
J C Makinson (chairman and chief executive of The Penguin Group)

T D G Arculus
T Burns
P J Cescau
S H Fuhrman
K J Hydon