

Letter from the Chairman on business to be transacted at the Annual General Meeting at 12 noon on Friday, 27 April 2007 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 no later than 12 noon on Wednesday, 25 April 2007. Alternatively, you may register your vote online by visiting the website of our registrars, Lloyds TSB Registrars, at www.sharevote.co.uk or, if you have a portfolio registered with Lloyds TSB Registrars, 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, 25 April 2007.



To Shareholders

26 March 2007

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, 27 April 2007.

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.

Electronic voting enables results to be obtained almost immediately and facilitates an efficient process for voting on a poll. The Lloyds TSB Registrars "VoteNow" system will be used at the meeting, a summary of which is given in Note 4 on page 11.

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 2006;

Re-election and reappointment of directors;

Approval of the report on directors' remuneration;

Reappointment of PricewaterhouseCoopers LLP 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;

Authority to purchase own shares; and

Authority to send documents electronically.

A brief description of these matters is set out below.

Notice of AGM

The Notice convening the AGM is set out on pages 7 to 11 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 2006.

Separately, shareholders will also be asked to approve the payment of a final dividend of 18.8p per ordinary share in respect of the year ended 31 December 2006, as recommended by the directors.

The dividend will be payable on 11 May 2007 to shareholders on the register at the close of business on 10 April 2007, the record date.

Re-election and reappointment of directors (resolutions 3 to 7)

Four directors will retire by rotation at the AGM in accordance with the company's Articles of Association (Articles) and the requirements of the Combined Code on Corporate Governance (the Code). All of them, being Patrick Cescau, Rona Fairhead, Susan Fuhrman and John Makinson will offer themselves for re-election.

Patrick Cescau aged 58, is the group chief executive of Unilever. He became a non-executive director of Pearson in April 2002.

Rona Fairhead chief executive of The Financial Times Group, aged 45, joined the Pearson board in June 2002 as chief financial officer. She was appointed chief executive of The Financial Times Group in June 2006. From 1996 until 2001, she worked at ICI, where she served as executive vice president, group control and strategy. She is also a non-executive director of HSBC Holdings plc.

Susan Fuhrman aged 62, is president of Teachers College at Columbia University, America's oldest and largest graduate school of education. She was previously dean of the Graduate School of Education at the University of Pennsylvania. She is a member of the Board of Trustees of the Carnegie Foundation for the Advancement of Teaching and an officer of the National Academy of Education. She became a non-executive director of Pearson in July 2004.

John Makinson chairman and chief executive officer of The Penguin Group, aged 52, joined the Pearson board in March 1996 and was the finance director until June 2002. He was appointed chairman of The Penguin Group in May 2001. He is also chairman of Interactive Data Corporation and a non-executive director of George Weston Limited in Canada.

Having been appointed since the last AGM, **Robin Freestone** will retire at the forthcoming AGM and, in accordance with the company's Articles and being eligible, will offer himself for reappointment.

Robin Freestone chief financial officer, aged 48, joined Pearson in 2004 as deputy chief financial officer and became chief financial officer in June 2006, when he also joined the Pearson board. He was previously group financial controller of Amersham plc (now part of GE), having joined Amersham as chief financial officer of their health business in 2000. Prior to that he held a number of senior financial positions with ICI, Zeneca and Henkel. He is also a non-executive director of eChem Limited.

In addition, Rana Talwar will retire at the forthcoming AGM and will not offer himself for re-election.

Report on directors' remuneration (resolution 8)

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 9 and 10)

Resolutions will be proposed to reappoint PricewaterhouseCoopers LLP as auditors until the conclusion of the AGM in 2008 and to authorise the directors to determine the remuneration of the auditors.

To Shareholders *Continued*

Renewal of the directors' authority to allot shares (resolution 11)

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 on 21 April 2006. This resolution is conditional on resolution 12 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 1 March 2007) 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 12)

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 some 376 million ordinary shares unissued, including some 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 some 0.5% of the current authorised share capital.

Waiver of pre-emption rights (resolution 13)

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 13 proposes a one year authority to issue ordinary shares for cash consideration either by way of a rights issue or to persons other than existing shareholders, in the latter case limited to a total of some 40 million ordinary shares, representing approximately 5% of Pearson's issued ordinary share capital at 1 March 2007.

Authority to purchase own shares (resolution 14)

Shareholders will be asked to renew for a further year the authority given to the directors at the AGM held on 21 April 2006 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 26 July 2008, will be limited to the purchase of 80 million ordinary shares, representing approximately 10% of Pearson's issued ordinary share capital at 1 March 2007. 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 values 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 1 March 2007, the latest practicable date prior to the publication of this document, was 19 million, which represents 2.34% of the issued share capital of the company at that date and would represent 2.60% of the company's issued share capital, if the maximum number of 80 million shares were to be purchased by the company.

Authority to send documents electronically (resolution 15)

Shareholders will be asked to approve the company taking advantage of provisions contained in the new Companies Act 2006 (the Act) regarding communications between companies, shareholders and others that came into force on 20 January 2007.

The relevant provisions of the Act allow the company to send or supply documents or information to shareholders by making them available on a website subject to certain conditions being satisfied, one of which is the passing of a resolution by shareholders. The resolution covers all documents or information that the company may send to shareholders including, but not limited to, annual accounts and reports, summary financial statements, notices of general meetings and any documents which the company is required to send to shareholders under the FSA's Listing Rules or any other rules which the company is subject to. The effect of the resolution, if approved, will be to supersede any inconsistent provision in the company's Articles.

Subject to resolution 15 being passed, the company will write to each shareholder individually asking them to consent to receiving documents or information from the company by making it available on a website. If the company has not received a response within 28 days beginning with the day of the request, the shareholder will be deemed to have consented. The request will be sent to all shareholders, including those who have already agreed to website publication, so that in future the company has a single regime applicable to all shareholders.

Shareholders will be notified when a document or information is made available on the website. Shareholders may choose to receive this notification in hard copy or by e-mail.

Please note that regardless of resolution 15 being passed, any shareholder can ask for a hard copy of any document from the company at any time. The company will send the copy free of charge within 21 days of receiving the request.

The new arrangements are expected to save considerable administrative, printing and postage costs, while preserving shareholders' rights to receive hard copy documents if they wish.

To Shareholders *Continued*

Annual General Meeting


The resolutions referred to in this letter are included in the Notice of AGM set out on pages 7 to 11 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, 27 April 2007. 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 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, Lloyds TSB 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 (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
G S Talwar