Letter from the Chairman

on business to be transacted at the Annual General Meeting on Friday, 21 April 2006

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, 19 April 2006. 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, 19 April 2006.

PEARSON

Registered office: Pearson plc, 80 Strand, London WC2R 0RL, UK
Registered in England. Registered number 53723

To Shareholders
21 March 2006

Dear Shareholder,

I am writing to give you details of the business which will be conducted at the Annual General Meeting (AGM) 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, 21 April 2006.

This year, 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 recent 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 10.

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 2005;
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
Renewal of the Pearson Long-Term Incentive Plan.

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 10 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 2005.

Separately, shareholders will also be asked to approve the payment of a final dividend of 17p per ordinary share in respect of the year ended 31 December 2005, as recommended by the directors. The dividend will be payable on 5 May 2006 to shareholders on the register at the close of business on 7 April 2006, the record date.

Re-election and reappointment of directors (resolutions 3 to 8)

Five 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). Three of them, David Bell, Terry Burns, and Rana Talwar will offer themselves for re-election. Reuben Mark and Vernon Sankey will not stand for re-election, as indicated last year.

David Bell aged 59, became a director of Pearson in March 1996. He is chairman of the Financial Times Group, having been chief executive of the Financial Times from 1993 to 1998. In July 1998 he was appointed Pearson's director for people with responsibility for the recruitment, motivation, development and reward of employees. He is also a non-executive director of VITEC Group plc and chairman of the International Youth Foundation.

Terry Burns aged 61, was appointed to the board, as a non-executive director, in May 1999. He was the UK government's chief economic adviser from 1980 until 1991 and Permanent Secretary of HM Treasury from 1991 until 1998. He is deputy chairman of Marks and Spencer Group plc, non-executive chairman of Abbey National plc and Glas Cymru Limited, and a non-executive director of Banco Santander Central Hispano. He is a member of our audit and personnel committees, and our senior independent director.

Rana Talwar aged 57, was appointed to the board, as a non-executive director, in March 2000. He was previously group chief executive of Standard Chartered plc. He is chairman of Sabre Capital Worldwide and Centurion Bank and a non-executive director of Schlumberger Limited and Fortis Bank. He is a member of our personnel committee.

Having been appointed since the last AGM, Glen Moreno, David Arculus and Ken Hydon will retire at the forthcoming AGM and, in accordance with the company's Articles and being eligible, will offer themselves for reappointment. Glen Moreno – aged 62, was appointed to the board as chairman on 1 October 2005. He is a director of Fidelity International and chairman of its audit committee. He is also the senior independent non-executive director of Man Group plc, and trustee to The Prince of Liechtenstein Foundation and The Liechtenstein Global Trust. From 1987 to 1991 he was chief executive of Fidelity International, and before that he spent 18 years at Citigroup in Europe and Asia. Glen was selected as Pearson's chairman because of his experience of building businesses, his international perspective and his commitment to shareholder value. David Arculus – aged 59, is a non-executive director of Barclays Bank plc and Telefonica SA, and was chairman of O_2 plc from 2004 until it was acquired by Telefonica earlier this year. His previous roles include chairman of Severn Trent plc, chairman of IPC Group, chief operating officer of United Business Media plc and group managing director of EMAP plc. He became a non-executive director of Pearson in February 2006. Ken Hydon – aged 61, is a non-executive director of Tesco plc and Reckitt Benckiser plc. He was previously finance director of Vodafone Group plc and of subsidiaries of Racal Electronics, and financial controller of 3M. He became a non-executive director of Pearson in February 2006. With these credentials, and with their records of success at some highly respected organisations, the board believes that each will make a valuable contribution to Pearson and would wholeheartedly recommend their reappointment.

Report on directors' remuneration (resolution 9)

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 10 and 11)

Resolutions will be proposed to reappoint PricewaterhouseCoopers LLP as auditors until the conclusion of the AGM in 2007 and to authorise the directors to determine the remuneration of the auditors.

Renewal of the directors' authority to allot shares (resolution 12)

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 29 April 2005. This resolution is conditional on resolution 13 being passed. If both resolutions are passed, the new authority would permit the allotment of up to approximately 268 million ordinary shares (representing approximately 33% of Pearson's issued ordinary share capital at 1 March 2006) 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 13)

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 385 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 14)

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 14 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 2006.

Authority to purchase own shares (resolution 15)

Shareholders will be asked to renew for a further year the authority given to the directors at the AGM held on 29 April 2005 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 20 July 2007, will be limited to the purchase of 80 million ordinary shares, representing approximately 10% of Pearson's issued ordinary share capital at 1 March 2006. 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 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 2006, the latest practicable date prior to the publication of this circular, was 22 million, which represents 2.74% of the issued share capital of the company at that date and would represent 3.03% of the company's issued share capital, if the maximum number of 80 million shares were to be purchased by the company.

Renewal of the Pearson Long-Term Incentive Plan (resolution 16)

The Pearson Long-Term Incentive Plan (the Plan) was approved by shareholders in 2001 for a five-year period. It was designed to enable us to recruit and retain the ablest managers worldwide and to ensure that their long-term incentives are competitive in the markets in which we operate.

The personnel committee of the Pearson board (the Committee) has reviewed the operation of the Plan in light of the company's strategic goals and concluded that it is operating satisfactorily and achieving its objectives. We are therefore seeking approval of its renewal on broadly its original terms.

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

In recent years, Pearson has developed a remuneration framework that links rewards to the performance of the company and therefore to shareholders' interests. Full details of our remuneration policy are set out in the report on directors' remuneration in the annual report for the year ended 31 December 2005.

Share ownership is encouraged throughout the company. Equity-based reward programmes align the interests of directors, and employees in general, with those of shareholders by linking rewards with Pearson's financial performance.

Total remuneration is made up of fixed and performance-linked elements with each element supporting different objectives.

Base salary and other fixed remuneration reflect competitive market level, role and individual contribution. Annual incentives motivate achievement of annual strategic goals, while long-term incentives drive long-term earnings and share price growth, improvement in returns and value creation and align directors' and shareholders' interests through ownership and retention of shares.

Consistent with its policy, the Committee places considerable emphasis on the performance-linked elements which typically comprise up to two-thirds of executive directors' remuneration.

We select performance conditions for the company's various performance-related annual or long-term incentive plans that are linked to the company's strategic objectives and aligned with the interests of shareholders.

We have consulted with major shareholders and their representatives on the renewal of the Plan and its operation in 2006. 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 is operated.

Annual General Meeting

The resolutions referred to in this letter are included in the Notice of AGM set out on pages 7 to 10 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, 21 April 2006. 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 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, 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 anyway, please e-mail glenmoreno-agm@pearson.com.

Recommendation

In the opinion of the directors, the passing of resolutions 1 to 16 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 16 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 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
R Mark
V Sankey
G S Talwar