Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of Pearson plc (the company) will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE at 12 noon on Friday, 21 April 2006 for the following purposes:

Ordinary business

1. To receive and consider the accounts of the company and reports of the directors of the company (directors) and auditors of the company (auditors) for the year ended 31 December 2005;
2. To declare a final dividend on the ordinary shares, as recommended by the directors;
3. To re-elect David Bell as a director;
4. To re-elect Terry Burns as a director;
5. To re-elect Rana Talwar as a director;
6. To reappoint Glen Moreno as a director;
7. To reappoint David Arculus as a director;
8. To reappoint Ken Hydon as a director;
9. To receive and approve the report on directors' remuneration;
10. To reappoint PricewaterhouseCoopers LLP as auditors for the ensuing year;
11. To authorise the directors to determine the remuneration of the auditors; and
12. To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

THAT, subject to the passing of resolution 13 set out in the Notice of AGM dated 21 March 2006, the directors be and are hereby generally and unconditionally authorised to exercise all the powers of the company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985 (the Act)) up to an aggregate nominal amount of £67,028,171, such authority to expire at the end of the next AGM of the company after the date of the passing of this resolution (unless previously reviewed, varied or revoked by the company in general meeting), provided that: (i) the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and (ii) the authority conferred on the directors shall be in substitution for the authority conferred on the directors pursuant to resolution 12 passed at the AGM of the company held on 29 April 2005.

Special business

13. To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

THAT, the authorised ordinary share capital of the company of £296,500,000 be and is hereby increased by £1,000,000 to £297,500,000 by the creation of 4,000,000 ordinary shares of 25p each.

14. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

THAT, subject to the passing of resolution 12, the board of directors of the company (board) be and is hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority conferred by resolution 12 in the Notice of AGM dated 21 March 2006 (or, if resolution 12 is not passed or does not become unconditional, pursuant to the authority conferred by resolution 12 passed at the AGM held on 29 April 2005), as if sub-section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited: (i) to the allotment of equity securities in connection with an offer or rights issue in favour of ordinary shareholders where the equity securities for which ordinary shareholders are respectively entitled to subscribe are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the board may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange; and (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities for cash up to an aggregate nominal value of £10,040,000; and further, that this power shall expire at the end of the next AGM of the company after the date of the passing of this resolution (unless previously renewed, varied or revoked by the company in general meeting), save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

15. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

THAT, pursuant to article 9 of the company's Articles, the company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 25p each in the capital of the company provided that: (i) the maximum number of ordinary shares hereby authorised to be purchased is 80,000,000; (ii) the minimum price which may be paid for an ordinary share is 25p per share which amount shall be exclusive of expenses; (iii) the maximum price which may be paid for an ordinary share is, in respect of an ordinary share contracted to be purchased on any day, the higher of (a) an amount (exclusive of expenses) equal to 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 (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System; (iv) the authority hereby conferred shall expire at the end of the next AGM or 18 months from the date of this resolution whichever is earlier unless such authority is renewed prior to such date; and (v) the company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract as if the authority hereby conferred had not expired.

16. To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

THAT, the Pearson Long-Term Incentive Plan, the principal terms of which are summarised in the Appendix to the circular to shareholders dated 21 March 2006, be and is hereby approved and adopted, and the directors be and are hereby authorised to do all such acts and things as they may consider necessary or expedient to carry the Plan into effect.

By order of the board

Philip Hoffman, Secretary – 21 March 2006

Notes

1. Ordinary shareholders only are entitled to attend and vote at this AGM. Any such shareholder may appoint one or more persons (whether members of the company or not) to act as his/her proxy or proxies to attend and vote instead of him/her. The form of proxy for use at the meeting must be deposited, together with any power of attorney or authority under which it is signed, at Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6TB, not less than 48 hours before the time appointed for the meeting or any adjourned meeting. An appropriate form of proxy is enclosed. Alternatively, you may register your vote online by visiting the website of the company's 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 meeting and voting in person should you so wish.

2. The following documents are available for inspection at the company's registered office during normal business hours on any business day and also during the AGM and for 15 minutes before it starts:

   - copies of the directors' service contracts with, or letters of appointment by, the company; and
   - the rules of the Pearson Long-Term Incentive Plan.

   The register of directors' interests will also be available for inspection from the commencement of the AGM until its conclusion.

3. The company, pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the company at 6 pm on Wednesday, 19 April 2006 shall be entitled to attend and vote at the aforesaid AGM in respect of the number of shares registered in their name at that time. Changes to the register of members of the company after 6 pm on Wednesday, 19 April 2006 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

4. As explained in the chairman's letter, Pearson has decided to move to voting on a poll and to use an electronic system called "VoteNow" to facilitate this process. We have been assured by Lloyds TSB Registrars that the "VoteNow" system has been rigorously tested by independent IT experts and independent auditors. We are satisfied that "VoteNow" accurately collects and presents the number of votes received for a resolution.

   The following notes summarise the key points for shareholders attending the AGM and how they can make best use of the "VoteNow" system:

   a) at the registration desks you will be given a smartcard with a unique barcode. This barcode will enable the registrars to link the vote you give via your electronic handset (which will be provided to you before the meeting starts) with your individual shareholding and consequently with the number of votes that you have at the meeting. This is different from the "show of hands" method where each shareholder casts a single vote regardless of the number of shares held.

   b) when instructed by the chairman you should press the button on your handset corresponding with the way you wish to vote.

   c) when voting you will see a message on your handset confirming that your vote "for" or "against" or "vote withheld" has been received. If you make a mistake you may simply press the correct button – your original vote will be cancelled and superseded by the correct vote. You may do this at any time until the chairman declares the vote on the resolution closed. You should note that a "vote withheld" has no legal effect and will count neither for nor against the resolution.

   d) a few moments after the chairman has declared the vote on the resolution closed, a provisional summary of the poll vote will be displayed in the auditorium showing the total number and percentages of shares voted ("for", "against" or "vote withheld") on the poll for that resolution.
   In order that the registrars may make a final audit check at the end of the meeting, these numbers are necessarily provisional. However, it is likely that these numbers will be strongly indicative of the result of the shareholders' voting. The final summary of the votes cast in respect of each resolution will be calculated at the end of the meeting and will be announced via a Regulatory Information Service and published on the company's website (www.pearson.com) as soon as practicable after the meeting.

Appendix

Renewal of the Pearson Long-Term Incentive Plan

Introduction

The Plan comprises two elements and can deliver restricted stock, which involves conditional awards of shares, and/or stock options. These elements offer the Committee the flexibility with which to construct managers' long-term incentive packages and the ability to link corporate performance and reward.

All employees of Pearson and its subsidiaries (including executive directors of the company), who are required to devote substantially the whole of their working time to the business of any member of the Pearson group, are eligible to participate in the Plan at the discretion of the Committee.

The Committee will supervise the Plan and will have responsibility for agreeing all grants of restricted stock and stock options under the Plan. It will also have responsibility for setting the policy for the operation of the Plan – for example, by agreeing performance measures and targets that are consistent with the company's strategic objectives and by establishing the level of individual awards.

Restricted stock awards and stock options to acquire ordinary shares in the capital of Pearson or American Depositary Receipts (Shares) may be awarded at any time, but not during a close period of the company. It is anticipated that grants will be made annually other than for new employees or following an acquisition. It is not the Committee's intention to grant stock options in 2006.

Principal terms of restricted stock

Restricted stock granted to executive directors will vest only when stretching corporate performance targets over a specified period have been met. Awards will vest on a sliding scale based on performance over the period. There will be no re-testing. The Committee will determine the performance measures and targets governing an award of restricted stock prior to grant.

The performance measures that will apply for the 2006 awards and subsequently for the executive directors will be focused on delivering and improving returns to shareholders. These are relative total shareholder return, return on invested capital, and earnings per share growth.

It is anticipated that for the 2006 awards for the executive directors, the award will be split equally across all three measures. It is anticipated that one-third of the award will be based on Pearson's total shareholder return relative to the constituents of the FTSE World Media Index over the three-year period 2006 to 2009. Subject to the Committee satisfying itself that the recorded total shareholder return is a genuine reflection of the underlying financial performance of the business, this part of the award will vest in full if Pearson's total shareholder return relative to this group of companies is ranked at the upper quartile or better. 30% of the award (compared to 40% for the two previous awards in 2004 and 2005) will vest at the median. No part of the award will vest for performance below median.

Total shareholder return will be measured over the three-year period 2006 to 2009 based on the period immediately following the 2005 results announcement to the period immediately following the 2008 results announcement.

Companies that drop out of the index (e.g. through acquisition, merger, cessation of trading) will be excluded i.e. only companies operating for the entire period are counted. Where a constituent of the FTSE World Media Index is listed outside the UK, there will be no adjustment to the total shareholder return calculations for currency or local market movements. The share price will be averaged over 20 trading days at the start and the end of the performance period and dividends will be treated as having been re-invested in additional shares on the ex-dividend date.

One-third of the 2006 award will be based on return on invested capital, defined as operating profit net of 15% cash tax divided by net operating assets plus gross goodwill (pre-amortisation). As the 2006 award will not be made until later in the year, the Committee has yet to set the targets but will disclose them in due course. It is anticipated that the Committee will set a threshold for return on invested capital in 2008, at which 25% of the award will vest, which is both a significant improvement on years prior to 2006 and is at least equivalent to the company's weighted average cost of capital. The award will vest in full for return on invested capital significantly above the weighted average cost of capital.

For the final third of the 2006 award, to be based on earnings per share growth, the threshold for payout, at which 30% of this part of the award will vest, is growth in earnings per share of 5% per annum. This part of the award pays out in full for growth in earnings per share of at least 12% per annum. The Committee does not consider it appropriate for the measurement of earnings per share to be directly linked to UK retail price inflation in view of the international nature of the company's business.

Earnings per share growth will be calculated using the aggregate method that sums the results for each year and calculates the compound annual growth rate over the period.

Full details of the performance measures and targets will be set out in the report on directors' remuneration for 2006.

For awards beyond 2006, the rules will continue to allow the Committee to use the same performance measures and targets, or to apply different ones that are consistent with the company's strategic objectives and which it considers to be no less demanding.

Pearson wishes to encourage executives and managers to build up a long-term holding of shares so as to demonstrate their commitment to the company. To achieve this, 75% of a participant's performance-related restricted stock award will vest, subject to satisfaction of the performance conditions, at the end of the three-year period. The remaining 25% of the award will only vest if the participant retains the after-tax number of Shares that vest at year three, for a further two years.

Restricted stock awards may be granted without performance conditions to satisfy recruitment and retention objectives. In such circumstances awards will vest after a specified period of service with Pearson. The vesting period will be specified by the Committee when an award is granted (and will not be less than 12 months). Restricted stock awards that are not subject to performance conditions will not be granted to any of the current executive directors.

A participant has no rights in relation to an award or to the Shares the subject of an award until it has vested. As an amendment to the current plan, where Shares vest under awards, a participant will receive additional Shares representing the gross value of dividends that would have been paid on these Shares during the performance period and reinvested. The expected value of awards made on this basis will take into account a reasonable expectation of the value of dividends over the vesting period.

Appendices to the rules can be incorporated to operate the Plan outside the UK. These appendices can vary the rules of the Plan to take account of any securities, exchange control or taxation laws or regulations. Under one such appendix (which is self-standing), the Committee may grant awards to department heads and members of the senior editorial team of Les Echos who are resident in France for tax purposes. Any awards granted under this French appendix will be governed by the terms of the appendix in order to enable the awards to attract favourable tax and social security treatment for French resident participants. Any awards granted under this appendix will vest on the third anniversary of the date of grant provided the participant is still an employee of the group at that time. Following vesting the Shares must be held by the participant for a further two years. The awards are also treated differently in the event of a good leaver circumstance in order to take account of the requirements of French legislation.

Principal terms of stock options

Whilst it is not the Committee's intention to grant stock options in 2006, the Committee believes that the Plan should retain the flexibility of granting stock options in addition to, or instead of, restricted stock awards in the right circumstances. Any decision by the Committee to grant stock options in the future would take account of best practice prevailing at the time. The Committee would consult with shareholders before granting stock options to executive directors.

An option granted under the stock option element may not generally be exercised until a time specified when the option is granted. The date on which options would become exercisable would be set by the Committee. Options may not be exercised later than the tenth anniversary of grant.

The feature of the current long-term incentive plan that allows for the granting of options based on performance in the period prior to grant would no longer apply.

As an amendment to the current plan, any options granted to executive directors would be subject to stretching performance conditions on vesting and a three-year minimum vesting period. Any options would vest on a sliding scale based on performance over the period. There would be no re-testing. The Committee would determine the conditions prior to grant.

The option price per Share would not be less than the market value of a Share at the date of grant, and may be stated in sterling or US dollars. A participant has no rights in relation to an option nor to the Shares which are the subject of the option until the option has been exercised.

In addition, the Committee would have the ability to grant stock appreciation rights in place of options if the Committee considers that a stock appreciation right would be a better form of incentive.

An appendix to the stock option element, which will be capable of approval by UK HM Revenue and Customs (HMRC) under Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003, would permit the grant of HMRC approved options up to the HMRC £30,000 limit.

Further appendices to the Plan permit the grant of stock options to US resident and French resident employees respectively. The terms under which options are granted to employees in the US are essentially subject to the same provisions as summarised above, except that options may be over either shares or American Depositary Receipts. The options may be granted as incentive stock options (ISOs) or non-qualified stock options. ISOs are intended to qualify for favourable tax treatment under section 422 of the US Internal Revenue Code of 1986, as amended.

Options granted to French resident employees are also subject to essentially the same provisions although the treatment of options in the event of a good leaver circumstance is modified to take account of the requirements of French legislation.

Level of individual awards

Our policy is that the remuneration of the executive directors should be competitive with those of executive directors in similar positions elsewhere. The Committee looks at the competitive position both of each element of remuneration (i.e. base salary and other fixed remuneration such as pension, annual and long-term incentives) and of total remuneration. This takes account of assessments by the Committee's independent advisers of market practice for comparable companies.

The Committee's independent advisers also calculate the expected value of both restricted stock and stock options i.e. their net present value after taking into account all the conditions and, in particular, the probability that any performance conditions will be met. Based on these values, and the assessments of market practice for long-term incentives and overall remuneration, the Committee will establish guidelines each year for the maximum expected value of individual awards.

Since 2001, we have adopted this market-based approach which established maximum award levels of 300% of salary expected value for the CEO and 200% of salary expected value for the other executive directors. In practice, since 2002, actual awards have always been below these maximum levels.

Although the rules of the Plan will continue to give the Committee the flexibility to vary these maximum levels, we do not intend to do so and would only change them after further consultation with shareholders.

For 2006, the expected value of awards for the executive directors as a percentage of base salary will be in line with the expected value of awards as a percentage of base salary granted in 2004 and 2005. For awards after 2006, we do not anticipate increasing the value of awards beyond these levels unless justified on the grounds of market practice and competitiveness. Full details of awards will be set out in the report on directors' remuneration for 2006 and future years.

In establishing these guidelines for the maximum expected value of individual awards, the Committee also has regard to the face value of the awards and their potential value should the performance targets be met.

Cessation of employment

If a participant ceases employment with the group before awards have vested, all restricted stock awards and stock options will generally lapse. However, if the reason for leaving is ill-health, injury, disability, retirement, the employing company or business ceasing to be part of the group or redundancy (with appropriate meanings being given to these terms in all territories in which the company operates), or any other reason which the Committee so decides in its absolute discretion, a participant's restricted stock award and stock options will remain in force.

In the case of performance-related restricted stock awards, the awards will normally continue until the original vesting date and will be released to the extent any applicable performance target has been met on the original vesting date.

In the case of restricted stock awards that are not subject to a performance condition, the awards will be released as soon as practicable after the participant leaves.

In the case of options that are subject to a performance condition, the options will normally continue until the original vesting date and will be exercisable to the extent any applicable performance target has been met for a period of six months from the original vesting date.

In the case of options that are not subject to a performance condition, the options will normally be exercisable for a period of six months from the date the participant leaves.

The number of Shares that vest under restricted stock awards will be scaled down pro-rata to the participant's actual service during the vesting period, unless the Committee determines that the leaver's entitlement should not be scaled down or should only be scaled down in part.

In the event of a participant's death or other exceptional circumstances on leaving employment, the Committee may permit the release of restricted stock awards or the exercise of stock options on an accelerated basis.

Change of control of the company

In the event of a change of control of Pearson as a result of a takeover offer or scheme of arrangement under section 425 of the Companies Act 1985 (other than for the purpose of creating a new holding company for Pearson) restricted stock awards will vest and stock options will become exercisable.

In the case of restricted stock awards and stock options that are subject to a performance condition, they will vest or be exercisable to the extent that the performance condition has been met at the date of the relevant event. The number of Shares over which the restricted stock award vests will then be scaled down pro-rata to the participant's actual service during the performance period, unless the Committee determines that the performance conditions would have been met to a greater or lesser extent at the end of the full performance period. The Committee will, however, retain the discretion to modify any pro-rating if it considers that the contribution of the senior executive team to the creation of shareholder value during the performance period would not otherwise be properly recognised. The Committee will not exercise its discretion in such a way that results in unjustifiably large rewards.

In the case of restricted stock awards and stock options that are not subject to a performance condition, these shall vest or become exercisable. The number of Shares over which the restricted stock award vests will be scaled down pro-rata to the participant's actual service from the date of grant up to the date of the relevant event, unless the Committee determines otherwise.

Source of Shares

Awards under the Plan may be satisfied using either existing Shares bought in the market, treasury Shares or newly-issued Shares.

Where restricted stock awards and stock options are granted over existing Shares, these will be purchased by an employee trust established by the company. The trust will not in any event hold more than 5% of the company's issued share capital. Group companies will provide funds, by way of loan or gift, to the trust to enable it to purchase Shares.

All Shares allotted under the Plan will carry the same rights as all other issued ordinary shares in the company.

To the extent that newly-issued Shares are used under the Plan (or any appendices), the company will ensure that the number of Shares which may be issued under the Plan, when aggregated with the number of Shares which may be issued under all of Pearson's share plans pursuant to grants made under such plans in any rolling 10-year period, will not be more than 10% of Pearson's issued share capital. As an amendment to the current plan, the company will also ensure that the number of Shares which may be issued under the Plan, when aggregated with the number of Shares which may be issued under Pearson's executive or discretionary plans pursuant to grants made under such plans in any rolling 10-year period, will not be more than 5% of Pearson's issued share capital.

To the extent that stock appreciation rights (SARs) are granted under the Plan and such SARs could relate to newly-issued Shares, for the purposes of the above limits the number of Shares to which the SAR relates shall be taken into account and not the number of Shares that is delivered on satisfaction of the SAR.

The Committee may use treasury Shares for the purposes of the Plan, and transfers of such treasury Shares will count towards these percentage limits.

General provisions

No consideration is payable by participants for the grant of restricted stock or stock options.

Restricted stock awards and stock options may not be assigned or transferred, except on a participant's death, when they may be assigned to the participant's personal representatives. Benefits under the Plan are not pensionable.

If there is a variation in the share capital of the company (including a demerger or payment of a super dividend) the terms of restricted stock awards or stock options may be adjusted to reflect that variation.

The directors will have authority to amend the rules of the Plan, provided that no amendment to the advantage of participants or eligible employees may be made to provisions relating to eligibility requirements, equity dilution, share utilisation and individual participation limits and the adjustments that may be made in the event of a variation in the company's share capital without the prior approval of shareholders in general meeting. However, shareholder approval will not be required if the amendment is minor and made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

No restricted stock award or stock option may be granted after five years from the date of renewal of the Plan by shareholders.