



Pearson

Notice of Annual General Meeting

**to be held at 12 noon on Friday, 24 April 2020
at IET London, 2 Savoy Place, London WC2R 0BL**

This document is important and requires your immediate attention.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek advice from a stockbroker, bank manager, solicitor, accountant, or other professional adviser 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 registrar, Equiniti, no later than 12 noon on Wednesday, 22 April 2020. Alternatively, you may register your vote online by visiting the registrar's website at www.sharevote.co.uk or, if you already 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 Voting ID, Task ID and Shareholder Reference 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 notes to the notice of Annual General Meeting (see pages 11 to 12 of this document) and in the form of proxy. Electronic and CREST proxy voting instructions should also be submitted no later than 12 noon on Wednesday, 22 April 2020. 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.

To shareholders

23 March 2020

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 IET London, 2 Savoy Place, London WC2R 0BL at 12 noon on Friday, 24 April 2020.

Voting on all of the proposed resolutions at the AGM will be conducted on a poll rather than on a show of hands. Voting on 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 shareholders who attend the meeting.

Shareholders of the company (shareholders) will be asked to consider and, if thought fit, approve resolutions in respect of the matters as set out below.

Notice of AGM

The notice convening the AGM is set out on pages 9 to 10 of this document (the notice).

Recommendation

The Board of Directors believes that resolutions 1-23 will promote the success of, and are in the best interests of, the company and its members as a whole.

Your Board therefore unanimously recommends that you vote IN FAVOUR of resolutions 1-23 inclusive, as the Directors intend to do in respect of their own beneficial holdings.

Report and accounts (resolution 1)

The first resolution at the AGM relates to the receipt and consideration of the company's accounts and the reports of the Directors and the auditors for the financial year ended 31 December 2019.

Final dividend (resolution 2)

Separately, shareholders will also be asked to approve the payment of a final dividend of 13.5 pence per ordinary share in respect of the year ended 31 December 2019, as recommended by the Directors.

If the recommended final dividend is approved, it is proposed that the dividend will be paid on 7 May 2020 to shareholders on the company's register of members at the close of business on 27 March 2020 (the record date).

Election and Re-election of Directors (resolutions 3 to 13)

In accordance with provision 18 of the UK Corporate Governance Code (the Code), all of the Directors (other than Coram Williams and Josh Lewis who are standing down at the conclusion of the meeting) being eligible will offer themselves for re-election at the AGM. The re-election of Directors will take effect at the conclusion of the meeting.

In January 2020, we announced that Coram Williams, Chief Financial Officer, would be leaving Pearson later in the year. We subsequently announced that his successor, Sally Johnson, would assume the role of Chief Financial Officer on 24 April 2020. Accordingly, Coram will not be seeking re-election at the AGM and will stand down from the Board at the conclusion of the meeting. Sally Johnson will offer herself for election by shareholders and, if approved, will join the Board at the conclusion of the meeting.

Important notice re COVID-19

Pearson is monitoring closely any developments relating to the recent outbreak of COVID-19 (Coronavirus) including relevant measures mandated or recommended by the UK Government regarding public events and travel.

If Pearson considers it appropriate to adjust the arrangements for its AGM as a result of the outbreak, we will communicate this at the earliest possible opportunity. Shareholders are advised to check the Pearson website for the latest position before attending the AGM in person.

In the context of COVID-19, we are mindful of the need for appropriate social distancing measures and, therefore, this year, we will not be providing the normal catering arrangements after the meeting.

We encourage shareholders to vote in advance of the AGM, either online or by completing and returning their form of proxy, to ensure their votes are recorded in the event that they are unable to attend the meeting in person. Shareholders are also invited to submit any questions via email to chairman-agm@pearson.com or in writing to AGM Questions, c/o The Company Secretary, Pearson plc, 80 Strand, London WC2R 0RL.

Having been appointed as Directors since the last AGM, Sherry Coutu and Graeme Pitkethly will retire at the AGM and, in accordance with the articles and being eligible, will offer themselves for election by shareholders.

We also recently announced that Josh Lewis, a Non-Executive Director of Pearson since 2011, will be retiring from the Board at the AGM and will not be seeking re-election.

The Board joins me in thanking Josh and Coram for their commitment and invaluable contributions to Pearson and we wish them all the best in their future endeavours.

Early in 2020, Michael Lynton informed the Chair that two of the companies in which he holds Non-Executive positions intended to list during the course of the year, namely Schrödinger and Warner Music. Once those companies are listed, Mr Lynton would then be serving on five listed company boards. Mindful of Pearson's own internal guidance, and shareholder sentiment in relation to Directors' commitments, Mr Lynton and the Chair have agreed to review this situation over the course of 2020, once there is absolute clarity regarding Mr Lynton's future intentions. To date there has been no impact on Mr Lynton's ability to commit to the Pearson Board, and he has demonstrated a full attendance record at Pearson since his appointment in 2018.

It should be noted that, should this position not change during the course of 2020, Mr Lynton has agreed with the Chair that he will not stand for re-election to the Pearson Board at the 2021 AGM.

Each of the Directors seeking election or re-election brings a wide range of experience, skills and backgrounds which complement our strategy. Biographical details for each of the Directors offering themselves for election or re-election are set out below and on the following pages. All of Pearson's Directors have strong leadership experience at global businesses and institutions and, as a group, the Board has particular experience in the following areas:

- › Business strategy and governance
- › Innovation and disruption
- › Education
- › Digital and technology
- › Talent, people and culture
- › Finance and investment
- › Sustainability and environmental matters
- › Marketing, brand and media
- › Government, international and regulatory affairs.

The diverse backgrounds, expertise offered and contribution made by the Directors, as more particularly detailed in their individual biographies, continues to be important to the company's long-term sustainable success. In accordance with the Code, the Board has reviewed the independence of its Non-Executive Directors and has determined that they remain fully independent of management and that there are no relationships or circumstances likely to affect their judgement. The Board considers, following a formal Board performance evaluation, that each Director seeking re-election contributes effectively and demonstrates commitment to his or her role. This consideration of effectiveness is based on, amongst other things, the business skills, industry experience, business model experiences and other contributions individuals may make (including diversity considerations), both as an individual and also in contributing to the balance of skills, knowledge and capability of the Board as a whole, as well as the expected commitment of time for Pearson Board and Committee meetings and other duties.

As Chair, I believe that the contribution, commitment and performance of each of the Directors continues to be valuable and effective, and that it is therefore appropriate for each of those seeking re-election to continue to serve as Directors of the company.

Sherry Coutu, CBE Non-Executive Director
aged 56, appointed 1 May 2019

Member of the Remuneration and Nomination & Governance Committees

Sherry has extensive experience in the technology industry. She is the Chairman of Founders4Schools and founder of the Scaleup Institute. Previously, she was CEO of Interactive Investor International plc, served on the board of Bloomberg New Energy Finance and the London Stock Exchange plc. In education, she was SID and Remuneration Committee Chair of RM plc, on the board of Cambridge University, Cambridge Assessment and Cambridge University Press, and Chesterton Community College. Sherry has started and or invested in over 60 technology businesses and served on the boards of Zoopla plc, Raspberry Pi, NESTA, and the Advisory boards of the National Gallery, Royal Society and LinkedIn. She was appointed Commander of the British Empire in the 2013 New Year Honours for her services to entrepreneurship.

Sally Johnson Chief Financial Officer-elect
aged 46, to be appointed 24 April 2020

Sally joined Pearson in 2000, and has held various finance and operations roles across The Penguin Group, the education business and at a corporate level. She brings to the Board extensive commercial and strategic finance experience as well as transformation, treasury, tax, risk management, business and financial operations, investor relations and M&A expertise. She has held various senior level roles across the business, most recently as Deputy CFO of Pearson. Sally is a member of the Institute of Chartered Accountants in England and Wales and trained at PricewaterhouseCoopers. She was also a Trustee for the Pearson Pension Group Plan from 2012 to 2018.

Graeme Pitkethly Non-Executive Director
aged 53, appointed 1 May 2019

Member of the Audit and Reputation & Responsibility Committees

Graeme joined Unilever in 2002 and, prior to being appointed CFO and Board member, was responsible for Unilever's UK and Ireland business. Previously, he had held a number of senior financial and commercial roles within Unilever and spent the earlier part of his career in senior corporate finance roles in the telecommunications industry. Graeme served as Vice President of Financial Planning and Vice President of Corporate Development at FLAG Telecom and started his career at PricewaterhouseCoopers. Graeme is a Vice Chair of the Task Force on Climate Related Financial Disclosures and is a Chartered Accountant.

Dame Elizabeth Corley, DBE Non-Executive Director
aged 63, appointed 1 May 2014

Chair of the Remuneration Committee and Member of the
Audit and Nomination & Governance Committees

Elizabeth has extensive experience in the financial services industry having been CEO of Allianz Global Investors, initially for Europe then globally, from 2005 to 2016, and was a senior adviser to the firm until the end of December 2019. She was previously at Merrill Lynch Investment Managers and Coopers & Lybrand. Elizabeth is a Non-Executive Director of BAE Systems plc and Morgan Stanley Inc. Elizabeth is active in representing the investment industry and developing standards within it. She is a member of the Committee of 200. She was appointed Dame Commander of the Order of the British Empire in the Queen's Birthday Honours in 2019 for her services to the economy and financial services.

Vivienne Cox, CBE Senior Independent Director
aged 60, appointed 1 January 2012

Chair of the Nomination & Governance Committee and Member of
the Audit and Reputation & Responsibility Committees

Vivienne has wide experience in energy, natural resources and business innovation. She worked for BP plc for 28 years in global roles including Executive Vice President and Chief Executive of BP's gas, power and renewables business and its alternative energy unit. She is Chair of the supervisory board of Vallourec S.A., a leader in the seamless steel pipe markets, and a Non-Executive Director at pharmaceutical company GlaxoSmithKline plc. She serves as Chair of the Rosalind Franklin Institute and Vice Chair of the Saïd Business School (part of Oxford University). She was appointed Commander of the British Empire in the 2016 New Year Honours for her services to the economy and sustainability.

John Fallon Chief Executive
aged 57, appointed 3 October 2012

John became Pearson's Chief Executive on 1 January 2013. Since 2008, he had been responsible for the company's education businesses outside North America and a member of the Pearson management committee. He joined Pearson in 1997 as Director of Communications and was appointed President of Pearson Inc. in 2000. In 2003, he was appointed CEO of Pearson's educational publishing businesses for Europe, Middle East & Africa. Prior to joining Pearson, John was Director of Corporate Affairs at Powergen plc and was also a member of the company's executive committee. Earlier in his career, John held senior public policy and communications roles in UK local government. John is also President of the London Chamber of Commerce & Industry (LCCI).

John has announced his intention to retire from Pearson during 2020.

Linda Lorimer Non-Executive Director
aged 67, appointed 1 July 2013

Chair of the Reputation & Responsibility Committee and Member of
the Audit Committee

Linda has spent almost 40 years serving higher education. She retired from Yale in 2016 after 34 years at the university where she served in an array of senior positions including Vice President for Global & Strategic Initiatives. She oversaw the development of Yale's burgeoning online education division and the expansion of Yale's international programmes and centres. During her tenure, she was responsible for many administrative services, ranging from Yale's public communications and alumni relations to sustainability, human resources and the university press. She also served on the boards of several public companies, including as Presiding Director of the McGraw-Hill companies. Linda is a member of the board of Yale New Haven Hospital, where she chairs the nominating and governance committee and is a trustee of Hollins University. She also remains on several consequential advisory committees at Yale University.

Michael Lynton Non-Executive Director
aged 60, appointed 1 February 2018

Member of the Audit and Reputation & Responsibility Committees

Michael served as CEO of Sony Entertainment from 2012 until 2017, overseeing Sony's global entertainment businesses. He was also Chairman and CEO of Sony Pictures Entertainment from 2004. Prior to that, he held senior roles within Time Warner and AOL, and earlier served as Chairman and CEO of Penguin Group where he extended the Penguin brand to music and the internet. Michael is Chairman of Snap, Inc., Schrödinger, Inc. and Warner Music, and currently serves on the boards of IEX and Ares Management Corporation LLC.

Tim Score Non-Executive Director
aged 59, appointed 1 January 2015

Chair of the Audit Committee and Member of the Nomination &
Governance and Remuneration Committees

Tim has extensive experience of the technology sector in both developed and emerging markets, having served as Chief Financial Officer of ARM Holdings plc, the world's leading semiconductor IP company, for 13 years. He is an experienced Non-Executive director and serves as Chairman of The British Land Company plc, a role to which he was appointed in July 2019, a Non-Executive director of HM Treasury, and a Trustee of the National Theatre. He served on the board of National Express Group plc from 2005 to 2014, including time as interim Chairman and six years as the Senior Independent Director. Earlier in his career Tim held senior finance roles with Rebus Group, William Baird, LucasVarity plc and BTR plc.

Sidney Taurel Chair

aged 71, appointed 1 January 2016

Member of the Nomination & Governance and Remuneration Committees

Sidney has over 45 years of experience in business and finance, and is currently a Director of IBM Corporation, where he also serves on the directors and corporate governance committee. Sidney is an advisory board member at pharmaceutical firm Almirall. He was Chief Executive Officer of global pharmaceutical firm Eli Lilly and Company from 1998 until 2008, Chairman from 1999 until 2008, and has been Chairman Emeritus since 2009. He was also a Director at McGraw Hill Financial, Inc., a role which he held from 1996 until April 2016 and at ITT Industries from 1996 to 2001. In 2002, Sidney received three US presidential appointments to: the Homeland Security Advisory Council, the President's Export Council and the Advisory Committee for Trade Policy and Negotiations, and is an officer of the French Legion of Honour.

Lincoln Wallen Non-Executive Director

aged 59, appointed 1 January 2016

Member of the Audit and Reputation & Responsibility Committees

Lincoln has extensive experience in the technology and media industries, and is currently CTO of Improbable, a technology start-up supplying next-generation cloud hosting and networking services to the video game industry. Lincoln was CEO of DWA Nova, a software-as-a-service company spun out of DreamWorks Animation Studios in Los Angeles, a position he held until 2017. He worked at DreamWorks Animation for nine years in a variety of leadership roles including Chief Technology Officer and Head of Animation Technology. He was formerly CTO at Electronic Arts Mobile, leading their entry into the mobile gaming business internationally. Lincoln is a Non-Executive Director of the Smith Institute for Industrial Mathematics and Systems Engineering. His early career involved 20 years of professional IT and mathematics research, including as a reader in Computer Science at Oxford.

Directors' remuneration policy (resolution 14)

Shareholders are invited to approve the new policy under resolution 14.

The policy sets out the company's forward-looking policy on Directors' remuneration and is subject to a binding shareholder vote. The policy describes the components of the Executive and Non-Executive Directors' remuneration. A copy of the policy is available on pages 97 to 105 of the company's annual report and accounts and on the website at www.pearson.com.

If resolution 14 is passed, the policy will apply from the conclusion of the AGM. However, it is proposed, subject to approval at the AGM, that changes to Executive Director incentives be made effective from the start of the 2020 performance periods.

The company may not make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a Director of the company unless that payment is consistent with the policy, or such payment has otherwise been approved by a shareholder resolution.

The Directors are required to seek shareholder approval for the company's remuneration policy at least every three years, except in the event that a change to the policy is proposed or the advisory vote on the Directors' annual remuneration report is not passed in any year subsequent to the approval of the policy, in which case an earlier vote would be required.

Annual remuneration report (resolution 15)

The 2019 annual remuneration report is set out in the annual report on pages 84 to 96 and page 106. The company believes that the remuneration report clearly demonstrates the link between our remuneration policy and practice, and the company's strategy and performance, as well as our commitment to shareholder engagement.

The remuneration report includes a letter from the Chair of the Remuneration Committee and provides details of the remuneration paid to the Directors during the year ended 31 December 2019, including any share awards made during the year.

Shareholders are invited to approve the annual remuneration report under resolution 15. This vote is advisory in nature and has no impact on past or future remuneration.

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

Shareholders are asked to approve a new Pearson Long-Term Incentive Plan (the Plan), to replace the existing plan which was last approved by shareholders in 2011, for a period of up to 10 years.

A summary of the Plan and its intended operation is set out in the Appendix on pages 13 to 14 of this document.

Executive Directors will be eligible to participate in the Plan. Awards granted to Executive Directors will be consistent with the shareholder approved remuneration policy and the applicable terms will be fully disclosed.

Auditors (resolutions 17 and 18)

Resolutions will be proposed to reappoint Pearson's existing auditors, PricewaterhouseCoopers LLP (PwC), as auditors until the conclusion of the AGM in 2021 and to authorise the Audit Committee to determine the remuneration of the auditors.

Directors' authority to allot shares (resolution 19)

As in previous years and further to the provisions of section 551 of the Companies Act 2006 (the Act), shareholders will be asked to grant the Board of Directors the authority to allot shares, grant rights to subscribe for shares, or convert any security into shares in the company (the new authority). If granted, the new authority would be valid until the close of the AGM in 2021. If passed, the new authority (granted under part (A) of the resolution) would be limited to up to 253,543,756 ordinary shares (representing approximately 33.3% of Pearson's issued ordinary share capital as at 11 March 2020, the latest practicable date prior to the publication of this document). If the new authority (granted under part (B) of the resolution) were used in connection with a rights issue, it would be limited to up to 507,087,512 ordinary shares (representing approximately 66.6% of Pearson's issued share capital as at 11 March 2020).

In each case the number of shares to which the new authority applies is in addition to those committed to the various share option and employee share plans. At the date this document was approved by the Board, the Directors had no intention to exercise this authority, although they considered its grant to be appropriate in order to preserve maximum flexibility for the future. The Directors intend to seek the approval of shareholders to renew this authority annually. As at the date of this document, the company does not hold any shares in the capital of the company in treasury.

Waiver of pre-emption rights (resolution 20 and 21)

As in previous years, authority will be sought to waive (under the provisions of section 570 of the Act) the statutory pre-emption provisions applicable to the allotment of equity securities for cash contained in section 561 of the Act. Such authority, if granted, will be valid until the close of the AGM in 2021.

Resolution 20 contains a two-part waiver. The first is limited to the allotment of shares for cash up to an aggregate nominal value of £9,507,890 which represents approximately 5% of the issued ordinary share capital as at 11 March 2020. The second is limited to the allotment of shares for cash in connection with a rights issue to allow the Directors to make appropriate exclusions and other arrangements to resolve legal or practical problems which, for example, might arise in relation to overseas shareholders.

The waiver granted by resolution 21 is in addition to the waiver granted by resolution 20. It is limited to the allotment of shares for cash up to an aggregate nominal value of £9,507,890 which represents a further 5% (approximately) of the issued ordinary share capital as at 11 March 2020. This further waiver may only be used for an allotment of shares for cash for the purposes of financing (or refinancing, if the waiver is used within six months of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group's March 2015 Statement of Principles.

Resolutions 20 and 21 are conditional on resolution 19 being passed.

As at the date this document was approved by the Board, the Directors had no intention to exercise the authorities under resolutions 20 and 21 although they considered their grant to be appropriate in order to preserve maximum flexibility for the future. In accordance with the Pre-Emption Group's March 2015 Statement of Principles, the Board confirms that it does not intend to issue shares for cash representing more than 7.5% of the company's issued share capital in any rolling three-year period to those who are not existing shareholders, save in connection with an acquisition or specified capital investment (as described above) without prior consultation with shareholders.

Authority to purchase own shares (resolution 22)

As in previous years, shareholders will be asked to authorise the market purchase by Pearson of a proportion of its issued ordinary share capital, subject to the limits referred to below.

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.

On 16 January 2020, the company commenced a £350 million share buyback programme by way of on-market purchases (the Share Buyback Programme). As at 11 March 2020 and under the existing authority granted at the 2019 AGM, the company had repurchased for cancellation 21,850,745 ordinary shares at a total cost of £125.1m. Subject to Resolution 22 being passed, the Directors intend to continue the Share Buyback Programme pursuant to such authority, to the extent that it has not been completed. The Directors will use this authority to purchase shares only after careful consideration. Further, the Directors intend to exercise this authority to buy back shares only if they believe that to do so would be in the best interests of the company and its shareholders as a whole, having first considered any other investment opportunities open to the company.

Any 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 724 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 at the close of the AGM in 2021, will be limited to a maximum purchase of 76,063,126 ordinary shares, representing approximately 10% of Pearson's issued ordinary share capital as at 11 March 2020. 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 middle market quotations of an ordinary share of the company derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased and (ii) 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. 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 Conduct Authority (FCA) requirements in seeking this authority and should not be taken as any indication of the terms upon which the company intends to make such purchases. The company's issued share capital as at 11 March 2020 was 760,631,269 ordinary shares of 25p each. The total number of options to subscribe for ordinary shares which were outstanding as at 11 March 2020 was approximately 2 million, which represents approximately 0.26% of the issued share capital of the company at that date. If the maximum number of 76,063,126 shares were to be purchased by the company (under resolution 21), the adjusted issued share capital would be 684,568,143 and the options outstanding would represent approximately 0.29% of the adjusted issued share capital.

Notice of meetings (resolution 23)

Although the Articles of Association already grant the company the authority to call general meetings (other than annual general meetings) on 14 clear days' notice, under the Shareholder Rights Regulations this authority is required to be approved by shareholders annually, otherwise a minimum of 21 clear days' notice must be given.

The Directors believe it is in the best interests of the company and its shareholders as a whole to preserve the shorter notice period. However, the flexibility offered by this resolution will not be used as a matter of routine for general meetings, but only where, taking into account all of the circumstances, the Directors consider this appropriate in relation to the business to be considered at the meeting and if thought to be in the interests of the shareholders as a whole. If passed, this authority will be effective until the close of the AGM in 2021.

Annual General Meeting

The resolutions referred to in this letter are included in the notice of AGM set out on pages 9 to 10 of this document. The AGM is to be held at IET London, 2 Savoy Place, London WC2R 0BL at 12 noon on Friday, 24 April 2020. 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 registrar, Equiniti, not less than 48 hours before the time of the meeting. Alternatively, you may register your vote online by visiting the registrar's website 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 Voting ID, Task ID and Shareholder Reference 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 notes to the notice of AGM and 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 but would like to ask a question, please e-mail: chairman-agm@pearson.com

Yours sincerely



Sidney Taurel
Chair

23 March 2020

Directors

Chair
S Taurel

Executive Directors
J J Fallon (Chief Executive)
C Williams (Chief Financial Officer)

Non-Executive Directors

E P L Corley, S L Coutu, V Cox, S J Lewis, L K Lorimer,
M M Lynton, G D Pitkethly, T Score, L Wallen

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM or the meeting) of Pearson plc (Pearson or the company) will be held at IET London, 2 Savoy Place, London WC2R 0BL at 12 noon on Friday, 24 April 2020 to consider the following resolutions (of which 1-19 are ordinary resolutions and 20-23 are special resolutions):

1. To receive and consider the accounts of the company and the related reports of the Directors of the company (Directors) and the auditors of the company (auditors) for the year ended 31 December 2019;
2. To declare a final dividend for the year ended 31 December 2019 on the company's ordinary shares of 13.5 pence per share, as recommended by the Directors;
3. To elect Sherry Coutu as a Director;
4. To elect Sally Johnson as a Director;
5. To elect Graeme Pitkethly as a Director;
6. To re-elect Elizabeth Corley as a Director;
7. To re-elect Vivienne Cox as a Director;
8. To re-elect John Fallon as a Director;
9. To re-elect Linda Lorimer as a Director;
10. To re-elect Michael Lynton as a Director;
11. To re-elect Tim Score as a Director;
12. To re-elect Sidney Taurel as a Director;
13. To re-elect Lincoln Wallen as a Director;
14. To approve the Directors' remuneration policy;
15. To approve the annual remuneration report for the year ended 31 December 2019;
16. To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

THAT:

(A) the Pearson Long-Term Incentive Plan, the principal terms of which are summarised in the Appendix to this Notice and a copy of which is produced to the meeting and initialled by the Chair for the purposes of identification, 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; and

(B) the Directors be authorised to establish such schedules to the Plan as they may consider necessary in relation to employees in jurisdictions outside the UK with such modifications as may be necessary to take account of local securities laws, exchange control and tax legislation, provided that any shares made available under such schedules be treated as counting against the relevant limits on individual and overall participation in the Plan.

17. To reappoint PricewaterhouseCoopers LLP as auditors for the ensuing year;
18. To authorise the Audit Committee to determine the remuneration of the auditors;

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

THAT, pursuant to section 551 of the Companies Act 2006 (the Act), the Board be generally and unconditionally authorised to allot shares in the company and to grant rights to subscribe for or to convert any security into shares in the company:

- (A) up to an aggregate nominal amount of £63,385,939 and
- (B) comprising equity securities, as defined in the Act, up to a further aggregate nominal amount of £63,385,939 provided that:

(i) they are equity securities within the meaning of section 560(1) of the Act; and

(ii) they are offered by way of a rights issue to holders of ordinary shares on the register of members at such record date as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date and to other holders of equity securities entitled to participate therein subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter,

such authorities to expire (unless previously renewed, varied or revoked by the company in general meeting) at the close of the AGM in 2021 provided that, in each case, the company may make offers and enter into agreements during the relevant period which would, or might, require shares in the company to be allotted or rights to subscribe for, or convert any security into, shares to be granted, after the authority expires and the Board may allot shares in the company and grant rights under any such offer or agreement as if the authority had not expired.

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

THAT, subject to resolution 19 being passed, the Board be given authority to allot equity securities (as defined in the Companies Act 2006 (the Act)) for cash under the authority given under resolution 19, free of the restriction in section 561(1) of the Act, such authority to be limited:

- (A) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 19(B), by way of a rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings on the register of members at such record date as the Directors may determine; and

(ii) to people who are holders of other equity securities, if this is required by the rights of those securities or, if the Board considers it necessary, as permitted by the rights of those securities;

Notice of Annual General Meeting

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(B) in the case of the authority granted under resolution 19(A), to the allotment (otherwise than under 20(A) above) of equity securities for cash with an aggregate nominal value of up to £9,507,890 (being approximately 5% of the issued ordinary share capital as at 11 March 2020),

such authority to expire (unless previously renewed, varied or revoked by the company in general meeting) at the close of the AGM in 2021 provided that during the relevant period the company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the authority expires and the Board may allot equity securities under any such offer or agreement as if the authority had not expired.

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

THAT, subject to resolution 19 being passed, the Board be given authority to allot equity securities (as defined in the Companies Act 2006 (the Act)) for cash under the authority given by resolution 19, free of the restriction in section 561(1) of the Act and in addition to any power given to it pursuant to resolution 20, such authority to be limited:

in the case of the authority granted under resolution 19(A), to the allotment of equity securities for cash with an aggregate nominal value of up to £9,507,890 (being approximately 5% of the issued ordinary share capital as at 11 March 2020), and provided that the allotment is for the purposes of financing (or refinancing, if the power is used within six months of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of the meeting, and

such authority to expire (unless previously renewed, varied or revoked by the company in general meeting) at the close of the AGM in 2021 provided that during the relevant period the company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the authority expires and the Board may allot equity securities under any such offer or agreement as if the authority had not expired.

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

THAT, the company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) 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 76,063,126; (ii) the minimum price (exclusive of expenses) which may be paid for an

ordinary share is 25p per share; (iii) the maximum price (exclusive of expenses) 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 equal to 105% of the average of the middle market quotations of an ordinary share of the company derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased 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 close of the AGM in 2021 (unless previously renewed, varied or revoked by the company in general meeting); and (v) during the relevant period the company may make a contract to purchase ordinary shares under this authority 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 had not expired.

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

THAT, in accordance with the company's Articles of Association, the company be and is hereby authorised until the close of the AGM in 2021, to call general meetings (other than an annual general meeting) on not less than 14 clear days' notice.

By order of the Board



Stephen Jones
Company Secretary

23 March 2020

Notes

1. Ordinary shareholders and/or nominee shareholders only are entitled to attend, speak and vote at the AGM. Any such shareholder or nominee shareholder may appoint one or more persons (whether shareholders of the company or not) to act as his/her proxy or proxies to attend, speak and vote instead of him/her. A shareholder can appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attaching to different shares held by 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 or a certified copy of the authority, at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not less than 48 hours before the time appointed for the AGM or any adjournment thereof. An appropriate form of proxy is enclosed. Details of how to appoint a proxy are also set out in the form of proxy. Alternatively, you may register your vote online by visiting www.sharevote.co.uk or, if you already 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 Voting ID, Task ID and Shareholder Reference Number which are given on the enclosed form of proxy. Shareholders holding shares through Sharestore must submit votes by 12 noon on Tuesday, 21 April 2020.
2. CREST members who wish to appoint a proxy or proxies, or amend an instruction to a previously appointed proxy, through the CREST electronic proxy appointment service may do so for the AGM to be held at 12 noon on Friday, 24 April 2020 and any adjournment(s) thereof, by using the procedures described in the CREST manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited (Euroclear)'s specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it relates to the appointment of a proxy or to an instruction to a previously appointed proxy, must be transmitted so as to be received by the issuer's agent (ID: RA19) by no later than 12 noon on Wednesday, 22 April 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) is/are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
3. 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.
4. Any corporation which is a shareholder can appoint one or more corporate representative(s) who may exercise on its behalf all of its powers as a shareholder, provided that if two or more representatives purport to vote in respect of the same shares (i) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and (ii) in other cases the power is treated as not exercised.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the Act) to enjoy information rights (a nominated person) may have a right, under an agreement between him/her and the shareholder by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the AGM. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in note 1 above does not apply to nominated persons. The rights in relation to the appointment of proxies described in that note can only be exercised by shareholders of the company.
6. As at 11 March 2020 (being the latest practicable date prior to the publication of this notice) the company's issued share capital consisted of 760,631,269 ordinary shares, carrying one vote each. Therefore, the total number of voting rights in the company as at 11 March 2020 was 760,631,269. As at 11 March 2020, the company did not hold any shares in treasury.

Notes

7. The contents of this notice of meeting, details of the total number of shares in respect of which shareholders are entitled to exercise voting rights at the meeting, details of the total of the voting rights that shareholders are entitled to exercise at the meeting and, if applicable, any shareholders' statements, shareholders' resolutions or shareholders' matters of business received by the company after the date of this notice will be available on the company's website <https://www.pearson.com/en.html>
8. 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 6.30pm on Wednesday, 22 April 2020 (the voting record date) (or, if the meeting is adjourned, at 6.30pm on the date which is two days prior to the adjourned meeting) shall be entitled to attend and vote at the 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 6.30pm on Wednesday, 22 April 2020 shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting.
9. Under section 527 of the Act, shareholders satisfying the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to: (i) the audit of the company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with the auditors of the company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with section 437 of the Act. The company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the company has been required to publish on a website under section 527 of the Act.
10. Any shareholder, proxy or corporate representative attending the meeting on behalf of a shareholder, has the right to ask questions. The company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
11. A copy of this notice and certain other information (as required by section 311A of the Act) can be found at <https://www.pearson.com/investors/annual-general-meeting.html>

The following documents are available for inspection during normal business hours on any business day at the company's registered office and also during the AGM and for 15 minutes beforehand:
 - copies of the Directors' service contracts with, or letters of appointment by, the company; and
 - the rules of the Pearson Long-Term Incentive Plan.
12. You may not use any electronic address provided either in this notice or any related documents (including the form of proxy) to communicate with the company for any purposes other than those expressly stated.
13. The results of the voting at the AGM will be announced through a Regulatory Information Service and will be posted on the company's website – <https://www.pearson.com/news-and-research/announcements.html> as soon as possible following the AGM.

Appendix

Summary of the Principal Provisions of the Pearson Long-Term Incentive Plan 2020

General

The Pearson Long-Term Incentive Plan 2020 (the Plan) provides for the grant of awards over ordinary shares and ADRs in the company (Awards). The Plan will replace the company's existing Long-Term incentive plan which was approved by shareholders on 28 April 2011. The Plan is intended primarily to align the interests of selected employees of the company and its subsidiaries (the Group) (including Executive Directors) to shareholder interests.

Awards under the Plan may take the form of, or any combination of: (a) an option to acquire shares at no or nominal cost (Option); (b) a contingent right to receive shares (Conditional Award); or (c) a right to receive a cash payment calculated by reference to the market value of a notional share (Phantom Award), at the discretion of the remuneration committee (the Committee). References to shares includes ADRs representing those shares.

Eligibility

All employees of Pearson and its subsidiaries (including Executive Directors) will be eligible to participate in the Plan at the discretion of the Committee.

Grant of Awards

Awards may be granted on any date which falls within the period of 42 days starting on: (a) the day on which the Plan is approved by shareholders; (b) the announcement of the company's results for any period (including any trading update); (c) any day on which the Committee resolves that exceptional circumstances exist which justify the grant of Awards; or (d) the day following the lifting of any applicable dealing restrictions which prevented the grant of the Award during the periods referred to in (a) to (c) above. No Awards may be granted after the tenth anniversary of the Plan's adoption.

Awards may be granted on terms that vesting is not conditional on the achievement of any performance conditions. However, Awards granted to Executive Directors will always be subject to the company directors' remuneration policy as approved by shareholders from time to time.

Vesting of Awards

Awards will vest subject to the satisfaction of any performance conditions and continued employment. The Committee will set the vesting date or dates when the Award is granted.

Vesting will also be conditional upon (a) participants having complied with all regulatory and legal requirements applicable to them; (b) participants accepting all relevant terms of the Award, including, for example, in relation to the holding of shares in a nominee account after vesting; and (c) participants being free from any dealing restrictions.

The Committee has the flexibility to amend the vesting outcome of an Award where it considers it appropriate to do so to reflect the wider performance of the Group, or the outcomes for shareholders over the vesting period.

Once exercisable, Options may be exercised until the tenth anniversary of the date of grant or such other shorter period determined by the Committee when the Option is granted.

Save where a holding period applies, once a participant's Award has vested, and if relevant has been exercised, the relevant number of shares (or a relevant amount of cash in the case of Phantom Awards) will be transferred or issued to the participant or their nominee not later than 60 days after any date on which the Award vests. All shares will carry the same rights as other shares of the company (except for entitlements arising before the date of acquisition by the individual). The company will apply to the UK Financial Conduct Authority and the London Stock Exchange for admission to listing and trading of any newly issued shares.

Awards granted under the Plan are not pensionable.

Holding Period

The Committee has discretion to impose a post-vesting holding period (the Holding Period) in respect of vested shares or unexercised Options. This is set at two years as the default position, but the Committee may amend the length of the Holding Period, or determine that it shall cease to apply to all or some of the Shares or Options subject to it, in its discretion. During this Holding Period, a participant must retain and may not transfer, assign, sell, pledge or otherwise dispose of the shares or Options which are subject to the Holding Period (other than to satisfy any tax liabilities in connection with the Award).

Where a Holding Period applies, the Committee may impose such requirements as it considers necessary or desirable to ensure compliance with the Holding Period, including requiring a nominee to hold the relevant shares for the participant.

Dividend Equivalents

The Committee may in its discretion grant an Award on terms that the participant will receive on vesting an amount which is equal in value to the aggregate dividends that would have been paid on the shares (or notional shares) in respect of which the Award vests between the date of grant and the vesting date (Dividend Equivalent). Dividend Equivalents will generally be satisfied in shares, but the Committee has discretion to satisfy them in cash.

Leavers

If a participant leaves employment with Pearson, or gives or is given notice of termination, their Awards will generally lapse on the date of cessation or notice.

If a participant dies or leaves employment by reason of injury, disability, ill-health, redundancy, sale of the participant's employing company out of the Group or for any other reason in the Committee's discretion (Good Leaver Reasons), Awards shall continue and will vest (subject to the achievement of any performance conditions) on the original vesting date or on such other date as the Committee determines. The number of shares under an Award will be reduced to reflect the proportion of the vesting period that has elapsed at the date the participant leaves.

The Committee may determine that Awards shall not be subject to time pro-rating or that it will be reduced on some other basis.

Appendix

Change of control

If there is a change of control of the company Awards may vest early. The number of shares in respect of which an Award will vest will generally be determined by the Committee by reference to the extent to which applicable performance or other conditions have been met and the number of shares under the Awards will generally be reduced to reflect the proportion of the vesting period that has elapsed at the date of the change of control. The Committee may if it considers it to be appropriate determine that Awards shall not be subject to time pro-rating or that they shall be reduced on some other basis. The Committee may determine at any time before an Award vests that some or all of the shares under an Award shall or may be exchanged for shares in the acquiring company or such terms as the Committee shall agree with that company.

Individual Grant Limits

The maximum aggregate value of Awards which an executive director may be granted in respect of any financial year shall be no higher than as specified in the company's directors' remuneration policy, as approved by shareholders from time to time.

Plan Limits

No Award may be granted under the Plan to the extent that the result of that grant would be that the aggregate number of shares which could be issued on the realisation of that Award and any other Award granted at the same time, when added to the number of shares that:

(A)

- (i) could be issued on the realisation of any subsisting awards or options granted during the preceding ten years under the Plan or any other employees' share scheme established by the company; and
- (ii) have been issued on the realisation of any awards or options granted during the preceding ten years under the Plan or any other employees' share scheme established by the company,

would exceed 10% of the ordinary share capital of the company for the time being in issue; or

(B)

- (i) could be issued on the realisation of any subsisting awards or options granted during the preceding ten years under the Plan or any other discretionary share plans adopted by the company; and
- (ii) have been issued on the realisation of any awards or options granted during the preceding ten years under the Plan or any other discretionary share plans adopted by the company,

would exceed 5% of the ordinary share capital of the company for the time being in issue.

Treasury shares will be treated for this purpose as if they were issued shares and will count towards the above limits for as long as institutional shareholder guidance recommends such treatment.

Transactions affecting the value of Awards

If the Committee becomes aware that the company is or is expected to be affected by a demerger, dividend in specie, super-dividend or any other transaction which, in the opinion of the Committee, would affect the current or future value of any Awards, the Committee may adjust the number of shares in respect of which an Award will vest.

Malus and clawback

The Committee will have discretion to reduce or cancel any portion of an unvested Award in certain circumstances. The Committee may also apply "clawback" in certain circumstances to reclaim, or require the repayment of, an Award that has already vested. The vesting of Awards may be delayed where the company is in the process of determining the application of malus.

The circumstances in which these provisions may apply include but are not limited to: (i) material financial misstatement of the results of the Group, (ii) significant reputational damage to the Group; (iii) negligence or gross misconduct by a participant; (iv) conduct that is considered to constitute a breach of the company's values; (v) where the company or member of the Group that employs or employed the participant has suffered a material corporate failure; or (vi) Awards that were made or vested based on erroneous or misleading data.

The Committee may exercise its discretion to clawback Awards for up to five years after the date of grant.

Amendments

The Committee may amend the rules of the Plan at any time, provided that the provisions governing (i) eligibility requirements; (ii) the limitations on the number of shares subject to the Plan; (iii) the maximum entitlement of a participant under the Plan; (iv) the basis for determining a participant's entitlement to shares under the Plan; (v) the terms of the shares to be provided under the Plan; and (vi) the adjustment of the provisions of the Plan, cannot be altered to the advantage of eligible employees or participants without the prior approval of shareholders in a general meeting (except for minor amendments to benefit the administration of the Plan, to take account of a change in legislation or developments in the law affecting the Plan or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Plan or for any member of the Group).

A schedule has been included to the Plan with respect to Awards made to US and Canadian taxpayers to reflect jurisdiction specific provisions. The Plan grants the flexibility for US participants to have their Awards settled in American Depositary Receipts, or in ordinary shares that are subsequently converted into American Depositary Receipts.

Additional schedules to the rules of the Plan can be adopted to operate the Plan in any jurisdictions in which employees are situated. These schedules may vary the rules of the Plan to take account of any tax, exchange control, securities laws or other regulations.



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