

# Letter from the Chairman

## on business to be transacted at the Annual General Meeting at 12 noon on Friday, 25 April 2014 and Notice of Annual General Meeting

**This document is important and requires your immediate attention.**

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, 23 April 2014. Alternatively, you may register your vote online by visiting the registrar's website at [www.sharevote.co.uk](http://www.sharevote.co.uk) or, if you already have a portfolio registered with Equiniti, by logging onto [www.shareview.co.uk](http://www.shareview.co.uk)

In order to register your vote online you will need to enter the Voting I.D., Task I.D. 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 10 and 11 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, 23 April 2014. 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

24 March 2014

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 8 Northumberland Avenue, London WC2N 5BY at 12 noon on Friday, 25 April 2014.

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 following matters:

### Ordinary business

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

The final dividend for the year ended 31 December 2013;

Re-election and reappointment of directors;

Approval of the directors' remuneration policy;

Approval of the annual remuneration report for the year ended 31 December 2013;

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

Authority to determine the remuneration of the auditors; and

Authority to allot shares.

### Special business

Waiver of pre-emption rights in certain circumstances;

Authority for the company to purchase its own shares;

Approval of a 14-day notice period for general meetings in accordance with the Companies (Shareholders' Rights) Regulations 2009 (the Shareholder Rights Regulations) and the company's Articles of Association (articles); and

Extension of the Worldwide Save for Shares Plan.

A brief description of these matters is set out below.

### Notice of AGM

The notice convening the AGM is set out on pages 8 and 9 of this document (the notice).

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

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 2013.

Separately, shareholders will also be asked to approve the payment of a final dividend of 32p per ordinary share in respect of the year ended 31 December 2013, as recommended by the directors.

If the recommended final dividend is approved, it is proposed that the dividend will be paid on 2 May 2014 to shareholders on the company's register of members at the close of business on 4 April 2014 (the record date).

### Re-election and reappointment of directors (resolutions 3 to 11)

In accordance with the UK Corporate Governance Code (the Code), all of the directors 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.

Following the evaluation exercise conducted during the year ended 31 December 2013, as chairman, I believe that the contribution and performance of each of the directors continues to be valuable and effective and that it is appropriate for them to continue to serve as directors of the company. 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 character or judgement.

Biographical details for each of the directors offering themselves for re-election or reappointment are set out on the following pages:

**David Arculus, non-executive director**, aged 67.

David has experience in banking, telecommunications and publishing in a long career in business. Currently he is chairman of Numis Corporation plc and the Advisory Board of the British Library and is a member of council of Cranfield University. David's previous roles include the chairmanship of Aldermore Bank plc, O2 plc, Severn Trent plc and IPC Group, as well as chief operating officer of United Business Media plc, group managing director of EMAP plc and a non-executive director of Telefonica S.A. David served from 2002 to 2006 as chairman of the UK government's Better Regulation Task Force, which worked on reducing burdens on business. David, who joined the Pearson board in 2006, is chairman of the remuneration committee and a member of the audit and nomination committees.

**Vivienne Cox, senior independent director**, aged 54.

Vivienne has wide experience in energy, natural resources and business innovation. She worked for BP plc for 28 years, in Britain and Continental Europe, in posts including executive vice president and chief executive of BP's Gas, Power & Renewables business and its Alternative Energy unit. She is non-executive director of mining company Rio Tinto plc and energy company BG Group plc, and chairman of the supervisory board of Vallourec, which supplies tubular systems for the energy industry. She is also lead independent director at the UK Department for International Development. Vivienne is a commissioner of the Airports Commission, which was set up by the UK government to examine any requirements for additional UK airport capacity. Vivienne, who joined the Pearson board in 2012, is a member of the audit, remuneration and nomination committees.

**John Fallon, chief executive**, aged 51. 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., a role he combined with his communications responsibilities, in 2000. In 2003, he was appointed CEO of Pearson's educational publishing businesses for Europe, Middle East & Africa (EMA) and gradually took on a broader international education brief. Prior to joining Pearson, John was director of corporate affairs at Powergen plc, where he 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 a member of the nomination committee.

**Robin Freestone, chief financial officer**, aged 55.

Robin's experience in management and accounting includes a previous role as group financial controller of Amersham plc (now part of General Electric) and senior financial positions with ICI plc, Zeneca and Henkel UK. He joined Pearson in 2004 as deputy chief financial officer and became chief financial officer in June 2006. Robin qualified as a chartered accountant with Touche Ross (now Deloitte), and is currently a non-executive director and founder shareholder of eChem Limited. Robin sits on the Advisory Group of the ICAEW's Financial Reporting Faculty and is chairman of The Hundred Group of Finance Directors. He also sits on the CBI's Economic Growth Board. Robin joined the Pearson board in 2006.

**Ken Hydon, non-executive director**, aged 69.

Ken's experience in finance and business includes working in the electronics, retail, consumer products and healthcare sectors. He is a non-executive director of Reckitt Benckiser Group plc, one of the world's leading branded consumer goods companies in health, hygiene and home. He is also a non-executive director of Merlin Entertainments plc, the world's second largest visitor attraction operator. From 2004 to 2013 he was a non-executive director of Tesco plc. Previously, Ken was chief financial officer of Vodafone Group plc, the multinational telecommunications company, and financial director of subsidiaries of Racal Electronics. Ken, who joined the Pearson board in 2006, is chairman of the audit committee and a member of the remuneration and nomination committees.

**Josh Lewis, non-executive director**, aged 51.

Josh's experience spans finance, education and the development of digital enterprises. He is the founder of Salmon River Capital LLC, a New York-based private equity/venture capital firm focused on technology-enabled businesses in education, financial services and other sectors. Over a 25-year career in active, principal investing, he has been involved in a broad range of successful companies, including several pioneering enterprises in the education sector. In addition, he has long been active in the non-profit education sector, with associations including New Leaders, New Classrooms, and the Bill & Melinda Gates Foundation. He is also a non-executive director of eVestment and Axioma, both financial data/technology companies, and Parchment, an education credentials management company. Josh, who joined the Pearson board in 2011, is a member of the remuneration and nomination committees.

**Glen Moreno, chairman**, aged 70. Glen has more than four decades of experience in business and finance, and is currently deputy chairman of The Financial Reporting Council Limited in the UK and non-executive director of Fidelity International Limited. Previously, Glen was deputy chairman and senior independent director at Lloyds Banking Group plc, senior independent director of Man Group plc and acting chairman of UK Financial Investments Limited, the company set up by HM Treasury to manage the government's shareholdings in UK banks. Glen, who joined the Pearson board in 2005, is chairman of the nomination committee and a member of the remuneration committee.

**Linda Lorimer, non-executive director**, aged 61. Linda has a deep background in education strategy, administration and public affairs. She is vice president for Global & Strategic Initiatives of Yale University in New Haven, Connecticut, where her duties include oversight of Yale's Office of International Affairs and Office of Digital Dissemination. Over a 30-year career in higher education, she has been responsible for many of Yale's administrative services including the university's public communications, alumni relations and Office of Sustainability. Previously, Linda served as president of Randolph-Macon Woman's College in Virginia, and had earlier worked at Yale in several senior roles including associate provost. She is a non-executive director of Save the Children (US) and was chair of the board of the Association of American Colleges and Universities. Linda, who joined the Pearson board in 2013, is a member of the audit and nomination committees.

**Harish Manwani, non-executive director**, aged 60. Harish has an extensive background in emerging markets and senior experience in a successful global organisation. He is chief operating officer of consumer products company Unilever, and serves on the company's executive board. Harish joined Unilever in 1976 as a marketing management trainee in India, and has held senior management roles around the world, including North America, Latin America, Europe, Africa and Asia. He is non-executive chairman of Hindustan Unilever Limited in India, and serves on the board of Whirlpool Corporation in the US. He is also on the board of the Indian School of Business, the Economic Development Board (EDB) of Singapore, and The Human Capital Leadership Institute in Singapore. Harish, who joined the Pearson board in 2013, is a member of the nomination committee.

Having been appointed as directors since the last AGM, Linda and Harish will retire at the forthcoming AGM and,

in accordance with the articles and being eligible, will offer themselves for reappointment by shareholders.

### **Directors' remuneration policy report (the policy) and the annual remuneration report (resolutions 12 and 13)**

The company considers that a successful remuneration policy should reward both short- and long-term results and should be linked with the company's strategy and performance. Shareholders are invited to approve the policy and, separately, approve the annual remuneration report.

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 81 to 92 of the company's annual report and accounts and on the website at [www.pearson.com](http://www.pearson.com).

If resolution 12 is passed, the policy will take effect from 25 April 2014 (the effective date) and, from that time, 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. This timing complies with the recommendation of shareholder representatives and the relevant legislation.

The annual remuneration report, for which approval will be sought under resolution 13, provides details of the remuneration paid to the directors during the year ended 31 December 2013, including share awards and payments for loss of office. It also gives details of the way in which the company will implement the policy in its first year.

The vote on the annual remuneration report is advisory in nature, meaning that payments already made to directors will not have to be repaid in the event that the resolution is not passed.

### Auditors (resolutions 14 and 15)

Resolutions will be proposed to reappoint PwC as auditors until the conclusion of the AGM in 2015 and to authorise the directors to determine the remuneration of the auditors.

### Directors' authority to allot shares (resolution 16)

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). The new authority would be valid until the close of the AGM in 2015.

If passed, the new authority would be limited to up to 273,012,604 ordinary shares (representing approximately 33.3% of Pearson's issued ordinary share capital as at 4 March 2014) save that, if the new authority were used in connection with a rights issue, it would be limited to up to 546,025,208 ordinary shares (representing approximately 66.6% of Pearson's issued share capital as at 4 March 2014).

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.

### Waiver of pre-emption rights (resolution 17)

A resolution will also be proposed 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 for a period ending at the close of the AGM in 2015.

Accordingly, resolution 17 proposes that authority is granted to the board to issue equity securities for cash consideration either (i) by way of a rights or other pre-emptive issue or (ii) by way of a non-pre-emptive issue, in the latter case limited to a total of 40,951,890 ordinary shares, representing approximately 5% of Pearson's issued ordinary share capital as at 4 March 2014. This resolution is conditional on resolution 16 being passed.

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 comply with the Pre-Emption Group's Statement of Principles in relation to the cumulative three year cap regarding non-pre-emptive issues for cash. The directors intend to seek the approval of shareholders to renew this authority annually.

### Authority to purchase own shares (resolution 18)

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. They will only consider exercising the authority when satisfied that it would be in the best interests of the company and its shareholders as a whole to do so, 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 2015, will be limited to the purchase of 81,903,781 ordinary shares, representing approximately 10% of Pearson's issued ordinary share capital as at 4 March 2014. 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 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. At the date this document was approved by the board, the directors had no intention to exercise this authority.

The company's issued share capital as at 4 March 2014 (the latest practicable date prior to the publication of this document) was 819,037,812 ordinary shares of 25p each. The total number of options to subscribe for ordinary shares which were outstanding as at 4 March 2014 was approximately 2.57 million, which represents approximately 0.31% of the issued share capital of the company at that date. If the maximum number of 81,903,781 shares were to be purchased by the company (under resolution 18), the adjusted issued share capital would be 737,134,031 and the options outstanding would represent approximately 0.35% of the adjusted issued share capital.

### Notice of Meetings (resolution 19)

Although our articles already grant the company the authority to call general meetings (other than annual general meetings) on 14 days' notice, under the Shareholder Rights Regulations this authority is required to be approved by shareholders annually, otherwise a minimum of 21 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 the circumstances, the directors consider this appropriate in relation to the business to be considered at the meeting.

### Extension of Worldwide Save for Shares Plan (resolution 20)

For many years, Pearson has been a market leader in encouraging share ownership by employees at all levels. Over the years, the company has received recognition from ifsProshare, the Global Equity Organisation and the Employee Share Ownership Centre.

Since 1982, Pearson has encouraged employees to become shareholders via savings-related share option

arrangements. This enables employees to purchase ordinary shares at a favourable price, using the proceeds of a savings account to which they make monthly contributions for a three or five-year period. These arrangements were originally introduced for UK employees, but have for many years been operated on a worldwide basis – Pearson's Worldwide Save for Shares Plan (the plan). The plan is operated in the UK as an HM Revenue & Customs approved savings-related share option plan (the UK plan). The UK plan was last renewed by shareholders in 2004 on terms which also authorised the directors to implement equivalent arrangements for employees based outside the UK. The plan now operates in over 80 countries worldwide.

The plan now requires renewal. As the underlying UK legislation has not changed materially, Pearson is proposing to extend the life of the existing UK plan by a further ten years, until the AGM in 2024. In addition, Pearson wishes to renew the directors' authority to continue to operate equivalent arrangements for non-UK employees. The company is taking this opportunity to increase the savings limit for the UK plan (which forms the basis of the plan in the rest of the world outside the US) from £250 to £500 per month.

The qualified US employee stock purchase plan continues to operate for Pearson's US employees. Resolution 20 on page 9 sets out the relevant resolution which shareholders will be invited to approve at the AGM.

### Annual General Meeting

The resolutions referred to in this letter are included in the notice of AGM set out on pages 8 to 9 of this document. The AGM is to be held at 8 Northumberland Avenue, London WC2N 5BY at 12 noon on Friday, 25 April 2014. 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](http://www.sharevote.co.uk) or, if you already have a portfolio registered with them, by logging onto [www.shareview.co.uk](http://www.shareview.co.uk). In order to register your vote online you will need to enter the Voting I.D., Task I.D. 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:

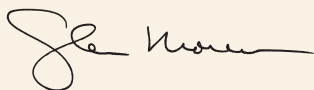
[glenmoreno-agm@pearson.com](mailto:glenmoreno-agm@pearson.com)

### Recommendation

---

In the opinion of the directors, the passing of resolutions 1 to 20 is in the best interests of the company and its shareholders as a whole. Your directors unanimously recommend that you vote in favour of resolutions 1 to 20 as they intend to do in respect of their own beneficial holdings.

Yours sincerely



**Glen Moreno** Chairman

### Directors

---

#### Chairman

G R Moreno

#### Executive directors

J J Fallon (chief executive)

R A D Freestone (chief financial officer)

#### Non-executive directors

T D G Arculus

V Cox

K J Hydon

S J Lewis

L K Lorimer

H Manwani

#### 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 8 Northumberland Avenue, London WC2N 5BY at 12 noon on Friday, 25 April 2014 to consider the following resolutions (of which 1-16 and 20 are ordinary resolutions and 17-19 are special resolutions):

### Ordinary business

1. To receive and consider the accounts of the company and reports of the directors of the company (directors) and the auditors of the company (auditors) for the year ended 31 December 2013;
2. To declare a final dividend on the ordinary shares, as recommended by the directors;
3. To re-elect David Arculus as a director;
4. To re-elect Vivienne Cox as a director;
5. To re-elect John Fallon as a director;
6. To re-elect Robin Freestone as a director;
7. To re-elect Ken Hydon as a director;
8. To re-elect Josh Lewis as a director;
9. To re-elect Glen Moreno as a director;
10. To reappoint Linda Lorimer as a director;
11. To reappoint Harish Manwani as a director;
12. To approve the directors' remuneration policy to take effect from 25 April 2014;
13. To approve the annual remuneration report for the year ended 31 December 2013;
14. To reappoint PricewaterhouseCoopers LLP as auditors for the ensuing year;
15. To authorise the directors to determine the remuneration of the auditors; and
16. 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 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 £68,253,151; and

(B) comprising equity securities, as defined in the Act, up to an aggregate nominal amount of £136,506,302 (including within such limit any shares or rights issued or granted under (A) above) in connection with an offer by way of a rights issue:

- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; 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;

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,

such authorities to expire (unless previously reviewed, varied or revoked by the company in general meeting) at the close of the AGM in 2015 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.

### Special business

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

THAT, subject to resolution 16 being passed, the board be given authority to allot equity securities for cash under the authority given by that resolution, 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 16(B), by way of a rights issue only):



(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; 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;

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 16(A), to the allotment (otherwise than under 17(A) above) of equity securities with an aggregate nominal value of up to £10,237,972.65,

such authority to expire (unless previously reviewed, varied or revoked by the company in general meeting) at the close of the AGM in 2015 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.

18. 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 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 81,903,781; (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 2015; 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.

19. 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 2015, to call general meetings (other than an annual general meeting) on not less than 14 clear days' notice.

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

THAT

(A) the Pearson plc UK Worldwide Save for Shares Plan in the form described in the circular to members of the company dated 24 March 2014, be and it is hereby renewed and extended until the AGM in 2024;

(B) the directors be and they are hereby empowered to continue to operate savings-related share plans in countries other than the UK on terms similar to and subject to the overall limits contained in the Pearson plc UK Worldwide Save for Shares Plan; and

(C) the directors of the company from time to time be and they are hereby authorised to be counted in the quorum at a meeting of the directors and to vote as directors on any matter connected with the Pearson plc UK Worldwide Save for Shares Plan or any plan established pursuant to (B) above, notwithstanding that they may be interested in the same.

By order of the board



**Philip Hoffman** Secretary  
24 March 2014

## 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. 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 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. Alternatively, you may register your vote online by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk) or, if you already have a portfolio registered with Equiniti, by logging onto [www.shareview.co.uk](http://www.shareview.co.uk). In order to register your vote online you will need to enter the Voting I.D., Task I.D. and Shareholder Reference Number which are given on the enclosed form of proxy.

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, 25 April 2014 and any adjournment(s) thereof, by using the procedures described in the CREST manual (available via [www.euroclear.com](http://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'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, 23 April 2014. 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 UK & Ireland Limited 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 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 representatives 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 4 March 2014 (being the latest practicable date prior to the publication of this notice) the company's issued share capital consisted of 819,037,812 ordinary shares, carrying one vote each. Therefore, the total number of voting rights in the company as at 4 March 2014 was 819,037,812. As at 4 March 2014, the company did not hold any shares in treasury.
7. 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, 23 April 2014 (the voting record date) 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 pm on Wednesday, 23 April 2014 shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting.
8. Under section 527 of the Act, shareholders meeting 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 circumstance connected with the auditors of the company ceasing to hold office since the previous meeting at which 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.

9. 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.
10. A copy of this notice and certain other information (as required by section 311A of the Act) can be found at [www.pearson.com/investors/shareholder-information](http://www.pearson.com/investors/shareholder-information)

The following documents are available for inspection during normal business hours on any business day at the company's registered office and will also be available during the AGM and for 15 minutes beforehand:

- › copies of the directors' service contracts with, or letters of appointment by, the company;
- › the company's articles; and
- › the Worldwide Save for Shares Plan rules

The register of directors' interests will also be available for inspection during the AGM.

11. 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.
12. 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 [www.pearson.com/investors](http://www.pearson.com/investors) as soon as possible following the AGM.

## APPENDIX

### The Pearson plc Worldwide Save for Shares Plan

Pearson plc (the company) wishes to obtain approval for the renewal of the Worldwide Save for Shares Plan (the plan). The plan was first approved by shareholders in 1982 and was last renewed in 2004. It is proposed to extend the life of the plan until the AGM in 2024.

The following paragraphs summarise the main features of the plan in the form in which it will be renewed.

The plan is operated in the UK as an HM Revenue & Customs (HMRC) approved savings-related share option scheme (the UK plan). The UK plan provides for eligible employees of companies in the Pearson group who enter into a save-as-you-earn contract (a savings contract) to be granted an option to acquire ordinary shares in the company. The price, which will be determined by the directors of the company (directors), may not be less than the higher of (i) 80 per cent of the middle-market quotation for such shares as derived from the London Stock Exchange Daily Official List for the last but one dealing day preceding the date invitations to apply for options are issued to employees; and (ii) if the shares are to be subscribed on exercise, their nominal value. The number of shares over which an option may be granted is limited to that number of shares which may be acquired at the exercise price out of the repayment proceeds of the relevant savings contract (including any bonus thereon).

A savings contract must be taken out with an appropriate savings body approved by the company for the purposes of the Income Tax (Employment and Pensions) Act 2003 providing for contributions to be made of between £5 and £500 (or such amount as is permitted by legislation from time to time) a month for a period of three or five years. The amount of the monthly contributions may be scaled down by the directors if applications exceed the number of shares available for the grant of options. A bonus may be payable under the savings contract after the three or five year period.

All UK resident employees of companies in the Pearson group are entitled to participate in the UK plan.

Invitations to apply for options may only be issued within six weeks after the announcement of the company's results for any period. No options may be granted after the AGM in 2024.

Options will normally only be exercisable for a period of six months commencing on the date the bonus is payable and if not exercised by the end of that period will lapse. Options may, however, be exercised earlier than this in certain specified circumstances, including death, or on ceasing employment due to injury, disability, redundancy, or retirement or on the sale of the business or subsidiary for which the employee works; or provided the option has been

held for at least three years on ceasing employment following maternity leave. If an employee leaves the Pearson group in other circumstances, their options will lapse. Exercise is allowed in the event of a reconstruction or takeover of the company; alternatively, options may, with the agreement of an acquiring company, be exchanged for options over shares in the acquiring company or a company associated with the acquiring company. Options may also be exercised in the event of the voluntary winding-up of the company. Where options are exercised before the bonus date, the employee may only acquire the number of shares that can be purchased with the accumulated savings up to the date of exercise plus interest (if any).

Options are not transferable and may only be exercised by the persons to whom they are granted or their personal representatives. Benefits under the plan are not pensionable.

No more than an aggregate maximum of 10 per cent of the company's issued ordinary share capital will be made available for issue under the plan and all other company share plans in any ten year period. This percentage limit does not apply where options are satisfied by a transfer of existing shares.

In the event of any capitalisation or rights issue by the company, or of any consolidation, sub-division, or reorganisation of its share capital, the number of shares subject to an option and the exercise price may be adjusted by its directors with the approval of HMRC, subject to the company's auditors confirming that such adjustment is, in their opinion, fair and reasonable.

The directors may amend the plan. However, the provisions governing eligibility requirements, equity dilution, individual participation limits and the adjustments that may be made following a rights issue or any other variation of capital cannot be altered to the advantage of eligible employees or participants without the prior approval of shareholders in 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). In addition, no alteration may be made that would materially affect any subsisting rights of any participants without their prior consent.

Similar arrangements are made available for non-UK employees. Separate plans (involving the grant of conventional share options or stock appreciation rights) are necessary to satisfy local requirements in overseas countries, and because such plans are not subject to various statutory requirements imposed under UK tax legislation. Resolution 20 will also renew the directors' authority to continue to operate these arrangements for non-UK employees.