



News Release

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Issued on behalf of Reed Elsevier PLC and Reed Elsevier NV

7.00am (BST) 30 July 2009

PLACING OF NEW ORDINARY SHARES

Reed Elsevier PLC and Reed Elsevier NV (the “**Companies**” or “**Reed Elsevier**”) today announce that they intend to place (the “**Placings**”) up to 109,198,190 new ordinary shares in Reed Elsevier PLC representing approximately 9.9% of its share capital and up to 63,030,989 new ordinary shares in Reed Elsevier NV, representing approximately 9.9% of its share capital (collectively, the “**Placing Shares**”).

The Placings are being conducted through accelerated bookbuild processes which will be launched immediately following this announcement. J.P. Morgan Cazenove Limited (“**JPMC**”) and UBS Limited (“**UBS**” or “**UBS Investment Bank**”) have been appointed as joint bookrunners (the “**Joint Bookrunners**”) in respect of the Placings. RBS Hoare Govett Limited (“**RBS Hoare Govett**”) is acting as Joint Lead Manager to the Placings and ABN AMRO Bank N.V. as listing agent in the Netherlands.

The net proceeds of the proposed Placings will be used to reduce Reed Elsevier’s net debt, including paying down the remaining debt facility arising from the acquisition of ChoicePoint, which completed in September 2008, to ensure that Reed Elsevier maintains solid investment grade credit metrics in the current economic environment. The Placings will also leave Reed Elsevier appropriately resourced to support its market and product strategies.

The Companies will make a further announcement once the number of Placing Shares, if any, and the prices at which the Placing Shares are to be placed (the “**Placing Prices**”) have been determined.

Background to and reasons for the Placings

Reed Elsevier believes that its current level of debt is too high, and the resulting credit metrics are too stretched. In the continuing tough economic environment, these credit metrics will not come back into the range required for a solid investment grade credit rating in the near future. This is notwithstanding the fact that Reed Elsevier is in a strong financial position from a liquidity perspective, being highly cash generative and with well-spaced debt maturities and revolving credit facilities in place.

During 2008 Reed Elsevier went through a significant strategic transformation with, firstly, the completion of the sale of its Education businesses and the return of all of the net proceeds of \$4.0 billion (£2.0 billion/€2.7 billion (at then-prevailing exchange rates)) to shareholders. This was then followed by the acquisition of ChoicePoint for \$4.1 billion (£2.1 billion/€2.7 billion (at then-prevailing exchange rates)). It had been intended to fund this acquisition partly through the disposal of Reed Business Information but, as previously announced in December 2008, this process was terminated due to poor credit market conditions and the deterioration in the economic outlook.

The ChoicePoint acquisition was funded through a \$4.2 billion acquisition debt facility, of which \$3.2 billion has been repaid through the issuance of \$2.8 billion of term debt in early 2009, with maturities ranging from 4 to 10 years, as well as with cash generated from operations. However, total net debt at the end of June 2009 amounted to \$8.4 billion and the combined net debt to EBITDA ratio is currently approximately 3.6 times (based on EBITDA before restructuring costs over the last 12 months pro forma for ChoicePoint, pensions and lease adjusted), significantly higher than Reed Elsevier's target range of 2-3 times.

Ian Smith, Chief Executive Officer of Reed Elsevier, said:

“Last year’s acquisition of ChoicePoint and the terminated sale of RBI have given us more debt than is prudent in current economic conditions. The equity raising will address our stretched credit metrics and ensure that we are appropriately resourced to invest in the business, capture market opportunities and increase competitive differentiation.”

Details of the Placings

The Placings are being conducted through accelerated bookbuilds which will be launched immediately following this announcement.

If the Placings proceed, the exact number of Placing Shares and the Placing Prices will be determined at the close of the bookbuild processes and announced as soon as practicable thereafter. The bookbuilds will open with immediate effect and are expected to close no later than 4.30pm (London time) today but may be closed earlier or later at the discretion of the Joint Bookrunners.

The Appendix to this announcement (which forms part of the announcement) sets out the terms and conditions of the Placing.

The Placing Shares to be issued by Reed Elsevier PLC will, when issued and fully paid, rank *pari passu* in all respects with the existing ordinary shares of 14 $\frac{51}{116}$ pence in the capital of Reed Elsevier PLC, including the right to receive the interim dividend declared today and all dividends and other distributions declared after the date of the issue. The Placing Shares to be

issued by Reed Elsevier NV will, when issued and fully paid, rank *pari passu* in all respects with the existing ordinary shares of €0.07 in the capital of Reed Elsevier NV, including the right to receive the interim dividend declared today and all dividends and other distributions declared after the date of the issue.

Applications will be made for the Placing Shares to be issued by Reed Elsevier PLC to be admitted to the Official List of the Financial Services Authority, and to be admitted to trading by the London Stock Exchange plc on its main market for listed securities. Applications will be made for the Placing Shares to be issued by Reed Elsevier NV to be admitted to listing and trading on Euronext Amsterdam by NYSE Euronext (collectively, with the admissions referred to above, "**Admission**"). Settlement of payment for the Placing Shares issued pursuant to the Placings, as well as Admission, is expected to take place on 4 August 2009. The Placings are conditional on Admission becoming effective.

The Placing Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or under the laws of any state or other jurisdiction of the United States and may not be offered, sold or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Subject to certain exceptions, this Announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire shares in the capital of either of the Companies in the United States, Australia, Canada, Japan, South Africa or any jurisdiction in which such an offer or solicitation is unlawful. No money, securities or other consideration is being solicited and, if sent in response to the information herein, will not be accepted. There will be no public offer of the Placing Shares in the United States, the United Kingdom, The Netherlands or elsewhere.

Your attention is drawn to the detailed terms and conditions of the Placing described below.

- Ends -

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Notes to Editors

About Reed Elsevier Group plc

Reed Elsevier is a world leading publisher and information provider targeting the science and medical, legal and risk management, and business to business sectors. We provide high value and flexible information solutions to professional users, with increasing emphasis on internet delivery. The group employs more than 34,000 people, including approximately 18,000 in North America. In February 2009, Reed Elsevier reported revenues for 2008 of £5,334/€6,721m. Reed Elsevier Group plc is owned equally by two parent companies, Reed Elsevier PLC and Reed Elsevier NV. Their shares are traded on the London, Amsterdam and New York Stock Exchanges using the following ticker symbols: London: REL; Amsterdam: REN; New York: RUK and ENL.

Disclaimer

This Announcement is for information only and, save as expressly set out herein, does not constitute an offer or invitation to underwrite, subscribe for or otherwise acquire or dispose of any securities or investment advice in any jurisdiction, including without limitation, the United Kingdom, the United States, Australia, Canada, Japan or South Africa. Persons needing advice should consult an independent financial adviser.

This Announcement has been issued by and is the sole responsibility of the Companies on a joint and several basis. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Joint Bookrunners, RBS Hoare Govett (together with the Joint Bookrunners, the “**Managers**”), J.P. Morgan Securities Limited (“**JPM&L**” and together with the Managers, the “**Banks**”) or by any of their respective affiliates or agents as to or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefor is expressly disclaimed.

Each Bank is acting for the Companies in connection with the Placings and no-one else and will not be responsible to anyone other than the Companies for providing the protections afforded to its clients nor for providing advice in relation to the Placings.

The distribution of this Announcement and the placing of the Placing Shares as set out in this Announcement in certain jurisdictions may be restricted by law. No action has been taken by any of the Companies or the Managers that would permit an offering of such shares or possession or distribution of this Announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Companies and the Managers to inform themselves about, and to observe, such restrictions.

This announcement contains forward-looking statements within the meaning of Section 27A of the US Securities Act 1933, as amended, and Section 21E of the US Securities Exchange Act 1934, as amended. These statements are subject to a number of risks and uncertainties and actual results, and events could differ materially from those currently being anticipated as reflected in such forward-looking statements. The terms “expect”, “should be”, “will be” and similar expressions identify forward-looking statements. Factors which may cause future

outcomes to differ from those foreseen in forward-looking statements include, but are not limited to: general economic and business conditions; demand for Reed Elsevier's products and services; competitive factors in the industries in which Reed Elsevier operates; exchange rate fluctuations; legislative, fiscal and regulatory developments; political risks; terrorism, acts of war and pandemics; changes in law and legal interpretations affecting Reed Elsevier's intellectual property rights and internet communications; the impact of technological change; and other risks referenced from time to time in the filings of Reed Elsevier PLC and Reed Elsevier NV with the US Securities and Exchange Commission. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, the Companies undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. The information contained in this Announcement is subject to change without notice and neither the Companies nor the Banks assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained herein.

Any indication in this Announcement of the price at which ordinary shares have been bought or sold in the past cannot be relied upon as a guide to future performance. No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of either of the Companies for the current or future financial years would necessarily match or exceed the historical published earnings per share of such Company.

APPENDIX: TERMS AND CONDITIONS OF THE PLACINGS

THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN ARE RESTRICTED AND ARE NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, SOUTH AFRICA OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL.

IMPORTANT INFORMATION ON THE PLACINGS FOR INVITED PLACEES ONLY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACINGS. THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT IN THIS APPENDIX ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE “**PROSPECTUS DIRECTIVE**”) (“**QUALIFIED INVESTORS**”); AND (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “**ORDER**”); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC”) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS APPENDIX DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN ANY OF THE COMPANIES.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN ACQUISITION OF PLACING SHARES.

Persons who are invited to and who choose to participate in the Placings, by making an oral or written offer to acquire Placing Shares, including any individuals, funds or others on whose behalf a commitment to acquire Placing Shares is given (the “**Placees**”), will be deemed to have read and understood this Announcement in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements and undertakings, contained in this Appendix. In particular each such Placee represents, warrants and acknowledges that:

- (a) it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- (b) it is acquiring the Placing Shares for its own account or for an account with respect to which it exercises sole investment discretion, and that it (and any such account) is outside the United States and is acquiring the Placing Shares in an “offshore transaction” in accordance with Regulation S under the Securities Act; and
- (c) if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, that any Placing Shares acquired by it in the Placings will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale in a member state of the EEA which has implemented the Prospectus Directive to Qualified Investors, or in circumstances in which the prior consent of the Joint Bookrunners has been given to each such proposed offer or resale.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placings or the accuracy or adequacy of this Announcement. Any representation to the contrary is unlawful.

The Placing Shares are being offered and sold outside the United States in accordance with Regulation S under the Securities Act. Any offering to be made in the United States will be made to a limited number of qualified institutional buyers (as defined in Rule 144A under the Securities Act) pursuant to an exemption from registration under the Securities Act in a transaction not involving any public offering.

The relevant clearances have not been, and nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; and the Placing Shares have not been, nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan or South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Australia, Canada, Japan, South Africa or any other jurisdiction outside the United Kingdom.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the Announcement of which it forms part should seek appropriate advice before taking any action.

Details of the Placing Agreement and the Placing Shares

The Banks have entered into a placing agreement (the “**Placing Agreement**”) with the Companies under which the Joint Bookrunners have severally (and not jointly or jointly and severally) agreed as agents for the Companies to use reasonable endeavours to procure Placees to take up the Placing Shares, on the terms and subject to the conditions set out therein. Subject to the execution of a supplemental agreement setting out the final number of Placing Shares and the final Placing Prices (as defined below) following completion of the

Bookbuild (as defined below) (the “**Supplemental Agreement**”), if such Placees fail to take up their allocation of the Placing Shares at the applicable Placing Prices, JPMSL, UBS and RBS Hoare Govett have severally (and not jointly or jointly and severally) agreed to acquire such shares, and the Companies have agreed to allot or issue, as applicable, such shares to JPMSL, UBS and RBS Hoare Govett, at the applicable Placing Prices and on the terms set out in the Placing Agreement.

The new ordinary shares in Reed Elsevier PLC (“**PLC**”) to be issued in the Placings (“**PLC Placing Shares**”) will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing ordinary shares of 14 $\frac{51}{116}$ pence per share in the capital of PLC (“**PLC Shares**”), including the right to receive all dividends and other distributions declared, made or paid on or in respect of PLC Shares after the date of issue of the PLC Placing Shares, and will on issue be free of all claims, liens, charges, encumbrances and equities. The new ordinary shares in Reed Elsevier NV (“**NV**”) to be issued in the Placings (“**NV Placing Shares**”) will, when issued and fully paid, rank *pari passu* in all respects with the existing issued ordinary shares with nominal value of €0.07 per share in the capital of NV (“**NV Shares**”), including the right to receive all dividends and other distributions declared, made or paid on or in respect of NV Shares after the date of issue of the NV Placing Shares, and will on issue be free of all claims, liens, charges, encumbrances and equities.

Application for listing and admission to trading

Application will be made (i) to the Financial Services Authority (the “**FSA**”) for admission of the PLC Placing Shares to the Official List of the UK Listing Authority and to London Stock Exchange plc for admission to trading of the PLC Placing Shares on its main market for listed securities; and (ii) to Euronext Amsterdam N.V. for the admission to listing and trading of the NV Placing Shares on Euronext Amsterdam by NYSE Euronext (together, “**Admission**”).

It is expected that Admission of the Placing Shares will become effective on or around 4 August 2009 and that dealings in the Placing Shares will commence at that time.

Bookbuild

The Joint Bookrunners will today commence the bookbuilding process in respect of the Placings (the “**Bookbuild**”) to determine demand for participation in the Placings by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placings. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The Joint Bookrunners and the Companies shall be entitled to effect the Placings by such alternative method to the Bookbuild as they may, in their sole discretion, determine.

Participation in, and principal terms of, the Placings

1. The Joint Bookrunners are arranging the Placings severally and not jointly as joint bookrunners and agents of the Companies. Participation will only be available to persons who may lawfully be, and are, invited to participate by either of the Joint Bookrunners. Each of the Managers and their respective affiliates are entitled to enter bids as principal in the Bookbuild.

2. The allotment and issue of the PLC Placing Shares to Placees by PLC will be in consideration of the transfer to PLC by JPMC of shares in a Jersey incorporated company, pursuant to a subscription and transfer agreement entered into between JPMC, PLC and the Jersey company (the “**Transfer Agreement**”). The consideration from PLC for the transfer of the shares in the Jersey incorporated company will be a price equal to the product of PLC Placing Price (as defined below) and the number of PLC Placing Shares, which price will be satisfied by the issue of the PLC Placing Shares by PLC. The issue of NV Placing Shares to Placees by NV will be in consideration for an amount equal to the NV Placing Price (as defined below) per NV Placing Share. The relevant Manager will procure the allotment by the Companies of such Placing Shares to Placees by paying such proceeds or, in the case of the PLC Shares, effecting the necessary transfer from JPMC to PLC of shares in the Jersey company (as applicable).
3. The Bookbuild will establish (i) a single price payable in respect of the PLC Placing Shares (the “**PLC Placing Price**”) and (ii) a single price payable in respect of the NV Placing Shares (the “**NV Placing Price**” and, together with the PLC Placing Price, the “**Placing Prices**”), in each case, to the Joint Bookrunners by all Placees whose bids are successful. The Placing Prices and the aggregate proceeds to be raised through the Placings will be agreed between the Joint Bookrunners and the Companies following completion of the Bookbuild and any discount to the market price of the PLC Shares and/or NV Shares will be determined in accordance with the listing rules of the UK Listing Authority and any applicable provisions of Dutch law. The Placing Prices and the number of PLC Placing Shares and NV Placing Shares to be issued will be announced on a Regulatory Information Service and in accordance with the publication requirements of article 5:25m of the Financial Markets Supervision Act (*Wet op het financieel toezicht*) (“**FMSA**”) following the completion of the Bookbuild.
4. To bid in the Bookbuild, Placees should communicate their bid by telephone to their usual sales contact at one of the Joint Bookrunners. Each bid should state the number of PLC Placing Shares and/or NV Placing Shares which the prospective Placee wishes to acquire at either the relevant Placing Price(s) ultimately established by the Companies and the Joint Bookrunners or at prices up to a price limit specified in its bid. Bids may be scaled down by the Joint Bookrunners on the basis referred to in paragraph 8 below.
5. The Bookbuild is expected to close no later than 4.30 p.m. (London time) on 30 July 2009 but may be closed earlier or later at the discretion of the Joint Bookrunners. The Joint Bookrunners may, in agreement with the Companies, accept bids that are received after the Bookbuild has closed.
6. Each Placee’s allocation will be confirmed to Placees orally by the relevant Manager following the close of the Bookbuild, and a trade confirmation will be dispatched as soon as possible thereafter. The relevant Manager’s oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person (who will at that point become a Placee) in favour of such Manager and the Companies, under which such Placee agrees to acquire the number of PLC Placing Shares and/or NV Placing Shares allocated to it at the relevant Placing Prices on the terms and conditions set out in this Appendix and in accordance with the Companies’ corporate documents.

7. The Companies will make a further announcement following the close of the Bookbuild detailing the number of PLC Placing Shares and NV Placing Shares to be issued and the prices at which those Placing Shares have been placed.
8. Subject to paragraphs 4 and 5 above, the Joint Bookrunners may choose to accept bids, either in whole or in part, on the basis of allocations determined at their discretion and may scale down any bids for this purpose on such basis as they may determine. The Joint Bookrunners may also, notwithstanding paragraphs 4 and 5 above, subject to the prior consent of the Companies (i) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time and (ii) allocate Placing Shares after the Bookbuild has closed to any person submitting a bid after that time.
9. A bid in the Bookbuild will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and except with the relevant Joint Bookrunner's consent will not be capable of variation or revocation after the time at which it is submitted. Each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to the relevant Joint Bookrunner, to pay it (or as it may direct) in cleared funds an amount equal to the product of (i) the PLC Placing Price and the number of PLC Placing Shares and/or (ii) the NV Placing Price and the number of NV Placing Shares, in each case, that such Placee has agreed to acquire. Each Placee's obligations will be owed to the relevant Joint Bookrunner, and, in the case of (ii), Reed Elsevier NV.
10. Except as required by law or regulation, no press release or other announcement will be made by the Joint Bookrunners or the Companies using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
11. Irrespective of the time at which a Placee's allocation pursuant to the Placings is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placings will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
12. All obligations under the Bookbuild and Placings will be subject to fulfilment or (where applicable) waiver of the conditions referred to below under "Conditions of the Placings" and to the Placings not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".
13. By participating in the Bookbuild, each Placee agrees that its rights and obligations in respect of the Placings will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
14. To the fullest extent permissible by law, neither the Banks, the Companies nor any of their respective affiliates shall have any responsibility or liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither the Banks, the Companies nor any of their respective affiliates shall have any responsibility or liability (including to the extent permissible by law, any fiduciary duties) in respect of the Joint Bookrunners' conduct of the Bookbuild or of such

alternative method of effecting the Placings as the Joint Bookrunners, their respective affiliates and the Companies may agree.

Conditions of the Placings

The Placings are conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. The Banks' obligations under the Placing Agreement are conditional on, *inter alia*:

- (a) Admission of the NV Placing Shares occurring not later than 8.00 a.m. London time (being 9.00 a.m. Amsterdam time) on 4 August 2009 (or such other time and/or date as may be agreed between the Companies and the Joint Bookrunners, not being later than close of business on 18 August 2009);
- (b) Admission of the PLC Placing Shares occurring not later than 8.00 a.m. London time (being 9.00 a.m. Amsterdam time) on 4 August 2009 (or such other time and/or date as may be agreed between the Companies and the Joint Bookrunners, not being later than close of business on 18 August 2009);
- (c) the warranties contained in the Placing Agreement being true and accurate and not misleading on and as of the date of the Placing Agreement and at all times before Admission by reference to the facts and the circumstances then subsisting;
- (d) the Companies not being in breach of their obligations under the Placing Agreement in a respect which is material in the context of the Placings or Admission to the extent that the same fall to be performed prior to Admission;
- (e) the execution of the Supplemental Agreement prior to 7.00 p.m. London time (being 8.00 p.m. Amsterdam time) on 30 July 2009 (or such other time and/or date as may be agreed between the Companies and the Joint Bookrunners);
- (f) the publication of the results of the Placings on a Regulatory Information Service and in accordance with the publication requirements of article 5:25m of the FMSA by no later than 8.00 a.m. on 31 July 2009 (or such later time and/or date as may be agreed between the Companies and the Joint Bookrunners); and
- (g) the Companies allotting and/or issuing, as applicable, subject only to Admission, the relevant Placing Shares in accordance with the Placing Agreement.

If (i) any of the conditions contained in the Placing Agreement, including those described above, are not fulfilled or (where applicable) waived by the Joint Bookrunners and JPMSL by the respective time or date where specified (or such later time or date as the Companies and the Joint Bookrunners and JPMSL may agree) or (ii) the Placing Agreement is terminated in the circumstances specified below, the Placings will lapse and the Placees' rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by it in respect thereof.

The Joint Bookrunners and JPMSL may, at their discretion and upon such terms as they think fit, waive compliance by the Companies with the whole or any part of any of the Companies'

obligations in relation to the conditions in the Placing Agreement save that the above conditions relating, *inter alia*, to Admission taking place and the Companies' allotting and/or issuing, as applicable, the relevant Placing Shares may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

None of the Banks shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision it may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placings nor for any decision they may make as to the satisfaction of any condition or in respect of the Placings generally and by participating in the Placings each Placee agrees that any such decision is within the absolute discretion of the Banks.

Right to terminate under the Placing Agreement

Either of the Joint Bookrunners or JPMSL is entitled, at any time before Admission, to terminate the Placing Agreement in accordance with the terms of the Placing Agreement in certain circumstances, including: any of the warranties given to the Banks in the Placing Agreement being untrue or inaccurate or having become misleading if they were repeated at any time before Admission in respect of a matter which, in the opinion of the relevant Joint Bookrunner or JPMSL, is material in the context of the Placings; either of the Companies has failed, in any respect which is material in the opinion of the relevant Joint Bookrunner or JPMSL, to comply with any of its obligations under the Placing Agreement; any material adverse change, or any development involving a prospective material adverse change, in or affecting the Combined Business (as defined below) taken as a whole; or the occurrence of a force majeure event as specified in the Placing Agreement which in the opinion of the relevant Joint Bookrunner or JPMSL, would be likely to prejudice the success of the Placings.

In this Announcement, "**Combined Business**" means each of PLC, NV, Reed Elsevier Group plc, Elsevier Reed Finance B.V. and their respective subsidiary undertakings, associates and joint ventures including, where the context requires, any one or more of such companies.

By participating in the Placings, Placees agree that the exercise by any Joint Bookrunner or JPMSL of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of such Joint Bookrunner or JPMSL and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise.

Lock-up

The Companies have undertaken to the Joint Bookrunners and JPMSL that, between the date of the Placing Agreement and the date which is 120 days later, they will not (a) offer, pledge, sell, contract to sell, grant any option, right, warrant or contract to purchase, purchase any option or contract to sell, lend or otherwise transfer or dispose of, directly or indirectly, any NV Shares, PLC Shares or other shares in the capital of either of the Companies or any securities convertible into or exchangeable for NV Shares, PLC Shares or other shares in the capital of either of the Companies or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of NV Shares, PLC Shares or other shares in the capital of either of the Companies, whether any such transaction described in (a) or (b) above is to be settled by delivery of NV Shares, PLC Shares or other shares in the capital of either of the Companies or such other securities, in cash or otherwise **provided that** the foregoing shall not prevent or restrict the grant of

options, or the allotment and issue of shares pursuant to options, under any existing employee share schemes of the Companies or any issuance of R Shares by NV to Reed Holding B.V. in accordance with the Placing Agreement.

No Prospectus

No offering document or prospectus has been or will be submitted to be approved by the FSA or the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) in relation to the Placings.

Placees' commitments will be made solely on the basis of the information contained in this Announcement. Each Placee, by accepting a participation in the Placings, agrees that the content of this Announcement is exclusively the responsibility of the Companies and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Companies or the Banks or any other person and none of the Banks or the Companies nor any other person will be liable for any Placee's decision to participate in the Placings based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Companies in accepting a participation in the Placings. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and Settlement

Settlement of transactions in the PLC Placing Shares (ISIN: GB00B2B0DG97) following Admission will take place within the CREST system. Subject to certain exceptions, the Joint Bookrunners and PLC reserve the right to require settlement for and delivery of the PLC Placing Shares to Placees by such other means that they deem necessary if delivery or settlement is not practicable within the CREST system within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Settlement of transactions in the NV Placing Shares (ISIN: NL0006144495) following Admission will take place within the *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("Euroclear Nederland") system. Subject to certain exceptions, the Joint Bookrunners and NV reserve the right to require settlement for and delivery of the NV Placing Shares to Placees by such other means that they deem necessary if delivery or settlement is not practicable within the Euroclear Nederland system within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Each Placee allocated Placing Shares in the Placings will be sent a trade confirmation in accordance with the standing arrangements in place with the relevant Joint Bookrunner stating the number of PLC Placing Shares and/or NV Placing Shares allocated to it at the relevant Placing Price(s), the aggregate amount owed by such Placee to the Joint Bookrunner and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions (in respect of the PLC Placing Shares) and/or the standing Euroclear Nederland or certificated settlement instructions (in respect of the NV Placing Shares) that it has in place with the relevant Joint Bookrunner.

It is expected that settlement will be on 4 August 2009 in accordance with the instructions set out in the trade confirmation.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by the Joint Bookrunners.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Joint Bookrunners may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Joint Bookrunners' account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) or other similar taxes imposed in any jurisdiction which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax.

Representations, Warranties and Further Terms

By participating in the Placings each Placee (and any person acting on such Placee's behalf):

- 1 represents and warrants that it has read this Announcement, including the Appendix, in its entirety;
- 2 acknowledges that no offering document or prospectus has been prepared in connection with the placing of the Placing Shares and represents and warrants that it has not received a prospectus or other offering document in connection therewith;
- 3 acknowledges that none of the Banks, the Companies, any of their respective affiliates or any person acting on behalf of any of them has provided, nor will provide it, with any material regarding the Placing Shares or the Companies other than this Announcement; nor has it requested any of the Banks, the Companies, any of their affiliates or any person acting on behalf of any of them to provide it with any such information;
- 4 acknowledges that the content of this Announcement is exclusively the responsibility of the Companies and that none of the Banks, their respective affiliates or any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously published by or on behalf of either of the Companies and will not be liable for any Placee's decision to participate in the Placings based on any information, representation or statement contained in this Announcement or otherwise. Each Placee

further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire Placing Shares is contained in this Announcement and any information previously published by either of the Companies by notification to a Regulatory Information Service or in accordance with the publication requirements of article 5:25m of the FMSA, as applicable, such information being all that such Placee deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by any of the Banks or the Companies and none of the Banks or the Companies will be liable for any Placee's decision to accept an invitation to participate in the Placings based on any other information, representation, warranty or statement, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person. Each Placee further acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Companies and the Combined Business in deciding to participate in the Placings;

- 5 acknowledges that none of the Banks, their respective affiliates or any person acting on behalf of any of them has or shall have any liability for any publicly available or filed information or any information, representation, warranty or statement relating to the Companies or the Combined Business contained therein or otherwise, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
- 6 represents and warrants that it is not, and at the time the Placing Shares are acquired will not be, a resident of the United States, Australia, Canada, Japan or South Africa, and each of it and the beneficial owner of the Placing Shares is not a resident of Australia, Canada, Japan or South Africa, and, at the time the Placing Shares are acquired, will be, acquiring the Placing Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Placing Shares, will not look to the Banks for all or part of any such loss it may suffer, is able to bear the economic risk of an investment in the Placing Shares, is able to sustain a complete loss of an investment in the Placing Shares and has no need for liquidity with respect to its investment in the Placing Shares;
- 7 acknowledges that the Placing Shares have not been and will not be registered nor will a prospectus be cleared in respect of any of the Placing Shares under the securities laws or legislation of the United States, Australia, Canada, Japan or South Africa and, subject to certain exceptions, may not be offered, sold, or delivered or transferred, directly or indirectly, within those jurisdictions;
- 8 unless otherwise specifically agreed with the Joint Bookrunners, represents and warrants that it is, or at the time the Placing Shares are acquired that it will be, the beneficial owner of such Placing Shares, or that the beneficial owner of such Placing Shares is not a resident of Australia, Canada, Japan or South Africa;
- 9 represents and warrants that the issue to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depositary receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue

depositary receipts or to issue or transfer Placing Shares into a clearance service;

- 10 represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2003, the Money Laundering Regulations 2007 and the Prevention of Money-Laundering and Terrorist Financing Act (*Wet ter voorkoming van witwassen en de financiering van terrorisme*) (the “**Regulations**”) and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
- 11 if a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, represents and warrants that the Placing Shares purchased by it in the Placings will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a Member State of the European Economic Area which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale;
- 12 represents and warrants that it has not offered or sold and, prior to the expiry of a period of six months from Admission, will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the Financial Services and Markets Act 2000 (“**FSMA**”);
- 13 represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive;
- 14 represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
- 15 represents and warrants that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
- 16 represents and warrants that it and any person acting on its behalf is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation in the Placings and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) and will honour such obligations;

- 17 undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Appendix on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other acquirers or sold as the Joint Bookrunners may in their sole discretion determine and without liability to such Placee, who will remain liable for any amount by which the net proceeds of such sale falls short of the product of the relevant Placing Price and the number of Placing Shares allocated to it and may be required to bear any stamp duty stamp, duty reserve tax or other similar taxes (together with any interest or penalties due pursuant to the terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's Placing Shares on its behalf;
- 18 acknowledges that none of the Banks, nor any of their respective affiliates, nor any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placings and that participation in the Placings is on the basis that it is not and will not be a client of any Bank and that the Banks have no duties or responsibilities to it for providing the protections afforded to their respective clients or customers or for providing advice in relation to the Placings nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of their respective rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 19 undertakes that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. None of the Banks or the Companies will be responsible for any liability to stamp duty or stamp duty reserve tax or other similar taxes resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placings and it agrees to indemnify the Companies and the Banks on an after-tax basis in respect of the same on the basis that (a) if PLC Placing Shares have been acquired for, the PLC Placing Shares will be allotted to the CREST stock account of JPMC who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions and/or (b) if NV Placing Shares have been subscribed for, the NV Placing Shares will be allotted to the Euroclear Nederland stock account of JPMC who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
- 20 acknowledges that any agreements entered into by it pursuant to these terms and conditions, and all non-contractual or other obligations arising out of or in connection with them, shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract (including any dispute regarding the existence, validity or termination of such contract or relating to any non contractual or other obligation arising out of or in connection with such contract), except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by either of the Companies or Bank in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;

- 21 agrees that the Companies, the Banks and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Banks on their own behalf and on behalf of the Companies and are irrevocable;
- 22 agrees to indemnify on an after tax basis and hold the Companies, the Banks and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placings;
- 23 represents and warrants that it has neither received nor relied on any confidential price sensitive information concerning the Companies in accepting this invitation to participate in the Placings; and
- 24 if it is a pension fund or investment company, its purchase of Placing Shares is in full compliance with applicable laws and regulations.

The agreement to settle a Placee's acquisition of Placing Shares (and/or the acquisition by a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to an acquisition by it and/or such person direct from the relevant Company for the Placing Shares in question. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to issue or transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax or other similar taxes may be payable, for which none of the Companies nor the Banks will be responsible and the Placees shall indemnify the Companies and the Banks on an after-tax basis for any stamp duty or stamp duty reserve tax paid by them in respect of an acquisition by a Placee. If this is the case, each Placee should seek its own advice and notify the Joint Bookrunners accordingly.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK or The Netherlands by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares.

Each Placee, and any person acting on behalf of the Placee, acknowledges that the Banks do not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that any Bank or any of its affiliates may, at its absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with a Manager, any money held in an account with such Manager on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FSA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from such Manager's money in accordance with the client

money rules and will be used by such Manager in the course of its own business and the Placee will rank only as a general creditor of such Manager.

All times and dates in this Announcement may be subject to amendment. The Joint Bookrunners shall notify the Placees and any person acting on behalf of the Placees of any changes.