



## **REED ELSEVIER (INVESTMENTS) plc**

*(incorporated with limited liability in England and Wales with registration number 05810043)*

### **£300,000,000 7.00 per cent Guaranteed Notes due 2017 unconditionally and irrevocably guaranteed jointly and severally by**

## **REED ELSEVIER PLC**

*(incorporated with limited liability in England and Wales with registration number 00077536)*

**and**

## **REED ELSEVIER N.V.**

*(incorporated with limited liability in The Netherlands, Amsterdam Chamber of Commerce number 33155037)*

### **Issue price: 98.755 per cent**

The £300,000,000 7.00 per cent Guaranteed Notes due 2017 (the **Notes**) are issued by Reed Elsevier (Investments) plc (the **Issuer**). The payment of all amounts payable by the Issuer in respect of the Notes will be unconditionally and irrevocably guaranteed jointly and severally by Reed Elsevier PLC (**REPLC**) and Reed Elsevier N.V. (**RENV** and, together with REPLC, the **Guarantors** and each a **Guarantor**).

The Notes mature on 11 December 2017. The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes as described under “*Terms and Conditions of the Notes – Redemption and Purchase*”. In addition, upon the occurrence of certain events as described under “*Terms and Conditions of the Notes – Redemption and Purchase*”, the holder of each Note will have the right to require the Issuer to redeem or purchase (or procure the purchase) of such Note at its principal amount together with accrued interest.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority** and the **FSMA**, respectively) for the Notes to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the **London Stock Exchange**) for the Notes to be admitted to trading on the London Stock Exchange’s regulated market (the **Market**). References in this Prospectus to the Notes being listed (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

**An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Prospectus. The Prospectus does not describe all of the risks of an investment in the Notes.**

The Notes will be rated A- by Fitch Ratings Ltd (**Fitch**), Baa1 by Moody’s Investors Service, Inc. (**Moody’s**) and BBB+ by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (**S&P**). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes are intended to be in new global note form and will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 31 March 2009 (the **Closing Date**) with a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 11 May 2009 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances – see “*Summary of Provisions relating to the Notes while represented by the Global Notes*”. The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

### ***Joint Lead Managers***

**BNP PARIBAS**

**The Royal Bank of Scotland**

**HSBC**

**UBS Investment Bank**

This Prospectus comprises a prospectus for the purposes of Article 5.3 of the Directive 2003/71/EC (the **Prospectus Directive**). The Issuer and the Guarantors accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer and the Guarantors (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus.

No person is or has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantors, any of the Joint Lead Managers (as defined under “*Subscription and Sale*” below) or the Trustee (as defined below). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Guarantors or Reed Elsevier (as defined below) since the date hereof. This Prospectus does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Guarantors or the Joint Lead Managers to subscribe for, or purchase, any of the Notes. This Prospectus does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Joint Lead Managers and Citicorp Trustee Company Limited (the **Trustee**) have not separately verified the information contained or incorporated herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers (or any of them) or the Trustee as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Guarantors in connection with the offering of the Notes or their distribution.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantors, the Joint Lead Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any of the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantors. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Guarantors or the Joint Lead Managers (or any of them) or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantors during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Prospectus, see “*Subscription and Sale*” below.

Unless the context otherwise requires, all references in this document to **Reed Elsevier** refer to the collective legal entities of REPLC, RENV, Reed Elsevier Group plc, Elsevier Reed Finance BV and their respective subsidiaries, joint ventures and associates. The businesses of all of the entities comprising Reed Elsevier are collectively referred to herein as the **combined businesses**. Reed Elsevier is not a separate legal entity.

All references in this document to **pounds sterling, Sterling** and **£** refer to the currency of the United Kingdom (the **UK**) and references to **US dollars, U.S.\$** and **\$** refer to the currency of the United States of America (the **US**). In addition, all references to **euro** and **€** refer to the currency introduced at the start of

the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantors, the Joint Lead Managers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantors, the Joint Lead Managers or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and the Netherlands), and Japan, see “*Subscription and Sale*”.

**IN CONNECTION WITH THE ISSUE OF THE NOTES, THE ROYAL BANK OF SCOTLAND PLC (OR PERSONS ACTING ON THEIR BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE ROYAL BANK OF SCOTLAND PLC (OR PERSONS ACTING ON THEIR BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE ROYAL BANK OF SCOTLAND PLC (OR PERSONS ACTING ON THEIR BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## CONTENTS

	<b>Page</b>
Documents Incorporated by Reference .....	5
Risk Factors .....	6
Terms and Conditions of the Notes .....	13
Summary of Provisions Relating to the Notes While Represented by the Global Notes .....	26
Use of Proceeds .....	28
Description of the Issuer.....	29
Description of the Guarantors .....	30
Taxation .....	44
Subscription and Sale .....	48
General Information .....	49

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Prospectus:

- (a) the audited financial statements of the Issuer for each of the financial years ended 31 December 2006 and 31 December 2007, prepared in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP), in each case together with the notes to the financial statements and the auditors' report thereon;
- (b) the audited combined financial statements of Reed Elsevier for each of the financial years ended 31 December 2007 and 31 December 2008, prepared in accordance with International Financial Reporting Standards (**IFRS**), in each case together with the notes to the financial statements and the auditors' report thereon;
- (c) the audited consolidated financial statements of REPLC for each of the financial years ended 31 December 2007 and 31 December 2008, prepared in accordance with IFRS, in each case together with the notes to the financial statements and the auditors' report thereon; and
- (d) the audited consolidated financial statements of RENV for each of the financial years ended 31 December 2007 and 31 December 2008, prepared in accordance with IFRS, in each case together with the notes to the financial statements and the auditors' report thereon.

Any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained, upon request and free of charge, from the registered offices of the Issuer and the Guarantors and from the specified office of the Principal Paying Agent in London and will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/en-gb/pricesnews/marketnews/](http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/).

## **RISK FACTORS**

*The Issuer and the Guarantors believe that the following factors may affect the Issuer's ability to fulfil its obligations under the Notes and each Guarantor's ability to fulfil its obligations under the Guarantee (as defined under "Terms and Conditions of the Notes"). All of these factors are contingencies which may or may not occur and the Issuer and the Guarantors are not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which the Issuer and the Guarantors believe are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer and the Guarantors believe that the factors described below represent the principal risks to the Reed Elsevier combined businesses and an investment in the Notes, but the Issuer and the Guarantors may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons which may not be considered significant risks by the Issuer and the Guarantors based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's and the Guarantors' ability to fulfil their obligations under the Notes and the Guarantee**

#### ***Economic, Political and Market Forces***

The demand for Reed Elsevier's products and services may be impacted by factors that are beyond its control, including macroeconomic, political and market conditions, the availability of short-term and long-term funding and capital, the level and volatility of interest rates, currency exchange rates and inflation. The United States and other major economies are currently undergoing a period of severe economic recession, and the future global economic environment may be less favourable than in recent years. Any one or more of these factors may contribute to reduced activity by Reed Elsevier's customers, may result in a reduction of demand for its products and services and may adversely affect suppliers and third parties to whom business activities have been outsourced. The current global dislocation of the credit markets, which has significantly contributed to the economic recession, may have further disruptive consequences for global economic growth and customer demand.

#### ***Competitive Environment***

Reed Elsevier operates in highly competitive markets. These markets continue to change in response to technological innovations, changing legislation and other factors. Reed Elsevier cannot predict with certainty the changes that may occur and the effect of those changes on the competitiveness of its businesses. In particular, the means of delivering its products and services, and the products and services themselves, may be subject to rapid technological and other changes. Reed Elsevier cannot predict whether technological innovations, changing legislation or other factors will, in the future, make some of its products wholly or partially obsolete or less profitable. Reed Elsevier may be required to invest significant resources to further adapt to the changing competitive environment.

#### ***Customer Demand***

Reed Elsevier's businesses are dependent on the continued acceptance by their customers of their products and services and the prices charged for them. Reed Elsevier cannot predict whether there will be changes in the future, either in the market demand or from the actions of competitors, which will affect the acceptability of products, services and prices to its customers.

#### ***Exchange Rates***

Reed Elsevier's financial statements are expressed in pounds sterling and euros and are, therefore, subject to movements in exchange rates on the translation of the financial information of businesses whose operational currencies are other than its reporting currencies. The United States is Reed Elsevier's most important market and, accordingly, significant fluctuations in US dollar/Sterling and US dollar/euro exchange rates can significantly affect its reported results and financial position from year to year. In addition, in some of its businesses costs are incurred in currencies other than those in which revenues are earned. The relative movements between the exchange rates in the currencies in which costs are incurred and the currencies in which revenues are earned can significantly affect the results of those businesses.

### ***Taxation***

Reed Elsevier's businesses operate in over 200 locations worldwide and its earnings are subject to taxation in many differing jurisdictions and at differing rates. Reed Elsevier seeks to organise its affairs in a tax efficient manner, taking account of the jurisdictions in which it operates. Relevant authorities may amend tax laws that apply to Reed Elsevier businesses (for example as a result of changes in fiscal circumstances or priorities). Such amendments, or their application to Reed Elsevier businesses, may adversely affect the reported results.

### ***Regulatory Environment***

Legal regulation relating to internet communications, data protection, e-commerce, direct marketing, credit scoring and digital advertising and use of public records is becoming more prevalent. Existing and proposed legislation and regulations, including changes in the manner in which such legislation and regulations are interpreted by courts, in the United States, the European Union and other jurisdictions may impose limits on Reed Elsevier's collection and use of certain kinds of information about individuals and its ability to communicate such information effectively with its customers. For example, the background screening report businesses offered by LexisNexis and ChoicePoint, Inc. (**ChoicePoint**) are governed by the US Fair Credit Reporting Act and analogous state laws requiring that consumers be provided the contents of background reports and allowed to have any inaccuracies in the reports corrected. It further provides for statutory penalties and legal fees for non-compliance. Reed Elsevier is unable to predict in what form laws and regulations will be adopted or modified or how they will be construed by the courts, or the extent to which any such laws or such interpretation changes might adversely affect its business.

### ***Third Party Information***

A number of Reed Elsevier's businesses rely extensively upon content and data from external sources to maintain its databases. Data is obtained from public records, governmental authorities, customers and other information companies, including competitors. In the case of public records including social security number data which are obtained from public authorities, Reed Elsevier's access is governed by law. Reed Elsevier also obtains the credit header data in its databases from consumer credit reporting agencies. The disruption or loss of data sources in the future, because of changes in the law or because data suppliers decide not to supply them, could adversely affect Reed Elsevier's business if it were unable to arrange for substitute sources in a timely manner or at all.

### ***Data Security***

Reed Elsevier's businesses provide customers with access to database information such as case law, treatises, journals, and publications as well as other data. The LexisNexis risk management business also provides authorised customers with access to public records and other information on US individuals made available in accordance with applicable privacy laws and regulations. There are persons who try to breach Reed Elsevier's data security systems or gain other unauthorised access to its databases in order to misappropriate such information for potentially fraudulent purposes and Reed Elsevier has previously disclosed incidents of such unauthorised access. Because the techniques used by such persons change frequently, Reed Elsevier may be unable to anticipate or protect against the threat of breaches of data security or other unauthorised access. Breaches of Reed Elsevier's data security systems or other unauthorised access to its databases could damage Reed Elsevier's reputation and expose Reed Elsevier to a risk of loss or litigation and possible liability, as well as increase the likelihood of more extensive governmental regulation of the activities in a way that could adversely affect this aspect of Reed Elsevier's business.

### ***Public Funding***

The principal customers for the information products and services offered by the Elsevier science and medical publishing business are academic institutions, which fund purchases of these products and services from limited budgets that may be sensitive to changes in private and governmental sources of funding. Accordingly, any decreases in budgets of academic institutions or changes in the spending patterns of academic institutions could negatively impact Reed Elsevier's businesses.

### ***Intellectual Property***

Reed Elsevier's products and services are largely comprised of intellectual property content delivered through a variety of media, including journals, books, CDs, and online, including the internet. Reed

Elsevier relies on trademark, copyright, patent and other intellectual property laws to establish and protect its proprietary rights in these products and services. However, Reed Elsevier cannot assure investors that its proprietary rights will not be challenged, limited, invalidated or circumvented. Despite trademark and copyright protection and similar intellectual property protection laws, third parties may be able to copy, infringe or otherwise profit from Reed Elsevier's proprietary rights without its authorisation. These unauthorised activities may be facilitated by the internet. In addition, whilst there is now certain internet-specific copyright legislation in the United States and in the European Union, there remains significant uncertainty as to the date from which these will be enforced and the form copyright law regulating digital content may ultimately take. In several jurisdictions, including the United States, Australia and the European Union, copyright laws are increasingly coming under legal review. These factors create additional challenges for Reed Elsevier in protecting its proprietary rights to content delivered through the internet and electronic platforms. Moreover, whilst non-copyrightable databases are protected in many circumstances by law in the European Union, there is no equivalent legal protection in the United States.

### ***Management Retention***

The implementation and execution of Reed Elsevier's strategic and business plans depend on the availability of high quality management resources across all its businesses. Reed Elsevier cannot predict that in the future such resources will be available.

### ***Electronic Products***

Reed Elsevier is investing significant amounts to develop and promote electronic products and platforms. The provision of electronic products and services is very competitive and Reed Elsevier may experience difficulties developing this aspect of its business due to a variety of factors, many of which are beyond Reed Elsevier's control. These factors may include competition from comparable and new technologies and changes in regulation.

### ***Electronic Platforms and Networks***

Reed Elsevier's businesses are increasingly dependent on electronic platforms and distribution systems, primarily the internet, for delivery of its products and services. Although plans and procedures are in place to reduce such risks, Reed Elsevier's businesses could be adversely affected if its electronic delivery platforms and networks experience a significant failure or interruption.

### ***Outsourced Business Activities***

New organisational and operational structures have been developed and new appointments made to leverage more effectively Reed Elsevier's skills, technology and resources. This includes outsourcing and offshoring activities such as IT, production and development engineering and will in the future extend into further operational and administrative activities. The failure of third parties to whom Reed Elsevier has outsourced business functions could adversely affect its reputation and financial condition.

### ***STM Publishing Model***

Reed Elsevier's scientific, technical and medical (**STM**) primary publications, like those of most of its competitors, are published on a paid subscription basis. There has been recent debate in the academic and library communities, which are the principal customers for Reed Elsevier's STM publications, regarding whether such publications should be free and funded instead through fees charged to authors and from governmental and other subsidies, or made freely available after a period following publication. If these methods of STM publishing are widely adopted or mandated, it could adversely affect Reed Elsevier's revenues from paid subscription publications.

### ***Advertising and Exhibitions***

Approximately 14% of Reed Elsevier's revenue from continuing operations in 2008 was derived from advertising and 13% from exhibitions. In Reed Business Information, 54% of revenue was derived from advertising in 2008. Total advertising revenues from Reed Elsevier's continuing businesses in 2008 were £737 million compared with £699 million in the prior year. Traditionally, spending by companies on advertising and other marketing activities has been cyclical with companies spending significantly less on advertising in times of economic slowdown or recession, as has been the case in the last quarter of 2008. Reed Elsevier's results could be adversely affected by a reduction of advertising revenues following economic slowdown or recession. The exhibitions business is similarly affected by cyclical pressures on

spending by companies. Additionally, participation and attendance at exhibitions is affected by the availability of exhibition venues and the propensity of exhibitors and attendees to travel. Reed Elsevier's results could be adversely affected if the availability of venues or the demand from exhibitors and attendees were reduced, for example due to international security concerns or acts of terrorism or war.

### ***ChoicePoint Acquisition and Integration***

Reed Elsevier acquired ChoicePoint on 19 September 2008 and expects the acquisition will deliver satisfactory strategic and financial benefits. It is not certain that these anticipated benefits will be realised in full or at all, and this will depend, amongst other things, on whether its markets develop as anticipated and on whether the operations and personnel of Reed Elsevier's existing operations and those of the acquired business can be integrated in an efficient and effective manner. This process may take longer than is anticipated and may cause disruption to Reed Elsevier's business. The performance of the Reed Elsevier combined businesses may not meet expectations if integration is not successful or if the process is prolonged.

### ***Restructuring Programmes***

Reed Elsevier has embarked on substantial restructuring programmes to further consolidate and streamline its operational activities and back office support, which are expected to result in significant cost savings in future years. The programmes may take longer than planned, cost more than planned, and may cause disruption to Reed Elsevier's business. It cannot be certain that the anticipated cost savings will be realised in full.

### ***Pension Schemes***

Reed Elsevier operates a number of pension schemes around the world, the largest schemes being of the defined benefit type in the United Kingdom, the United States and The Netherlands. The assets and obligations associated with defined benefit pension schemes are particularly sensitive to changes in the market values of assets and the market related assumptions used to value scheme liabilities. In particular, a decrease in the discount rate used to value scheme liabilities, an increase in life expectancy of scheme members, an increase in the rate of inflation or a decline in the market value of investments held by the defined benefit pension schemes (absent any change in their expected long term rate of return) may adversely affect the reported results and financial position of the combined businesses.

### ***Impairment***

As at 31 December 2008 goodwill on the combined balance sheet amounted to £4,901 million and indefinite lived intangible assets amounted to £397 million. An impairment test is conducted at least annually, which involves a comparison of the carrying value of goodwill and indefinite lived intangible assets with estimated values in use based on latest management cash flow projections. The assumptions used in the estimation of value in use are, by their very nature, highly judgemental, and include profit growth of the business over a five year forecast period, the long term growth rate of a business thereafter, and related discount rates. There is no guarantee that the Reed Elsevier business will be able to achieve the forecasted results which have been included in impairment tests and impairment charges may be required in future periods if the businesses are unable to meet these assumptions.

### ***FTC Settlement Orders.***

In February 2006, ChoicePoint reached a settlement with the US Federal Trade Commission (**FTC**) resolving an FTC investigation into its compliance with federal laws governing consumer information security and related issues, including certain fraudulent data access incidents. In August 2008, the FTC approved a settlement with Reed Elsevier Inc. addressing certain other data access matters (together, the two settlements are the **FTC Settlement Orders**). The FTC Settlement Orders require Reed Elsevier Inc. and ChoicePoint to institutionalise a number of information security, verification and credentialing, audit and compliance, and reporting and record retention practices. Reed Elsevier Inc. and ChoicePoint are also required to obtain every two years for 20 years an assessment from a qualified, independent third-party professional to ensure that their information security programmes meet the standards of the FTC Settlement Orders. A failure to comply with the FTC Settlement Orders could lead to civil penalties and adversely affect Reed Elsevier's business, operations and reputation.

## **Factors which are material for the purpose of assessing the market risks associated with the Notes**

### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### ***Risks related to the Notes***

Set out below is a brief description of certain risks relating to the Notes:

#### *Modification, waivers and substitution*

The Terms and Conditions of the Notes and the Trust Deed (as defined in the Terms and Conditions of the Notes) contain provisions for convening meetings of Noteholders to consider any matter affecting their interests. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes and the Trust Deed also provide that the Trustee may, without the consent of the Noteholders or Couponholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed or (ii) determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, provided that, in either case, in the opinion of the Trustee, it will not be materially prejudicial to the interests of Noteholders, or may agree, without such consent as aforesaid, to any modification of the provisions of the Notes or the Trust Deed which, in its opinion, is of a formal, minor or technical nature or is to correct a manifest or proven error.

The Trust Deed contains provisions under which the Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer and the Guarantors to the substitution (a) in place of the Issuer as the principal debtor in respect of the Notes, the Coupons and the Trust Deed of (i) either or both of the Guarantors, (ii) a Successor in Business (as defined in the Trust Deed) to the Issuer or either or both of the Guarantors, (iii) a holding company (as defined in the Trust Deed) of the Issuer or either or both of the Guarantors or (iv) any other Reed Elsevier Component Company; or (b) in place of either or both of the Guarantors as a guarantor or the guarantors in respect of the Notes, the Coupons and the Trust Deed of (i) a Successor in Business to either or both of the Guarantors or (ii) a holding company of either or both of the Guarantors, in each case subject to certain conditions, as specified in Condition 14 of the Notes and the Trust Deed, including the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Noteholders.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, European Union Member States are required to provide to the tax authorities of another European Union Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the

ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer will be required, subject to the exclusion in Condition 6.6(c), to maintain a Paying Agent in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

#### *Change of law*

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

#### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity and interest risk, exchange rate and exchange control risk and credit risk:

#### *The secondary market generally*

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

#### *Exchange rate risks and exchange controls*

The Issuer (and, failing the Issuer, the Guarantors) will pay principal and interest on the Notes in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to pounds sterling would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

An investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

#### *Rating agencies may lower the ratings of Reed Elsevier's long-term debt, including the Notes*

As at 26 March 2009, the credit ratings assigned to Reed Elsevier's long term debt were Baa1 from Moody's, BBB+ from S&P and A- from Fitch. Each of these rating agencies has assigned a negative outlook to its rating. Factors cited as a basis for the assignment of a negative outlook include the challenging macroeconomic environment and the level of indebtedness as a consequence of Reed Elsevier's acquisition of ChoicePoint. If the ratings of Reed Elsevier's long-term debt or the Notes are downgraded in the future, the price and liquidity of the Notes or a noteholder's ability to resell the Notes

could be adversely affected. In addition, any such downgrade could also adversely affect Reed Elsevier's borrowing costs and reduce Reed Elsevier's access to capital. A rating is based upon information furnished by Reed Elsevier or obtained by the relevant rating agency from its own sources and is subject to revision, suspension or withdrawal by the rating agency at any time. Rating agencies may review the assigned ratings due to developments that are beyond Reed Elsevier's control. The ratings may not reflect the potential impact of all the risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):*

The £300,000,000 7.00 per cent Guaranteed Notes due 2017 (the **Notes**, which expression shall in these Terms and Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 17 and forming a single series with the Notes) of Reed Elsevier (Investments) plc (the **Issuer**) are constituted by a Trust Deed dated 31 March 2009 (the **Trust Deed**) made between the Issuer, Reed Elsevier PLC as a guarantor (**REPLC**), Reed Elsevier N.V. as a guarantor (**RENV** and, together with REPLC, the **Guarantors** and each a **Guarantor**) and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively).

The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of, and definitions in, the Trust Deed. Copies of the Trust Deed and the Paying Agency Agreement dated 31 March 2009 (the **Agency Agreement**) made between the Issuer, the Guarantors, the initial Paying Agents and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Notes at 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denomination of £50,000 with Coupons attached on issue.

#### 1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

#### 1.3 Holder Absolute Owner

The Issuer, the Guarantors, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

### 2. STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all present and future unsecured and unsubordinated obligations of the Issuer other than obligations mandatorily preferred by law applying to companies generally.

### 3. GUARANTEE

#### 3.1 Guarantee

The payment of the principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed jointly and severally by the Guarantors (the **Guarantee**) in the Trust Deed.

#### 3.2 Status of the Guarantee

The obligations of each Guarantor under the Guarantee constitute direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of each Guarantor and (subject as provided above) rank and will rank *pari passu* with all present and future unsecured and

unsubordinated obligations of that Guarantor other than obligations mandatorily preferred by law applying to companies generally.

#### **4. NEGATIVE PLEDGE**

##### **4.1 Negative Pledge**

So long as any of the Notes remains outstanding (as defined in the Trust Deed), neither the Issuer nor either Guarantor will create or allow to exist, and the Issuer and the Guarantors shall procure that no other Reed Elsevier Component Company (as defined below) shall create or allow to exist, any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) (other than a Permitted Security Interest) upon, or with respect to, any of its present or future undertakings or assets to secure any of the Issuer's or either Guarantor's Relevant Indebtedness (as defined below) or any Relevant Indebtedness of any other Reed Elsevier Component Company, unless the Issuer, the Guarantors or such other Reed Elsevier Component Company, as the case may be, in the case of the creation of a Security Interest, before or at the same time takes any and all action necessary to procure that:

- (i) all amounts payable by the Issuer in respect of the Notes, the Coupons and the Trust Deed and by the Guarantors under the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or (B) as shall be approved by an Extraordinary Resolution (which is defined in the Trust Deed as a resolution duly passed by a majority of not less than three-fourths of the votes cast thereon) of the Noteholders.

##### **4.2 Interpretation**

For the purposes of these Terms and Conditions:

(a) **Permitted Security Interest** means:

- (i) any Security Interest which exists on any undertaking or asset which secures any Relevant Indebtedness of the Issuer, either Guarantor or any other Reed Elsevier Component Company which asset or undertaking is acquired after 26 March 2009 provided that such Security Interest existed at the date of such acquisition, was not granted in contemplation of the acquisition and the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition and any Security Interest over the same undertaking or asset which is given for the purpose of, and to the extent of, the refinancing of any such Relevant Indebtedness;
- (ii) any Security Interest arising by operation of law or any right of set-off;
- (iii) any Security Interest granted by one Reed Elsevier Component Company in favour of another Reed Elsevier Component Company (while such beneficiary remains a Reed Elsevier Component Company); and
- (iv) any Security Interest as shall have been previously approved in writing by the Trustee (which may only be so approved if the Trustee is of the opinion that to do so will not be materially prejudicial to the Noteholders);

(b) **Reed Elsevier Component Companies** means the collective legal entities of the Guarantors, Reed Elsevier Group plc, Elsevier Reed Finance BV and their respective Subsidiaries from time to time and **Reed Elsevier Component Company** means any company which forms part of the Reed Elsevier Component Companies;

(c) **Relevant Indebtedness** means (i) any loan or other indebtedness present or future which is in the form of or represented by any notes, bonds, debentures, debenture stock, loan stock or other securities which have a final maturity of more than a year from the date of their creation and which are for the time being quoted, listed or ordinarily dealt in, at the request or with the concurrence of the Issuer or the relevant Guarantor, as the case may be, on any stock exchange or other recognised securities market, and (ii) any guarantee or indemnity in respect of any such loan or other indebtedness referred to in paragraph (i); and

- (d) **Subsidiary** means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent of the voting capital or similar right of ownership and **control** for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

## **5. INTEREST**

### **5.1 Interest Rate and Interest Payment Dates**

The Notes bear interest from and including 31 March 2009 (the **Issue Date**) at the rate of 7.00 per cent per annum payable annually in arrear on 11 December (each an **Interest Payment Date**). The first payment (for the period from and including the Issue Date to but excluding 11 December 2009 and amounting to £2,445.21 per £50,000 in principal amount of Notes) shall be made on 11 December 2009.

### **5.2 Interest Accrual**

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

### **5.3 Calculation of Broken Interest**

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

## **6. PAYMENTS**

### **6.1 Payments in respect of Notes**

Payments of principal in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, and payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

### **6.2 Method of Payment**

Payments will be made by credit or transfer to an account in Sterling maintained by the payee with or, at the option of the payee, by a cheque in Sterling drawn on, a bank in London.

### **6.3 Missing Unmatured Coupons**

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 9) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

### **6.4 Payments subject to Applicable Laws**

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.

## **6.5 Payment only on a Presentation Date**

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

**Presentation Date** means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a Sterling account in London as referred to above, is a Business Day in London.

In this Condition, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

## **6.6 Initial Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Terms and Conditions. The Issuer and the Guarantors reserve the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which, so long as the Notes are admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the Regulated Market of the London Stock Exchange plc, shall be London or such other place as the UK Listing Authority may approve; and
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive save where it may from time to time be otherwise agreed with the Trustee that it is unduly onerous or inconsistent with current market practice at the relevant time to do so.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

## **7. REDEMPTION AND PURCHASE**

### **7.1 Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 11 December 2017.

### **7.2 Redemption for Taxation Reasons**

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 31 March 2009, on the next Interest Payment Date either (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 or (ii) both of the Guarantors would be unable for reasons outside their control to procure payment by the Issuer and in making payment themselves both Guarantors would be required to pay such additional amounts; and
- (b) the requirement cannot be avoided by the Issuer or, as the case may be, each of the Guarantors taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, both the Guarantors would be required to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, as the case may be, the Guarantors stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the Guarantors taking reasonable measures available to it or them, as the case may be, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

### 7.3 Change of Control – Redemption at the Option of the Holders

A **Put Event** will be deemed to occur if:

- (a) any person or any persons (other than a Guarantor) acting in concert or any person or persons acting on behalf of any such person(s) at any time directly or indirectly own(s) or acquire(s):
  - (i) more than 50 per cent of the issued or allotted ordinary share capital of each of the Guarantors or
  - (ii) such number of shares in the capital of each of the Guarantors carrying more than 50 per cent of the total voting rights attached to the issued or allotted share capital of each of the Guarantors that are normally exercisable at a general meeting of such Guarantor (such event being a **Change of Control**), provided that a Change of Control shall be deemed not to have occurred if one or more new holding companies acquires the entire issued share capital of each of the Guarantors and (A) such holding company (or companies) has (or have, as the case may be) substantially the same shareholders as each of the Guarantors and those shareholders acquired the shares in the holding company (or companies) in substantially the same proportions as they held shares in the Guarantors prior to the holding company (or companies) so acquiring the share capital of each of the Guarantors; and (B) each of the Guarantors is a wholly owned (directly or indirectly) subsidiary of such holding company (or companies); and
- (b) on the date (the **Relevant Announcement Date**) that is the earlier of (i) the date of the first public announcement of the relevant Change of Control; and (ii) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry from any Rating Agency (as defined below):
  - (A) an investment grade credit rating (*Baa3/BBB-*, or equivalent, or better), and such rating from any Rating Agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (*Ba1/BB+*, or equivalent, or worse) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
  - (B) a non-investment grade credit rating (*Ba1/BB+*, or equivalent, or worse), and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (*for illustration, Ba1/BB+ to Ba2/BB being one notch*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
  - (C) no credit rating, and no Rating Agency assigns within the Change of Control Period an investment grade credit rating to the Notes,provided that if on the Relevant Announcement Date the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (A) will apply; and
- (c) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer, either Guarantor or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control.

If a Put Event occurs, each Noteholder shall have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Put Date (as defined below) at its principal amount together with interest accrued to but excluding the date of redemption or purchase. Such option (the **Put Option**) shall operate as set out below.

Promptly upon the Issuer or either Guarantor (as the case may be) becoming aware that a Put Event has occurred, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 13 specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 7.3.

To exercise the option to require the redemption or purchase of a Note under this Condition 7.3 the holder of the Note must deliver such Note at the specified office of the Principal Paying Agent at any time during normal business hours of the Principal Paying Agent falling within the period (the **Put Period**) of 45 days after a Put Event Notice is given, at the specified office of the Principal Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of the Principal Paying Agent (a **Change of Control Put Notice**). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is 7 days after the expiration of the Put Period (the **Put Date**), failing which the Principal Paying Agent will require payment of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed in the manner provided in Condition 6.3 against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 12) at any time after such payment, but before the expiry of the period of five years from the Relevant Date (as defined in Condition 8.2) in respect of that Coupon. The Principal Paying Agent will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of the Principal Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed and cancelled or purchased.

If 80 per cent or more in nominal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 7.3, the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Put Date, redeem or purchase (or procure the purchase of), at its option, the remaining Notes as a whole at their principal amount plus interest accrued to but excluding the date of such redemption or purchase.

If the rating designations employed by any of Moody's, S&P or Fitch are changed from those which are described in paragraph (b) above, or if a rating is procured from a Substitute Rating Agency, the Issuer and/or the Guarantors shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of Moody's or S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P or Fitch and paragraph (b) shall be read accordingly.

The Trustee is under no obligation to ascertain whether a Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Put Event or Change of Control has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or Change of Control or other such event has occurred.

For the purposes of these Terms and Conditions:

**Change of Control Period** means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a rating agency, such period not to exceed 60 days after the public announcement of such consideration);

**Rating Agency** means Fitch Ratings Ltd (**Fitch**), Moody's Investors Service, Inc. (**Moody's**) or Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (**S&P**), or their respective successors or any rating agency (a **Substituted Rating Agency**) substituted for any of them by the Issuer or either Guarantor from time to time with the prior written approval of the Trustee; and

**Relevant Potential Change of Control Announcement** means any public announcement or statement by the Issuer, either Guarantor, any actual or potential bidder or any adviser thereto relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

#### **7.4 Purchases**

The Issuer, either Guarantor or any other Reed Elsevier Component Company (as defined above) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. The Issuer, the relevant Guarantor or the relevant Reed Elsevier Component Company may at its option retain such Notes for its own account and/or resell or cancel or otherwise deal with such Notes at its discretion but whilst held by or on behalf of the Issuer, the relevant Guarantor or the relevant Reed Elsevier Component Company, as the case may be, such Notes shall be deemed not to be outstanding for certain purposes of the Trust Deed.

#### **7.5 Cancellations**

All Notes which are redeemed by the Issuer will forthwith be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be held, reissued or resold.

#### **7.6 Notices Final**

Upon the expiry of any notice as is referred to in Condition 7.2 or 7.3 above, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Condition.

### **8. TAXATION**

#### **8.1 Payment without Withholding**

All payments in respect of the Notes by or on behalf of the Issuer or the Guarantors shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantors will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by (i) presenting the relevant Note or Coupon to another paying agent in a Member State of the European Union or (ii) by authorising the Principal Paying Agent to report information in accordance with the procedure laid down by the relevant tax authority or by producing, in the form required by the relevant tax authority, a declaration, claim, certificate, document or other evidence establishing exemption therefrom; or
- (d) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the

same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 6).

## 8.2 Interpretation

In these Terms and Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 13; and
- (b) **Relevant Jurisdiction** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer or REPLC) or The Netherlands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by RENV) or, in either case, any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or either of the Guarantors, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes.

## 8.3 Additional Amounts

Any reference in these Terms and Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

## 9. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 6.

## 10. EVENTS OF DEFAULT

### 10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), (but, in the case of the happening of any of the events described in subparagraphs (b) to (d) (other than the winding up or dissolution of the Issuer or either Guarantor or the making of an administration order in relation to the Issuer or either Guarantor), and (e) to (h) inclusive and (j) below, only if the Trustee shall have certified in writing to the Issuer and the Guarantors that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer and the Guarantors that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 14 days; or
- (b) if the Issuer or either Guarantor fails to perform or observe any of its other obligations under these Terms and Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer or the relevant Guarantor (as the case may be) of notice requiring the same to be remedied; or
- (c) if (i) any other Indebtedness for Borrowed Money (as defined below) of the Issuer, either Guarantor or any Material Subsidiary becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, either Guarantor or any Material Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period; (iii) any guarantee and/or indemnity of any Indebtedness for Borrowed Money given by the Issuer,

either Guarantor or any Material Subsidiary shall not be paid when due and called upon or at the expiry of any originally applicable grace period, unless, in relation to (i), (ii) or (iii) above, the Issuer, the relevant Guarantor or the relevant Material Subsidiary, as the case may be, is contesting any such event in good faith in appropriate proceedings or where there is otherwise a bona fide dispute as to whether payment or repayment is due; provided that no event described in this subparagraph 10.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money in respect of which default is made, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money in respect of which default specified in (i) to (iii) above is made and is continuing, amounts to at least £30,000,000 (or its equivalent in any other currency); or

- (d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, either Guarantor or any Material Subsidiary, or an administration order is made in relation to the Issuer, either Guarantor or any Material Subsidiary, save for the purposes of reorganisation, merger, reconstruction or amalgamation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (e) if the Issuer, either Guarantor or Reed Elsevier as a whole ceases to carry on the whole or the Majority of its business, save for the purposes of reorganisation, merger, reconstruction or amalgamation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (f) the Issuer or REPLC is unable to pay its debts within the meaning of section 123(1)(e) or section 123(2) of the Insolvency Act 1986 of Great Britain or if RENV is unable to pay its debts within the meaning of Article 1 of The Netherlands Bankruptcy Code of 30 September 1893; or
- (g) if (i) proceedings are initiated against the Issuer, either Guarantor or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, either Guarantor or any Material Subsidiary or, as the case may be, in relation to the whole or any material part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any material part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any material part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) is not discharged within 90 days; or
- (h) if the Issuer or either Guarantor (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) except in any such case on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (i) if the Guarantee ceases to be, or is claimed by the Issuer or either Guarantor not to be, in full force and effect; or
- (j) if the Issuer ceases to be a Reed Elsevier Component Company.

## 10.2 Interpretation

For the purposes of this Condition:

- (a) **EBITDA** means, in relation to the Issuer, either Guarantor, any other Reed Elsevier Component Company or Reed Elsevier as a whole, adjusted operating profit, which is operating profit, excluding any amortisation of acquired intangible assets or goodwill impairment, exceptional restructuring and acquisition related costs and its share of tax charges of joint ventures, and adding back any depreciation expense, in each case as determined in accordance with the Trust Deed;

- (b) **Indebtedness for Borrowed Money** means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit excluding such liabilities incurred in relation to the acquisition of goods or services in the ordinary course of trading;
- (c) **Majority of its business** means at least 50.1 per cent of its EBITDA;
- (d) a **Material Subsidiary** means at any time any Reed Elsevier Component Company whose EBITDA or net revenues (excluding intra-Reed Elsevier Component Companies items) then equal or exceed 10 per cent of the combined EBITDA or net revenues of Reed Elsevier, all as more particularly defined in the Trust Deed; and
- (e) **Reed Elsevier** means the collective legal entities of REPLC, RENV, Reed Elsevier Group plc, Elsevier Reed Finance BV and their respective subsidiaries, joint ventures and associates.

The provisions of subparagraphs (d) to (i) of Condition 10.1 shall be interpreted so as to include any event which occurs in relation to RENV and which, in the opinion of the Trustee, has an analogous effect under the laws of The Netherlands, following receipt by the Trustee of an opinion of an independent legal adviser confirming the same.

### **10.3 Reports**

A report by two Directors of a Guarantor whether or not addressed to the Trustee that in their opinion a Reed Elsevier Component Company is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

## **11. ENFORCEMENT**

### **11.1 Enforcement by the Trustee**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or any Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

### **11.2 Enforcement by the Noteholders**

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## **12. REPLACEMENT OF NOTES AND COUPONS**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **13. NOTICES**

### **13.1 Notices to the Noteholders**

All notices to the Noteholders will be deemed to be validly given if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other

manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 13.

### **13.2 Notices from the Noteholders**

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

## **14. SUBSTITUTION**

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer and the Guarantors to the substitution (a) in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor in respect of the Notes, the Coupons and the Trust Deed of (i) either or both of the Guarantors, (ii) a Successor in Business (as defined in the Trust Deed) to the Issuer or either or both of the Guarantors, (iii) a holding company (as defined in the Trust Deed) of the Issuer or either or both of the Guarantors or (iv) any other Reed Elsevier Component Company; or (b) in place of either or both of the Guarantors (or of any previous substitute under this Condition) as a guarantor or the guarantors in respect of the Notes, the Coupons and the Trust Deed of (i) a Successor in Business to either or both of the Guarantors or (ii) a holding company of either or both of the Guarantors, in each case subject to:

- (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (b) certain other conditions set out in the Trust Deed being complied with.

## **15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**

### **15.1 Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Terms and Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Terms and Conditions and certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trust Deed provides that a written resolution signed by or on behalf of the Noteholders of not less than 75 per cent. of the aggregate principal amount of the Notes outstanding shall be valid and effective as a duly passed Extraordinary Resolution.

### **15.2 Modification, Waiver, Authorisation and Determination**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven or to comply with mandatory provisions of applicable law.

### **15.3 Trustee to have Regard to Interests of Noteholders as a Class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantors, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

### **15.4 Notification to the Noteholders**

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

## **16. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTORS**

### **16.1 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

### **16.2 Trustee Contracting with the Issuer and the Guarantors**

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantors and/or any of the Guarantors' other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantors and/or any of the Guarantors' other Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **17. FURTHER ISSUES**

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

## **18. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **18.1 Governing Law**

The Trust Deed (including the Guarantee), the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons are governed by, and will be construed in accordance with, English law.

### **18.2 Jurisdiction of English Courts**

RENV has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee, the Noteholders and the Couponholders that the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes or the Coupons and accordingly has submitted to the non-exclusive jurisdiction of the English courts.

RENV has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may to the extent allowed by law take any suit, action or proceeding arising out of or in connection with the Trust Deed, the Notes or the Coupons respectively (together referred to as **Proceedings**) against the Issuer or either of the Guarantors in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **18.3 Appointment of Process Agent**

RENV has, in the Trust Deed, irrevocably and unconditionally appointed Reed Elsevier (UK) Limited at 1-3 Strand, London WC2N 5JR as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

## **19. RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

*The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

### 1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) upon the happening of any of the events defined in the Trust Deed as “Events of Default”;
- (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (c) if the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and (in the case of (c) above) the Issuer may give notice to the Trustee and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

### 2. Payments

On and after 11 May 2009, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. The Issuer shall procure that the amount so paid shall be entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg and the nominal amount of the Notes recorded in the records of Euroclear and Clearstream, Luxembourg and represented by such Global Note will be reduced accordingly. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of Euroclear and Clearstream, Luxembourg shall not affect such discharge. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

### **3. Notices**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 13, provided that, so long as the Notes are admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's regulated market, notices will also be published in a manner which complies with the rules and regulations of the London Stock Exchange from time to time. Any such notice shall be deemed to have been given to the Noteholders on the day which is one business day, being a day on which banks are generally open, in Brussels or Luxembourg (as the case may be) after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

### **4. Accountholders**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer, the Guarantors and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

### **5. Prescription**

Claims against the Issuer and the Guarantors in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 8).

### **6. Cancellation**

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

### **7. Put Option**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 7.3 may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Noteholder's instructions by Euroclear or Clearstream, Luxembourg or any common safekeeper for them to the Principal Paying Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised within the time limits set forth in that Condition.

### **8. Eurosystem Eligibility**

The Notes will be issued in New Global Note (NGN) form. This means that the Notes are intended to be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg (each acting in its capacity as International Central Securities Depository) and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem, either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria established by the European Central Bank from time to time.

## **USE OF PROCEEDS**

Reed Elsevier expects the net proceeds of the issue of the Notes, amounting to approximately £296,265,000 (less commissions of up to 0.400 per cent.), to refinance a portion of the amount borrowed under the \$4.35 billion multi-currency term loan facility arranged for the ChoicePoint acquisition and, to the extent not so utilised, for general corporate purposes.

## DESCRIPTION OF THE ISSUER

### The Issuer

The Issuer was incorporated on 9 May 2006 and is a public limited company incorporated under the laws of England with registered office address at 1-3 Strand, London WC2N 5JR (company number 05810043).

The sole business activity of the Issuer is to borrow money and make loans to members of the Reed Elsevier combined businesses. The Issuer is a wholly-owned subsidiary of Reed Elsevier (Holdings) Ltd., which is in turn a wholly-owned subsidiary of Reed Elsevier Group plc.

<b>Directors</b>	<b>Since</b>	<b>Outside principal activities</b>
Mark Armour	2006	None
Steve Cowden	2006	None
Anne Joseph	2006	None
Paul Richardson	2006	None

The business address for directors of the Issuer is c/o Reed Elsevier, 1-3 Strand, London WC2N 5JR, United Kingdom.

No director has any potential conflict of interest between their duties to the Issuer and their private interests and/or other duties.

## DESCRIPTION OF THE GUARANTORS

REPLC was incorporated on 28 May 1903 and is a public limited company incorporated under the laws of England with registered office address at 1-3 Strand, London WC2N 5JR (company number 00077536).

RENV was incorporated on 23 January 1979 and is a company incorporated under the laws of The Netherlands with registered office address at Radarweg 29, 1043 NX Amsterdam (Amsterdam Chamber of Commerce Nr 33155037).

### HISTORY AND DEVELOPMENT OF REED ELSEVIER

#### Corporate structure

Reed Elsevier came into existence in January 1993, when REPLC and RENV contributed their businesses to two jointly owned companies, Reed Elsevier Group plc, a UK registered company which owns the publishing and information businesses, and Elsevier Reed Finance BV, a Dutch registered company which owns the financing activities. REPLC and RENV have retained their separate legal and national identities and are publicly held companies. REPLC's securities are listed in London and New York, and RENV's securities are listed in Amsterdam and New York.

#### Equalisation arrangements

REPLC and RENV each hold a 50% interest in Reed Elsevier Group plc. REPLC holds a 39% interest in Elsevier Reed Finance BV, with RENV holding a 61% interest. REPLC additionally holds a 5.8% indirect equity interest in RENV, reflecting the arrangements entered into between the two companies at the time of the merger, which determined the equalisation ratio whereby one RENV ordinary share is, in broad terms, intended to confer equivalent economic interests to 1.538 REPLC ordinary shares. The equalisation ratio is subject to change to reflect share splits and similar events that affect the number of outstanding ordinary shares of either REPLC or RENV.

Under the equalisation arrangements, REPLC shareholders have a 52.9% economic interest in Reed Elsevier, and RENV shareholders (other than REPLC) have a 47.1% economic interest in Reed Elsevier. Holders of ordinary shares in REPLC and RENV enjoy substantially equivalent dividend and capital rights with respect to their ordinary shares.

The boards of both REPLC and RENV have agreed, other than in special circumstances, to recommend equivalent gross dividends (including, with respect to the dividend on REPLC ordinary shares, the associated UK tax credit), based on the equalisation ratio. A REPLC ordinary share pays dividends in sterling and is subject to UK tax law with respect to dividend and capital rights. A RENV ordinary share pays dividends in euros and is subject to Dutch tax law with respect to dividend and capital rights.

The exchange rate used for each dividend calculation is the spot euro/Sterling exchange rate, averaged over a period of five consecutive business days commencing with the tenth business day before the announcement of the proposed dividend.

#### Principal Executive Offices

The principal executive offices of REPLC are located at 1-3 Strand, London WC2N 5JR, England. Tel: +44 20 7930 7077. The principal executive offices of RENV are located at Radarweg 29, 1043 NX Amsterdam, The Netherlands. Tel: +31 20 485 2222.

### BUSINESS OVERVIEW

#### Reed Elsevier

Reed Elsevier is one of the world's leading publishers and information providers. Its activities include science and medical, legal and business publishing, and the organisation of trade exhibitions. Its principal operations are in North America and Europe. For the year ended 31 December 2008, revenue from continuing operations was approximately £5.3 billion and as at 31 December 2008 Reed Elsevier had approximately 34,800 employees. In 2008, North America represented the largest single geographic market, based on revenue by destination, contributing 49% of total revenue from continuing operations.

Reed Elsevier's businesses provide products and services that are organised in four business divisions: Elsevier serves the science and medical sector; LexisNexis, the legal and other professional sectors; Reed Exhibitions, the exhibitions and conferences sector; and Reed Business Information, the trade magazines and information business sector.

The United States and other major economies are currently undergoing a period of severe economic recession, and the future economic environment may be less favourable than in recent years. The professional markets which are served by Elsevier and LexisNexis, whilst not immune to the economic recession, have historically been more resilient than most and Reed Elsevier benefits from its subscription base and demand for online solutions. In business-to-business markets, served by Reed Exhibitions and Reed Business Information, the demand for advertising and marketing services is typically more affected by a tougher economic environment.

Revenue is derived principally from subscriptions, circulation sales, advertising sales and exhibition fees. In 2008, 45% of Reed Elsevier's revenue from continuing operations was derived from subscriptions; 21% from circulation sales; 14% from advertising sales; 13% from exhibition fees; and 7% from other sources. An increasing proportion of revenue is derived from electronic information products, principally internet-based, and in 2008, 50% of revenue was derived from such sources, including 74% of LexisNexis revenue, 54% of Elsevier revenue, 1% of Reed Exhibitions revenue and 34% of Reed Business Information revenue.

Subscription sales are defined as revenue derived from the periodic distribution or update of a product or from the provision of access to online services, which is often prepaid. Circulation sales include all other revenue from the distribution of a product and transactional sales of online services, usually on cash or credit terms. The level of publishing-related advertising sales and exhibition fees has historically been tied closely to the economic and business investment cycle with changes in the profit performance of advertisers, business confidence and other economic factors having a high correlation with changes in the size of the market. Subscription sales and circulation sales have tended to be more stable than advertising sales through economic cycles.

Revenue is recognised for the various categories as follows: subscriptions — on periodic despatch of subscribed product or rateably over the period of the subscription where performance is not measurable by despatch; circulation — on despatch; advertising — on publication or period of online display; and exhibitions — on occurrence of the exhibition. Where sales consist of two or more independent components whose value can be reliably measured, revenue is recognised on each component as it is completed by performance, based on attribution of relative value.

Certain of Reed Elsevier's businesses are seasonal in nature. In Elsevier, a significant proportion of annual revenue is derived from calendar year based journal subscriptions, with the substantial majority of annual cash inflow from these arising in the fourth quarter of each financial year. The majority of medical publishing and sales arise in the second half of the year. This, together with the phasing of other subscription receipts and exhibition deposits, results in significant cash flow seasonality whereby the substantial majority of annual operating cash inflows normally arise in the second half of the year.

Reed Elsevier's businesses compete for subscription, circulation and marketing expenditures in scientific and medical, legal and business sectors. The bases of competition include, for readers and users of the information, the quality and variety of the editorial content and data, the quality of the software to derive added value from the information, the timeliness and the price of the products and, for advertisers and exhibitors the quality and the size of the audiences targeted.

	<b>Year ended 31 December</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>(£ in millions)</b>		
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>			
Elsevier	1,700	1,507	1,521
LexisNexis	1,940	1,594	1,570
Reed Exhibitions	707	577	522
Reed Business Information	987	906	896
<b>Total</b>	<b>5,334</b>	<b>4,584</b>	<b>4,509</b>

Following announcement in February 2007 of the planned sale of Harcourt Education, this division is presented in the financial statements as a discontinued operation and is excluded from the above analysis. On 10 December 2008 Reed Elsevier announced the termination of discussions to sell Reed Business Information (**RBI**) as it was judged not possible to structure a transaction on acceptable terms at that time. RBI has therefore been presented as a continuing operation of the combined businesses in the current and prior periods. RBI and Reed Exhibitions, previously presented together as the Reed Business segment, are now managed as separate divisions and are presented as separate business segments.

## ELSEVIER

	Year ended 31 December		
	2008	2007	2006
	(£ in millions)		
<b>Revenue</b>			
Science & Technology	848	774	792
Health Sciences	852	733	729
<b>Total</b>	<b>1,700</b>	<b>1,507</b>	<b>1,521</b>

Elsevier comprises worldwide scientific, technical and medical publishing and communications businesses. Elsevier's principal operations are located in Amsterdam, London, Oxford, New York, Philadelphia, St. Louis, San Diego, Boston, Paris, Munich, Madrid, Singapore, Tokyo, Delhi and Chennai.

Elsevier is managed as two customer-facing divisions: Science & Technology and Health Sciences, supported by shared service functions that provide book and journal production, application management, information technology, fulfilment and distribution services.

### **Science & Technology**

The Science & Technology division contributed 50% of the total Elsevier revenue in 2008. Of this revenue, 79% came from journals (both print and electronic), 11% from books and the rest mainly from databases and software. Approximately 34% of Science & Technology revenue in 2008 was derived from North America, 36% from Europe and the remaining 30% from the rest of the world.

Through a number of imprints, including *Elsevier*, *Academic Press*, *Focal Press* and *Butterworth Heinemann*, Elsevier supplies scientific and technical information through journals and books, in print and electronic media, to libraries, scientists and professionals serving a wide range of research fields including the life sciences, social sciences, materials, engineering, chemistry, physics, economics, mathematics, earth sciences, computer sciences, management and psychology. Among Elsevier's scientific journals well known in their fields are *Cell*, *Brain Research*, *Neuroscience*, *Journal of Molecular Biology*, *Molecular Therapy* and *Developmental Biology* in the life sciences; *Tetrahedron* and *Journal of Chromatography A* in chemistry; *Physics Letters A*, *Solid State Communications*, *Journal of Computational Physics* and *Journal of Sound and Vibration* in physics; *Journal of Financial Economics* and *Social Sciences in Medicine* in the fields of economics and social sciences; *Artificial Intelligence* in the computer sciences field; and *Biomaterials* in the field of material sciences and engineering.

Science & Technology's flagship electronic product is *ScienceDirect*, the world's largest database of scientific, technical and medical journal articles. *ScienceDirect* now holds almost nine million scientific research articles and an expanding portfolio of books currently comprising over 75 major reference works, over 70 book series, seven handbooks totaling over 190 volumes, and more than 4,700 e-books. Beginning in 2008 some 500 e-books will be added to *ScienceDirect* each year. Elsevier also publishes secondary material in the form of supporting bibliographic data, indexes and abstracts, and tertiary information in the form of review and reference works.

Elsevier's online products include *Scopus*, which provides scientists with a comprehensive database and intuitive tool to navigate their way quickly through the world's accumulated scientific research. The *Scopus* database now has more than 37 million records of scientific research articles from over 15,000 peer reviewed journals, over 23 million patents, and references to over 434 million web pages.

Elsevier offers secondary databases, available electronically, online or on CD. These include: *EMBASE*, covering pharmaceutical and biomedical sciences; *Compendex*, which is largely distributed through the online discovery platform *Engineering Village*, covering the engineering disciplines; *Reaxys*, a workflow solution including the world's largest online compilation of chemical reactions; and *Geobase*, focusing on geoscience and related areas.

Competition within the science and technology publishing fields is generally on a title by title and product by product basis. Competing journals, books and databases are typically published by other professional publishers and learned societies such as the American Chemical Society, the Institute of Electrical and Electronics Engineers and the American Institute of Physics in the United States and the Royal Society of Chemistry in the United Kingdom.

Elsevier's print science journals are generally sold to libraries on a paid subscription basis, with subscription agents facilitating the administrative process. Electronic products, such as *ScienceDirect*, are sold directly to libraries, corporations and other end users through Reed Elsevier's dedicated sales force which has offices around the world including Amsterdam, New York, Rio de Janeiro, Singapore and Tokyo. Books are sold through book stores, both traditional and online, wholesalers and direct marketing.

### **Health Sciences**

The Health Sciences division of Elsevier operates an international network of nursing, health professions and medical publishing and communications businesses under the *Elsevier*, *Saunders*, *Mosby*, *Churchill Livingstone*, *Excerpta Medica*, *Lancet*, *Masson*, *Doyma* and *Netter* imprints and brands. It also operates an electronic health care content delivery business including brands such as *MD Consult*, *Evolve*, *Gold Standard*, *MEDai* and *MC Strategies*. Its principal geographic markets are the United States, the United Kingdom, Germany, France and Spain, while other important markets include Italy, Canada, Brazil, Australia, Japan, China, India and South East Asia.

Health Sciences contributed approximately 50% of the total Elsevier revenue in 2008. Of this revenue, 39% came from journals and related activities, 42% from books and related activities, both delivered in print and electronic form, and the remainder mainly from pharmaceutical communication businesses. Approximately 54% of Health Sciences revenue by destination in 2008 was derived from North America, 29% from Europe and the remaining 17% from the rest of the world.

Elsevier publishes a broad range of journals serving both the healthcare researcher and practitioner, such as *The Lancet*, *The Journal of the American College of Cardiology*, *Gastroenterology*, *The Journal of Allergy and Clinical Immunology*, *Pain*, *Journal of Emergency Medical Services*, *The Journal of Urology*, *The American Journal of Obstetrics and Gynecology*, and *European Journal of Cancer*. Within its journal publishing programme Elsevier publishes a number of journals for learned societies.

Elsevier publishes English language textbooks and reference works for students and practising professionals in the medical, nursing and health professions in the United States, the United Kingdom, Canada, Australia and internationally through exported products. Elsevier also publishes local language medical books and journals and provides communications services in many other geographies. Elsevier's medical textbooks include *Gray's Anatomy*, *Cecil Medicine*, *Guyton's Textbook of Medical Physiology*, *Robbins & Cotran Pathologic Basis of Disease*, and *Rang and Dale's Pharmacology*. Elsevier's nursing titles include *Mosby's Medical, Nursing and Allied Health Dictionary*, *Mosby's Nursing Drug Reference*, *Medical-Surgical Nursing*, *Potter and Perry's Fundamentals of Nursing* and *Wong's Essentials of Pediatric Nursing*. In the allied health professions markets, Elsevier publishes *Chabner's The Language of Medicine*, *Merrill's Atlas of Radiographic Positioning & Procedures*, *Ettinger's Textbook of Veterinary Internal Medicine* and *Sturdevant's Art and Science of Operative Dentistry*. Elsevier's local language book and journal titles include *Encyclopédie Médico-Chirurgicale* and the book series *Les Conférences d'Enseignement in France*, *Medicina Interna* in Spain and *Sobotta's Atlas der Anatomie des Menschen* in Germany. Notable local language journals include *La Presse Medicale* and *Archives de Maladies du Coeur et des Vaisseaux* (France) and *Jano* (Spain).

As an extension of Elsevier's medical reference works programme, it publishes fully searchable online web editions.

Elsevier offers a suite of electronic products serving both students and practising professionals across health science markets. In addition to offering medical journals online through *ScienceDirect* and other electronic platforms, Health Sciences' *Consult* suite of products provides web access to major medical reference works, databases, clinical journals, drug information, video based procedures content, practice guidelines, education programmes, expert commentaries and medical news for medical students, physicians and other healthcare professionals. In 2008, Elsevier has continued to develop its online health sciences education platform, *Evolve*, which provides electronic content, services and course management tools to support and develop its health sciences textbook programme.

Through *Excerpta Medica*, Elsevier publishes customised information for healthcare professionals, medical societies and pharmaceutical companies internationally. *Excerpta Medica* also works closely with pharmaceutical companies to provide international marketing and communications platforms for new drugs.

The medical publishing field is fragmented with competition generally on a title by title and product by product basis. In the United States, Elsevier faces regional competition from a number of information

publishers and service providers, including Wolters Kluwer Health (*Ovid, Medi-Span, Lippincott Williams & Wilkin and Adis*); Thomson Reuters (*Micromedex, Medstat, Solucient, PDR*); McGraw-Hill (*Harrison's Access Medicine*); Pearson (*Prentice Hall*); Wiley-Blackwell; Informa (*Scrips. Pharmaprojects, Taylor & Francis*); the American Medical Association (*JAMA*); and the Massachusetts Medical Society (*New England Journal of Medicine*).

Books are sold by book stores and wholesalers, and directly, generally through Elsevier's dedicated sales force. Print journals are generally sold to institutional libraries, with subscription agents facilitating the administrative process, and to individuals, through direct mail and through societies. Electronic products, such as *MD Consult*, are generally sold directly to hospitals, medical practitioners, health care payers and other end users directly through Elsevier's dedicated sales force.

### Shared Services

The shared service functions provide book and journal production, application management, information technology, customer service and support, and fulfilment and distribution for both the Science & Technology and Health Sciences divisions.

Much of the pre-press production for journals and books is outsourced. An electronic production system manages the journal production process from author submission to delivery of the full text of journal articles in whichever format the customer requires, via *ScienceDirect, MD Consult*, learned society websites, on CD or in print.

All printing is outsourced to unaffiliated printers in many locations including North America, Europe and Asia. Elsevier's book warehouse in the United States is owned and operated by Elsevier, but all other distribution and warehousing services are outsourced.

### LEXISNEXIS

	Year ended 31 December		
	2008	2007	2006
	(£ in millions)		
United States	1,395	1,113	1,129
International	545	481	441
<b>Total</b>	<b>1,940</b>	<b>1,594</b>	<b>1,570</b>

LexisNexis provides legal, tax, regulatory, risk management, information analytics, and business information solutions aligned to the workflow of law firms, business and government customers in the US and globally comprises LexisNexis United States and LexisNexis International.

Legal and regulatory markets worldwide are driven by the increasing level of legislation and litigation, as well as the number of lawyers. Opportunities are also developing through the delivery of value added solutions to meet demands for greater efficiency and productivity.

Increasingly legal information and services are being delivered online, with potential to deliver such products and solutions in markets outside the United States where online migration is at lower levels than in the US legal market. In recent years, LexisNexis has, with its comprehensive US public records databases, expanded in the market for risk information and analytics, which is growing due to increasing consumer credit losses and fraud and the demand for identity verification and risk evaluation.

In 2008, LexisNexis United States contributed approximately 72% of the total LexisNexis revenue, with LexisNexis International accounting for 28%.

#### **LexisNexis United States**

LexisNexis United States comprises US Legal Markets and Risk Information and Analytics. In 2008, approximately 57% of LexisNexis United States' revenue came from subscription sales, including online services, 27% from transactional sales, including online services, 7% from advertising, including directory listings, 1% from circulation and copy sales and the remaining 8% from other sources.

US Legal Markets develops, markets and sells LexisNexis information products and services in electronic and print formats to law firms and practitioners, law schools, corporations and state and local

governments. During 2008, LexisNexis selectively acquired a number of small businesses, including providers of software tools and content for law firms that complement the assets and customer relationships LexisNexis already has.

The flagship online legal research service, *lexisnexis.com*, provides online access to state and federal case law; codes and statutes; court documents; over seven billion searchable documents from over 35,000 sources online; business news, legal news, and regional news; expert commentary on the law; and sophisticated searching and linking tools customised for the needs of legal researchers.

US Legal Markets is increasingly providing Total Solutions, combining content with online workflow tools to provide products and solutions in Client Development, Research, Practice Management and Litigation Services.

Client Development solutions include the Martindale-Hubbell electronic network that showcases the qualifications and credentials of over one million lawyers and law firms worldwide. In addition, it provides a suite of business intelligence tools that help lawyers find and target clients, along with customer relationship management workflow tools. In Research, LexisNexis provides statutes and case law for all 50 US states as well as research, analysis and citation services. They include Matthew Bender publications *Collier on Bankruptcy*, *Moore's Federal Practice* and *Nimmer on Copyright*, Michie's 600 practice-enhancing titles, 400 custom legal publications and annotated codes as well as its *United States Code Service* and *United States Supreme Court Reports, Lawyer's Edition*. It also includes Shepard's, the publisher of *Shepard's Citations Service*, a legal citation service delivered online and in print. "Shepardizing" is a common process for US lawyers checking the continuing authority of cases or statutory references. Practice Management solutions include time and billing, case management and cost recovery. Litigation Services include a range of workflow solutions for litigators including *Total Litigator*, electronic discovery services, evidence management through Casesoft's Casemap product, Concordance's Dataflight case analysis product, court docket tracking and e-filing with LexisNexis's Courtlink service, expert identification and legal document preparation. In addition to law firms, these LexisNexis products and services are offered to corporations, federal government agencies and academic institutions together with news, business, financial and public records content.

Risk Information and Analytics develops, markets and sells LexisNexis products and services to corporations and state and federal government agencies. The risk management and information analytic applications are designed to assist customers in managing risk through fraud detection and prevention, risk evaluation identity verification, pre-employment screening and due diligence; and allow business, financial services, legal and government customers to quickly and easily extract valuable knowledge from a vast array of data. On 19 September 2008 Reed Elsevier acquired ChoicePoint. ChoicePoint has merged with the LexisNexis Risk Information and Analytics Group, creating a risk management business with approximately U.S.\$1.4 billion in revenues. ChoicePoint's principal operating groups are Insurance Services, Screening, Business Services and Government Services.

The Insurance Services group, ChoicePoint's largest core business, provides data, analytics software and business information services to property and casualty (P&C) personal and commercial insurance carriers in the US. Information solutions help insurers effectively assess risks in the underwriting process to ensure that their customers receive appropriate policy pricing. The Insurity business unit provides software, data and analytics to P&C commercial and personal lines carriers to improve risk acceptance and loss mitigation.

The Screening group focuses on employment screenings, tenant screening and customer enrolment businesses.

The Business Services and Government Services groups provide public information solutions primarily to financial and professional services, and government customers. These services help companies and government agencies with risk management, enhanced due diligence, verification and business credentialing, and allow companies and government agencies to better mitigate financial and reputational risk and improve their processes and productivity.

In US legal markets, LexisNexis United States' principal competitor is West (Thomson Reuters), Dialog (ProQuest) and Factiva (News Corporation). In the insurance service market, ChoicePoint's primary property and casualty competitor is American Insurance Services Group, a unit of Insurance Services Offices, Inc.

### **LexisNexis International**

The LexisNexis International division comprises LexisNexis business in Europe, Canada and Africa headquartered in London, and in Asia Pacific, headquartered in Singapore. In 2008, approximately 66% of LexisNexis International's revenue was derived from subscriptions, 24% from circulation sales, 2% from advertising and 8% from other sources. In the same year, approximately 38% of revenue came from the UK, 32% from Continental Europe and 30% from the rest of the world. The most significant business within Continental Europe is in France.

LexisNexis Butterworths in the United Kingdom is a professional publisher, providing legal, tax and business information and solutions via online, print and CD media. The web-based *LexisNexis Butterworths* service provides a resource for legal, tax, regulatory and business information, including access to a range of UK, US, Australian, New Zealand, South African and other legal materials, via a single gateway. LexisNexis Butterworths' principal publications are *Halsbury's Laws of England*, *The Encyclopaedia of Forms and Precedents*, *Simon's Taxes* and *Butterworths Company Law Service*. The principal competitors in the United Kingdom are Sweet & Maxwell and Westlaw (both part of Thomson Reuters) in legal markets; CCH Croner (Wolters Kluwer) in tax and regulatory markets; and Factiva (News Corporation) in corporate markets.

LexisNexis in France is a provider of information to lawyers, notaries and courts, with *JurisClasseur* and *La Semaine Juridique* being the principal publications. The major competitors of LexisNexis in France are Editions Francis Lefebvre, Editions Legislatives, Dalloz (Lefebvre) and Lamy (Wolters Kluwer).

### **REED EXHIBITIONS**

	<b>Year ended 31 December</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>(£ in millions)</b>		
<b>Revenue</b>	707	577	522

Reed Exhibitions is one of the world's leading events organisers with over 470 events in 37 countries. In 2008 Reed Exhibitions brought together over seven million event participants from around the world. Over 70% of Reed Exhibitions' revenue is derived from exhibitor participation fees, with the balance primarily attributable to conference fees, advertising in exhibition guides, sponsorship fees and admission charges. In 2008, approximately 19% of Reed Exhibitions' revenue came from North America, 51% from Continental Europe, 7% from the United Kingdom and the remaining 23% from the rest of the world. As some events are held other than annually, revenue in any single year is affected by the cycle of non-annual exhibitions.

Reed Exhibitions organises a range of events including exhibitions, conferences and congresses. Its portfolio of over 470 events serves 44 industry sectors including: Aerospace & Aviation, Automobiles, Broadcasting, Building & Construction, Electronics, Energy Oil & Gas, Engineering, Manufacturing, Environment, Food Service & Hospitality, Gifts, Healthcare, Interior Design, IT & Telecoms, Jewellery, Life Science & Pharmaceuticals, Machinery, Medical Education, Printing & Graphics, Property & Real Estate, Security & Safety, Sports & Recreation and Travel. The portfolio includes the *JCK International Jewellery Shows*, *International Security Conferences (ISC)*, *Professional Golfers Association (PGA) Merchandise Show* and *National Hardware Show* in North America; *MIPIM*, *MAPIC*, *MIPTV*, *MIPCOM*, *MIDEM*, *Equip'Hotel*, *Salon Nautique*, *Pollutec* and *Maison et Objet* in France; *PSI* and *Aircraft interiors* in Germany; *World Travel Market*, *Infosecurity Europe* and *London Book Fair* in the United Kingdom; *Mostra Convegno Expocomfort* in Italy, *InterCHARM* in Russia, *Arabian Travel Market* in Dubai, *International Jewellery Tokyo* in Japan; *International Automobile Trade Show* in Brazil and *Thai Metalex* in South-East Asia.

Many of Reed Exhibitions' events are leading events in their respective sectors. Working closely with professional bodies, trade associations and government departments Reed Exhibitions ensures that each and every event is targeted and relevant to industry needs. The business is developing powerful online tools to facilitate networking, and enhance the effectiveness and efficiency of its shows, as well as broadening its event model to include continuing education and professional development.

Growth of the exhibition industry is supported by new industries and new markets, particularly as the emerging markets of Brazil, China, India, Russia and Middle East open up and develop. Exhibitions are a

key means for companies to enter these new markets, enabling them to reach and target new customers quickly and cost-effectively. Growth has also been achieved through acquisitions and launches in key growth industries, and by developing strategic partnerships and replicating its brand-leading events in the emerging markets. Such partnerships will become an increasing feature of Reed Exhibitions' presence in these markets, with the building of local businesses operating close to local markets, supported by Reed Exhibitions' global networks and organisational expertise.

Reed Exhibitions is expanding the scope of its business model beyond the physical event to create online communities such as *ISC365*, *PSIonline* and *INTERPHEX365*. These communities provide tools allowing customers additional opportunities to interact with others in their industry, share knowledge and do business 365 days a year, and they are opening up new revenue streams for Reed Exhibitions.

Reed Exhibitions is particularly prominent in a number of sectors, notably travel, for which it organises some of the world's leading events, including *World Travel Market* held annually in London, and *Arabian Travel Market* held in Dubai. Reed Exhibitions is also involved in the Environment sector. Leading events include *Pollutec*, the international environment show held alternately in Lyon and Paris; the *World Future Energy Summit* in Abu Dhabi; and *Offshore Europe*, in Aberdeen, which brings together the global oil and gas market to debate key issues and create common agendas for the future of the upstream industry.

The exhibition industry has historically been highly fragmented. Other international exhibition organisers with which it competes, include United Business Media, DMGWorld Media, Nielsen Business Media, Informa IIR and Messe FrankFurt. Competition also comes from industry focussed trade associations and convention centre and exhibition hall owners.

## REED BUSINESS INFORMATION

	Year ended 31 December		
	2008	2007	2006
	(£ in millions)		
RBI UK	306	294	281
RBI US	288	278	299
RBI NL	202	181	178
RBI International	191	153	138
<b>Total</b>	<b>987</b>	<b>906</b>	<b>896</b>

Reed Business Information provides information and marketing solutions to business professionals in the United States, the United Kingdom, continental Europe, Australia and Asia.

Business-to-business magazines, community websites and online lead generation services provide an effective marketing channel through which advertisers reach their target audiences and industry professionals can access valued information. The business has a number of leading brands in a range of sectors and online data services which enable users to enhance productivity through quicker and easier access to more comprehensive and searchable data. Business-to-business marketing spend has been driven historically by levels of corporate profitability, which itself has followed overall growth in GDP and business investment.

In the United States, business-to-business magazines are primarily distributed on a "controlled circulation" basis, whereby the product is delivered without charge to qualified buyers within a targeted industry group based upon circulation lists developed and maintained by the publisher. Magazines distributed on a "controlled circulation" only basis are therefore wholly dependent on advertising for their revenues. In the United Kingdom, business magazines are distributed both on a "controlled circulation" basis and a "paid circulation" basis, with "paid circulation" titles also dependent on advertising for a significant proportion of their revenues. In The Netherlands, a higher proportion of publications are sold by "paid circulation."

In 2008, approximately 54% of Reed Business Information revenue came from advertising, 27% from subscription sales, 7% from circulation sales, 4% from training and 8% from other sources. Online services represented 34% of RBI revenue in 2008. Approximately 32% of Reed Business Information revenue in 2008 came from North America, 23% from the United Kingdom, 38% from Continental Europe and 7% from the rest of the world.

Online revenue grew by 15% in 2008 to over £300 million reflecting user and advertising demand for community websites (webzines), recruitment, lead generation and search, as well as online data services. Supporting the continued online growth is an established network of online focused sales, search and marketing resources. Attracting and retaining appropriately skilled people is critical as the business continues to expand and develop its online portfolio.

Reed Business UK (**RBI UK**), a business information publisher, operates over 100 market leading brands in over 20 markets through its multi-platform media of web products, magazines, exhibitions, conferences and industry awards. Its business magazines include *ComputerWeekly*, *FarmersWeekly*, *Estates Gazette*, *Flight International*, *New Scientist*, *Caterer & Hotelkeeper*, *Commercial Motor* and *Community Care*, all of which provide online communities via associated websites. Online services include leading recruitment job boards such as *totaljobs.com*, an online targeted newsletter provider, eMedia, and data services supplying information to the aerospace industry, property, banking (*bankersalmanc.com*), chemicals industries (*ICIS*) and the human resources sector. Heren was acquired in March 2008 adding Energy reporting to the online data business serving the chemicals business. *XpertHR*, the data services supplying the human resources sector, has been enhanced by the acquisition of CELRE in May 2008. In addition Approved Index was acquired in June 2008 expanding the businesses online lead generation services.

Paper and printing services are purchased from unaffiliated third parties, primarily on a coordinated basis with other Reed Elsevier businesses in the United Kingdom. RBI UK's distribution is generally through public postal systems, with news-stand distribution for some titles through outside wholesalers. RBI UK competes directly with Eden (formally EMAP), United Business Media and McGraw-Hill across a number of sectors. The UK e-recruitment sector is highly competitive, and RBI UK competes in particular with Monster and Daily Mail General Trust. It also competes with a number of companies on an individual product-by-product basis.

Reed Business Information US (**RBI US**) is a publisher of business information, with over 60 trade magazines. Amongst the RBI US titles are *Variety*, *Broadcasting & Cable*, *Multichannel News*, *Publishers Weekly*, *EDN*, *Design News* and *Interior Design*, all of which provide online communities to their users by way of associated websites. Reed Construction Data business (**RCD**) provides on and offline information, data and analytics on US and Canadian construction projects, and from 2008, building information modelling (**BMI**) solutions. Its *BuyerZone* business is an online marketplace for buyers and sellers of business products and services.

RBI US operates circulation management and fulfillment facilities in Colorado and the Caribbean island of St Kitts, through which it identifies, qualifies and maintains subscriber lists for substantially all of its titles. Paper and printing services are purchased on a coordinated basis with other Reed Elsevier businesses in the United States. Distribution of magazines is conducted primarily through the US postal service, supplemented by news-stand sales through unaffiliated wholesalers.

Reed Elsevier's US business titles compete on an individual basis with the titles, print and digital, of individual publishers, including Advanstar, CMP Media (United Business Media), Hanley Wood, McGraw-Hill, Penton and Nielsen (formerly VNU).

In Continental Europe, the principal business is Reed Business Information Netherlands (**RBI NL**), a business magazine and information publisher, publishing over 160 titles. Through its business magazines, websites, online databases, books, conferences and training courses, RBI NL serves industries which include agriculture, catering, construction, engineering, food, fashion and horticulture. Its principal titles include *Elsevier*, *current affairs weekly*, *Beleggers Belangen* and *FEM* in business and management, *Boerderij* in agriculture and *Distrifood* in retail. Its titles are predominantly subscription based and revenue is principally divided between subscriptions and advertising. Other publications within Continental Europe include *Stratégies* in France, *Arte y Cemento* in Spain and *Detail* in Germany.

Printing and production is contracted out to third parties and distribution is mainly through the postal system. RBI NL competes with a number of companies on a title by title basis in individual market sectors, the largest competitors in print being Wolters Kluwer and VNU.

In Asia Pacific, principal titles include *Australian Doctor* and *Money Management* in Australia and *EDN*, a design news magazine for the electronics industry in Asia.

Reed Business Information competes for online advertising and users with other business-to-business websites as well as Google and other internet search engines.

## **Elsevier Reed Finance BV**

### **Structure**

Elsevier Reed Finance BV, the Dutch parent company of the Elsevier Reed Finance BV group (**ERF**), is directly owned by REPLC and RENV. ERF provides treasury, finance, intellectual property and insurance services to the Reed Elsevier Group plc businesses through its subsidiaries in Switzerland: Elsevier Finance SA (**EFSA**), Elsevier Properties SA (**EPSA**) and Elsevier Risks SA (**ERSA**). These three Swiss companies are organised under one Swiss holding company, which is in turn owned by Elsevier Reed Finance BV.

### **Activities**

EFSA is the principal treasury centre for the combined businesses. It is responsible for all aspects of treasury advice and support for Reed Elsevier Group plc's businesses operating in Continental Europe, Latin America, the Pacific Rim, India, China and certain other territories, and undertakes foreign exchange and derivatives dealing services for the whole of Reed Elsevier. EFSA also arranges or directly provides Reed Elsevier Group plc businesses with financing for acquisitions and product development and manages cash pools, investments and debt programmes on their behalf.

EPSA is a centre of expertise within Reed Elsevier in terms of trademarks and other intangibles. It has continued the acquisition of titles, including the trademark Reed Elsevier in 2008.

ERSA is responsible for re-insurance activities relating to risk retention.

### **Recent developments**

In 2008, EFSA issued a CHF150 million bond in the Swiss public market and negotiated several term financing agreements. It was involved in the financing of the acquisition of ChoicePoint, Inc. and treasury aspects related to the attempted divestment of Reed Business Information. EFSA negotiated and advised on a number of banking and cash management arrangements in Continental Europe, Asia and Latin America. EFSA continued to advise Reed Elsevier Group plc companies on treasury matters, including interest and foreign currency exposures.

### **Liabilities and assets**

The average balance of cash under management by EFSA in 2008, on behalf of Reed Elsevier Group plc and its parent companies, was approximately \$0.5 billion (2007: \$0.9 billion).

At the end of 2008, 91% (2007: 89%) of ERF's gross assets were held in US dollars and 8% (2007: 10%) in euros, including \$10.6 billion (2007: \$8.5 billion) and €0.6 billion (2007: €0.7 billion) in loans to Reed Elsevier Group plc subsidiaries. Loans made to Reed Elsevier Group plc businesses are funded from equity, long term debt of \$1.5 billion, medium term debt of \$1.4 billion and short term debt of \$0.5 billion backed by medium term committed bank facilities. Medium and long term debt is derived from syndicated bank facilities, Swiss domestic public bond issues, bilateral term loans and private placements. Short term debt is primarily derived from euro and \$ commercial paper programmes.

## ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

### The Boards of Directors

The Board of REPLC, the Combined Board of RENV and the Board of Reed Elsevier Group plc are harmonised. All of the directors of Reed Elsevier Group plc are also members of the board of directors of REPLC and, subject to the appointment of Ian Smith to the Executive Board of RENV at the 2009 Annual General Meeting in April 2009, will be a member of either the Executive Board or the Supervisory Board of RENV. RENV may appoint two directors who are not appointed to the boards of either REPLC or Reed Elsevier Group plc, and has appointed one such director. The boards of REPLC, RENV, Reed Elsevier Group plc and Elsevier Reed Finance BV each comprise a balance of executive and non-executive directors who bring a wide range of skills and experience to the deliberations of the boards. All non-executive directors are independent of management and are free from any business or other relationship which could materially interfere with the exercise of their independent judgment.

### Appointment to the Boards

REPLC and RENV shareholders maintain their rights to appoint individuals to the respective boards, in accordance with the provisions of the Articles of Association of these companies. Subject to this, no individual may be appointed to the boards of REPLC, RENV (either members of the Executive Board or the Supervisory Board) or Reed Elsevier Group plc unless recommended by the joint Nominations Committee. Members of the Committee abstain when their own re-appointment is being considered.

All REPLC and RENV directors are subject to retirement at least every three years, and are able then to make themselves available for re-election by shareholders at the respective Annual General Meetings. However, as a general rule, non-executive directors of REPLC and members of the RENV Supervisory Board serve on the respective board for two three-year terms, although the boards may invite individual directors to serve up to one additional three-year term.

Details of each member of each board are set out in the table below accompanied by their year of appointment to the respective board.

<b>Directors</b>	<b>Reed Elsevier PLC</b>	<b>Reed Elsevier N.V.</b>	<b>Reed Elsevier Group plc</b>
<b>Executive</b>			
Sir Crispin Davis	1999	1999	1999
Mark Armour	1996	1999	1996
Erik Engstrom	2004	2005	2004
Andrew Prozes	2000	2001	2000
Ian Smith	2009	–	2009
<b>Non-executive/Supervisory</b>			
Jan Hommen – Chairman	2005	2005	2005
Dien de Boer-Kruyt	–	2000	–
Mark Elliott	2003	2003	2003
Lisa Hook	2006	2006	2006
Robert Polet	2007	2007	2007
David Reid	2003	2003	2003
Lord Sharman of Redlynch	2002	2002	2002

Details of each director and their position are set out in the table below accompanied by their principal outside activities.

<b>Name</b>	<b>Position</b>	<b>Principal Outside Activities</b>
Sir Crispin Davis	Chief Executive Officer	Non-executive director of GlaxoSmithKline plc
Mark Armour	Chief Financial Officer	None currently
Erik Engstrom	Chief Executive Officer, Elsevier	None currently
Andrew Prozes	Chief Executive Officer, LexisNexis	Non-executive director of Cott Corporation
Ian Smith	CEO-designate	Non-executive director of Galiform plc
Jan Hommen	Chairman	Chief Executive Officer designate of ING Groep NV, Chairman of the supervisory boards of ING Groep NV, TNT NV, Academisch Ziekenhuis Maastricht and TiasNimbas Business School of Tilburg University and a member of the supervisory board of Campina BV
Dien de Boer-Kruyt	Non-executive director	Member of the supervisory boards of Sara Lee/DE, a subsidiary of Sara Lee Corporation, Imtech NV and Allianz Nederland Group NV. Member of the supervisory board of the National Registry of non-executive directors and director of the leadership programmes Call and Ravel, for leaders in business, government and universities
Mark Elliott	Non-executive director Chairman of the Remuneration Committee	Non-executive director of G4S plc
Lisa Hook	Non-executive director	President and Chief Operating Officer of NeuStar Inc and a director of The Ocean Foundation
Robert Polet	Non-executive director	President and Chief Executive Officer of Gucci Group
David Reid	Non-executive director Non-executive chairman of Tesco plc	Chairman of Kwik-Fit
Lord Sharman of Redlynch	Non-executive director Chairman of the Audit Committees	Non-executive chairman of Aviva plc and a non-executive director of BG Group plc Member of the House of Lords

Ian Smith joined the boards of REPLC and Reed Elsevier Group plc as CEO-designate on 1 January 2009 prior to the planned retirement of Sir Crispin Davis in March 2009. Ian Smith will be proposed for election to the Executive Board of RENV at the company's Annual General Meeting in April 2009.

Jan Hommen will step down as chairman and as a member of the boards at the forthcoming Annual General Meetings in April 2009.

Dien de Boer-Kruyt will retire by rotation as a member of the RENV Supervisory Board at the forthcoming Annual General Meeting. The Nominations Committee has requested Mrs de Boer-Kruyt to continue as a member of the Supervisory Board for a period of 12 months, pending the recruitment of a successor to the Chairman of that Board. Mrs de Boer-Kruyt has served three terms of three years each, and her proposed reappointment is within the maximum period of twelve years permitted under the Dutch Corporate Governance Code.

For the purposes hereof, the business address for directors of REPLC and Reed Elsevier Group plc is Reed Elsevier, 1-3 Strand, London WC2N 5JR, United Kingdom and the business address for directors of RENV is Reed Elsevier, Radarweg 29, Amsterdam 1043 NX, The Netherlands.

No director has any potential conflict of interest between their duties to REPLC, RENV and/or Reed Elsevier Group plc and their private interests and/or other duties.

## SUBSIDIARY UNDERTAKINGS

REPLC and RENV conduct their business through two jointly owned companies, Reed Elsevier Group plc and Elsevier Reed Finance BV.

The following table shows the significant subsidiaries, associates, joint ventures and business units of Reed Elsevier Group plc and of Elsevier Reed Finance BV by reference to business segment and geographical location. All businesses are 100% owned unless otherwise stated.

<b>Business</b>	<b>Geographical location</b>
<b><i>Reed Elsevier Group plc</i></b>	United Kingdom
<i> Holding companies</i>	
Reed Elsevier (UK) Limited <sup>(1)</sup>	United Kingdom
Reed Elsevier (Holdings) Limited <sup>(6)</sup>	United Kingdom
Reed Elsevier (Investments) plc	United Kingdom
Reed Elsevier Holdings B.V.	The Netherlands
Reed Elsevier Nederland B.V.	The Netherlands
Reed Elsevier Overseas B.V.	The Netherlands
Reed Elsevier US Holdings Inc	USA
Reed Elsevier Inc. <sup>(1)</sup>	USA
Reed Elsevier Capital Inc.	USA
Elsevier STM Inc	USA
Reed Elsevier Properties Inc.	USA
<i> Elsevier</i>	
Elsevier Limited	United Kingdom
Elsevier B.V.	The Netherlands
Elsevier Inc.	USA
Excerpta Medica, Inc	USA
Academic Press	USA
Elsevier Health Sciences	USA
Mosby, Inc.	USA
MC Strategies Inc	USA
Elsevier Masson SAS	France
Elsevier Espana SL	Spain
<i> LexisNexis</i>	
LexisNexis Butterworths Tolley <sup>(3)</sup>	United Kingdom
LexisNexis <sup>(4)</sup>	USA
Matthew Bender and Company, Inc.	USA
Martindale-Hubbell <sup>(4)</sup>	USA
LexisNexis Risk and Information Analytics Group, Inc.	USA
ChoicePoint, Inc	USA
Seisint, Inc	USA
LexisNexis SA	France
Butterworths Australia <sup>(5)</sup>	Australia
Dott. A. Giuffrè Editore Spa (40%)	Italy
<i> Reed Exhibitions</i>	
Reed Exhibitions Limited	United Kingdom
Reed Exhibitions <sup>(4)</sup>	USA
Reed Expositions France SAS	France
Reed Midem SA	France
Reed Exhibitions Brasil Ltda (90%)	Brazil
Reed Exhibitions Japan KK	Japan

<b>Business</b>	<b>Geographical location</b>
<i>Reed Business Information</i>	
Reed Business Information Limited	United Kingdom
Reed Business B.V.	The Netherlands
Reed Business Information US <sup>(4)</sup>	USA
Reed Construction Data Inc.	USA
Buyerzone.com Inc	USA
Reed Business Information SAS	France
<i>Elsevier Reed Finance B.V.</i>	
Elsevier Swiss Holdings SA	The Netherlands
Elsevier Finance SA	Switzerland
Elsevier Properties SA	Switzerland
Elsevier Risks SA	Switzerland

Notes:

- (1) Holding company, but also trades through one or more operating divisions
- (2) Division of Elsevier Inc.
- (3) Division of Reed Elsevier (UK) Limited
- (4) Division of Reed Elsevier Inc.
- (5) Division of Reed International Books (Australia) Pty Ltd.
- (6) Direct subsidiary undertaking of Reed Elsevier Group plc

## TAXATION

### 1. United Kingdom Taxation

**The following applies only to persons who are the absolute beneficial owners of Notes and Coupons and are comments of a general nature based on the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. It is assumed that the obtaining of a tax benefit is not the main benefit, or one of the main benefits, of any Noteholder or Couponholder holding Notes or Coupons. Prospective Noteholders or Couponholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.**

#### *Payment of interest on the Notes*

The Notes will constitute "quoted Eurobonds" within the terms of section 987 of the Income Tax Act 2007 (the **Act**) as long as they are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the Act. The London Stock Exchange is a recognised stock exchange. Under HM Revenue & Customs published practice, securities will be treated as listed on the London Stock Exchange if they are admitted to the Official List by the United Kingdom Listing Authority and admitted to trading by the London Stock Exchange. There is no requirement to withhold or deduct for or on account of United Kingdom tax in relation to interest payments made (or in the case of collecting agents, received) in respect of quoted Eurobonds. Accordingly, provided, therefore, that the Notes remain so listed at the time of payment of interest, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid to a person who (i) belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest or (ii) falls within various categories enjoying a special tax status (including charities and pension funds), provided that HM Revenue & Customs has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that one of the above exemptions is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent), subject to any direction to the contrary from HM Revenue & Customs in respect of such relief or a lower rate of withholding tax as may be available pursuant to the provision of any applicable double taxation treaty.

Noteholders may wish to note that, in certain circumstances, HM Revenue & Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder or who either pays amounts payable on the redemption of Notes to or receives such amounts for the benefit of another person, although HM Revenue & Customs published practice indicates that HM Revenue & Customs will not exercise the power referred to above to require this information in respect of such amounts payable on redemption of Notes where such amounts are paid on or before 5 April 2009. Information so obtained may, in certain circumstances, be exchanged by HM Revenue & Customs with the tax authorities of other jurisdictions.

#### *Further United Kingdom Income Tax issues*

Interest on the Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch, agency or permanent establishment in connection with which the interest

is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Noteholders.

### ***United Kingdom Corporation Tax Payers***

#### *General Provisions in relation to Corporation Tax*

In general, Noteholders who are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

### ***Other United Kingdom Tax Payers***

#### *Taxation of Chargeable Gains*

The Notes will constitute “qualifying corporate bonds” within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Noteholder of a Note will not give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains.

#### *Accrued Income Profits*

It is considered that the Notes are “variable rate securities” for the purposes of the provisions in Part 12 of the Income Tax Act 2007 on “accrued income profits”. Accordingly, subject to certain exclusions, a transfer of Notes by a Noteholder resident or ordinarily resident for tax purposes in the United Kingdom or who carries on a trade in the United Kingdom through a branch or agency (other than a holder within the charge to corporation tax with respect to the Notes) to which the Notes are attributable may give rise to a charge to tax on income in respect of an amount representing interest on the Notes which has accrued since the preceding interest payment date in such amount as is just and reasonable. A transferee of Notes with accrued interest will not be entitled to any allowance under the “accrued income profits” rules. Generally, persons who are neither resident nor ordinarily resident in the United Kingdom and who do not carry on a trade in the United Kingdom through a branch or agency to which the Notes are attributable will not be subject to the provisions of these rules.

### ***Stamp Duty and Stamp Duty Reserve Tax (SDRT)***

No United Kingdom stamp duty or SDRT is payable on a transfer by delivery of the Notes.

### ***Payments by the Guarantors***

Payments by either Guarantor may be subject to withholding on account of United Kingdom tax, subject to any claim which could be made under applicable double tax treaties and except that any withholding would be disappplied in respect of payments to recipients whom such Guarantor reasonably believes are either a United Kingdom resident company or a non-resident company carrying on a trade through a permanent establishment which is within the charge to corporation tax, or fall within various categories enjoying a special tax status (including charities and pension funds), or are partnerships consisting of such persons (unless HM Revenue & Customs direct otherwise).

## **2. Dutch Taxation**

The following summary outlines certain Netherlands tax consequences to holders of the Notes and Coupons. The summary does not purport to present any comprehensive or complete picture of all Netherlands tax aspects that could be of relevance to the acquisition, ownership and disposal of Notes or Coupons by a (prospective) holder of Notes or Coupons who may be subject to special tax treatment.

The summary is based on the tax laws and practice of The Netherlands as in effect on the date of this prospectus, which are subject to changes that could prospectively or retrospectively affect the stated tax consequences.

**Prospective holders of Notes or Coupons should consult their own professional adviser with respect to the tax consequences of any acquisition, ownership or disposal of the Notes or Coupons in their individual circumstances.**

### ***Withholding Tax***

All payments under the Guarantee may be made free of withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

### ***Taxes on Income and Capital Gains***

A holder of Notes will not be subject to Netherlands taxes on income or capital gains in respect of the Notes, including such tax on any payment under the Notes or in respect of any gain realised on the disposal, deemed disposal or exchange of the Notes, provided that:

- (a) such holder is neither a resident nor deemed to be a resident of The Netherlands, nor, if he is an individual, has elected to be taxed as a resident of The Netherlands;
- (b) such holder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the Notes are attributable;
- (c) neither such holder nor any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, or certain other of such persons' relatives (including foster children), (i) has indirectly the disposition of the proceeds of the Notes in The Netherlands, nor (ii) has a substantial interest (x) in any entity that legally or *de facto*, directly or indirectly, has the disposition of the proceeds of the Notes in The Netherlands and/or (y) in case of and only after substitution of a company resident or deemed to be resident in The Netherlands in place of the Issuer as the principal debtor in respect of the Notes, in such company resident or deemed to be resident in The Netherlands. For purposes of this clause (c), a substantial interest is generally present if a holder holds, alone or together with his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, or certain other of such person's relatives (including foster children), whether directly or indirectly, (i) the ownership of, certain other rights, such as usufruct, over, or rights to acquire (whether or not already issued) shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of a company; or (ii) the ownership of, or certain other rights, such as usufruct, over profit participating certificates ("*winstbewijzen*"), or membership rights in a co-operative association, that relate to five per cent or more of the annual profit of a company or co-operative association or to five per cent or more of the liquidation proceeds of a company or co-operative association; or (iii) membership rights representing five per cent. or more of the voting rights in a co-operative association's general meeting; and
- (d) if such holder is an individual, such income or capital gain does not form a "benefit from miscellaneous activities" in The Netherlands ("*resultaat uit overige werkzaamheden*") which, for instance, would be the case if the activities in the Netherlands with respect to the Notes exceed "normal active asset management" ("*normaal, actief vermogensbeheer*") or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a "lucrative interest") that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in The Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

### ***Gift, Estate and Inheritance Taxes***

No gift, estate or inheritance taxes will arise in The Netherlands with respect to an acquisition of the Notes by way of a gift by, or on the death of, a holder of the Notes who is neither resident, deemed to be resident nor treated (at the request of the beneficiary(y)(ies) of the gift or estate) as resident in The Netherlands for Netherlands inheritance and gift tax purposes, unless:

- (a) such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the Notes are or were attributable; or

- (b) in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands.

For purposes of Netherlands gift and inheritance tax, an individual with The Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in The Netherlands at any time during the ten years preceding the date of the gift or his death.

For purposes of Netherlands gift tax, an individual not holding The Netherlands nationality will be deemed to be resident of The Netherlands if he has been resident in The Netherlands at any time during the 12 months preceding the date of the gift.

***Other Taxes and duties***

No Netherlands registration tax, capital tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in The Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of the Notes or the performance by RENV of its obligations under the Guarantee.

**3. European Union Savings Directive**

Under EC Council Directive 2003/48/E on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

## SUBSCRIPTION AND SALE

BNP Paribas, HSBC Bank plc, The Royal Bank of Scotland plc and UBS Limited (together, the **Joint Lead Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 26 March 2009, jointly and severally agreed to subscribe for the Notes at the issue price of 98.755 per cent of the principal amount of Notes (the **Issue Price**), less a combined management, underwriting and selling commission of 0.400 per cent of the principal amount of the Notes. The Issuer, failing which the Guarantors, will also reimburse the Joint Lead Managers in respect of certain of their expenses, and the Issuer and the Guarantors have agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

### *United States*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Joint Lead Manager has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### *United Kingdom*

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### *General*

No action has been taken by the Issuer, the Guarantors or any of the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Lead Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## GENERAL INFORMATION

### Authorisations

1. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 16 March 2009 and the giving of the Guarantee was duly authorised by resolutions of the Board of Directors of REPLC dated 29 July 2008 and the Combined Board of RENV dated 29 July 2008 and by resolutions of a duly authorised Committee of the Board of Directors of REPLC dated 16 March 2009 and a duly authorised Committee of the Combined Board of RENV dated 16 March 2009.

### Listing and Admission to Trading

2. Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

The admission of the Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that official listing will be granted on or about 31 March 2009 subject only to the issue of the Temporary Global Note. Prior to the listing of the Notes, dealings will be permitted by the London Stock Exchange in accordance with its rules.

The total expenses relating to the admission of the Notes to trading are approximately £17,250.

### Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for this issue is XS0418995907 and the Common Code is 041899590.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### No significant or material adverse change

4. There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since 31 December 2007.

Save as disclosed herein on page 31, there has been no significant change in the financial or trading position of either Guarantor or of Reed Elsevier as a whole since 31 December 2008 and no material adverse change in the financial position or prospects of either Guarantor or of Reed Elsevier as a whole since 31 December 2008 (the date of Reed Elsevier's most recent audited combined financial statements).

### Litigation

5. None of the Issuer and the Guarantors is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) in the 12 months preceding the date of this Prospectus which may have, or have had, in such period a significant effect on the financial position or profitability of the Issuer, either Guarantor or of Reed Elsevier as a whole.

### Accounts

6. The auditors of the Issuer are Deloitte LLP, Chartered Accountants and Registered Auditors (authorised and regulated by the Financial Services Authority for designated investment business) of 2 New Street Square, London EC4A 3BZ, who have audited without qualification the Issuer's financial statements for each of the financial years ended 31 December 2006 and 31 December 2007.

The auditors of REPLC are Deloitte LLP, Chartered Accountants and Registered Auditors (authorised and regulated by the Financial Services Authority for designated investment business) of 2 New Street Square, London EC4A 3BZ, who have audited without qualification REPLC's financial statements for each of the financial years ended 31 December 2007 and 31 December 2008.

The auditors of RENV are Deloitte Accountants BV, an Independent Registered Public Accounting Firm, of Orlyplein 50, 1043 DP Amsterdam, The Netherlands, who have audited

without qualification RENV's financial statements for each of the financial years ended 31 December 2007 and 31 December 2008.

The combined financial statements of Reed Elsevier for each of the financial years ended 31 December 2007 and 31 December 2008 were audited without qualification by Deloitte LLP and Deloitte Accountants BV.

#### **U.S. Tax**

7. The Notes and Coupons will contain the following legend: *“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”*

#### **Documents**

8. Copies of the following documents will be available for inspection from the registered offices of the Issuer and the Guarantors and from the specified offices of the Principal Paying Agent in London, during normal business hours, for a period of 12 months from the date of this Prospectus:
  - (a) the Memorandum and Articles of Association of the Issuer and REPLC and the Articles of Association of RENV;
  - (b) the audited financial statements of the Issuer in respect of each of the financial years ended 31 December 2006 and 31 December 2007. The Issuer currently prepares audited financial statements on an annual basis;
  - (c) the audited combined financial statements of Reed Elsevier in respect of each of the financial years ended 31 December 2007 and 31 December 2008. Reed Elsevier currently prepares audited combined financial statements on an annual basis;
  - (d) the audited consolidated financial statements of REPLC in respect of each of the financial years ended 31 December 2007 and 31 December 2008. REPLC currently prepares audited consolidated financial statements on an annual basis;
  - (e) the audited consolidated financial statements of RENV in respect of each of the financial years ended 31 December 2007 and 31 December 2008. RENV currently prepares audited consolidated financial statements on an annual basis; and
  - (f) this Prospectus, the Subscription Agreement, the Trust Deed and the Agency Agreement.

In addition, copies of this Prospectus and all documents incorporated by reference will also be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/en-gb/pricesnews/marketnews/](http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/).

#### **Yield**

9. The yield on the Notes will be 7.205 per cent per annum, calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

#### **Joint Lead Managers transacting with the Issuer and the Guarantors**

10. Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Guarantors and their affiliates in the ordinary course of business.

**THE ISSUER**

**Reed Elsevier (Investments) plc**

1-3 Strand  
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United Kingdom

**THE GUARANTORS**

**Reed Elsevier PLC**

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London WC2N 5JR  
United Kingdom

**Reed Elsevier N.V.**

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1043 NX Amsterdam  
The Netherlands

**TRUSTEE**

**Citicorp Trustee Company Limited**

14th Floor  
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Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**PRINCIPAL PAYING AGENT**

**Citibank, N.A.**

21st Floor Citigroup Centre  
Canada Square  
Canary Wharf  
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United Kingdom

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