

This document is important and requires your immediate attention

If you are in any doubt as to what action you should take, you should consult immediately with your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Reed Elsevier PLC, please send this Notice of Annual General Meeting and accompanying documents to the stockbroker, or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

A Proxy Form for the Annual General Meeting is enclosed and should be completed and returned so as to reach the Company's Registrar not less than 48 hours before the time of the meeting. Completion and return of the Proxy Form or such other instrument appointing a proxy will not prevent you from attending and voting at the meeting in person, should you wish. Alternatively, you can register your proxy vote electronically no later than 48 hours before the time of the meeting, either online at www.reedelsevier.com/vote, or by using the service provided by Euroclear UK & Ireland Limited. Further details are given in the notes to the attached Notice of Annual General Meeting.



Reed Elsevier PLC

Notice of Annual General Meeting

to be held at the Millennium Hotel, Grosvenor Square, London W1K 2HP
on Wednesday, 21 April 2010 at 11.00 am

To the holders of Reed Elsevier PLC ordinary shares

Dear Shareholder,

Annual General Meeting 2010

Introduction

I am pleased to invite you to the 2010 Annual General Meeting (the "AGM") of Reed Elsevier PLC (the "Company"), which will be held on Wednesday, 21 April 2010 at 11.00 am in the Ballroom at the Millennium Hotel, Grosvenor Square, London W1K 2HP.

Dividend

Your Board has proposed a final dividend for 2009 of 15.0p per share. Subject to approval by shareholders, the dividend will be paid on 21 May 2010, to shareholders entered on the register of members at the close of business on 30 April 2010.

The Company will be operating a Dividend Reinvestment Plan ("DRIP") for the 2009 final dividend. Shareholders who have previously elected to participate in the DRIP, and who wish to reinvest their 2009 final dividend, need take no action. The closing date for withdrawing an existing dividend reinvestment election, or making a new election, is 30 April 2010. Further information concerning the DRIP appears on page 190 of the Reed Elsevier Annual Reports and Financial Statements 2009.

Board appointments

In June last year I became Chairman of Reed Elsevier in succession to Jan Hommen, who resigned from the Board in April 2009 to take up the position of CEO of ING Group in the Netherlands. In September 2009 Ben van der Veer was appointed as a non-executive director. Having been appointed to the Board subsequent to the 2009 AGM, Ben and I will retire at the forthcoming AGM in accordance with the Company's Articles of Association and, being eligible, we offer ourselves for election.

Erik Engstrom, who became a director and Chief Executive Officer of Elsevier in 2004, and was appointed Reed Elsevier's Chief Executive Officer in November 2009, together with Mark Armour and Robert Polet, will retire by rotation at the forthcoming AGM in accordance with the Company's Articles of Association. Being eligible, they each offer themselves for re-election.

Further information concerning the proposed resolutions appears on page 4, and biographical information concerning each director appears on page 18.

Notice of Annual General Meeting

The Notice of AGM (the "Notice") on pages 19 to 21 sets out the business to be considered at the meeting. In addition to items of routine business such as resolutions dealing with the authority of directors to allot shares, the authority of the Company to make market purchases, the consideration by the shareholders of the Directors' Remuneration Report and the appointment of the Company's auditors, the Notice also includes the following items of special business:

New Articles of Association (Resolution 15)

We are asking shareholders to approve a number of amendments to the Company's Articles of Association, primarily to reflect the implementation of the Shareholders' Rights Directive in the UK in August 2009 and the remaining provisions of the Companies Act 2006 in October 2009.

New share incentive plans (Resolutions 16 and 17)

We are also asking shareholders to approve two new share incentive plans:

- > the Reed Elsevier Group plc Growth Plan; and
- > the Reed Elsevier Group plc Bonus Investment Plan 2010.

We have been involved in extensive consultation with major shareholders and shareholder representative bodies in the UK, the Netherlands and the US about the design of these plans, and your Board believes that the plans will support the Company's strategy and drive sustainable long term performance.

Explanatory notes

Explanatory notes on all of the business to be considered at this year's AGM, including the matters referred to above, appear on pages 4 to 17.

Recommendation

Your Board considers that the proposed resolutions set out in the Notice are in the best interests of the Company and its shareholders as a whole. Accordingly, they unanimously recommend you to vote in favour of each resolution, as they intend to do in respect of their own shareholdings in the Company.

Voting procedures

Enclosed with the Notice is a Proxy Form. Whether or not you plan to attend the AGM, I would ask you to complete the Proxy Form and return it to the Company's Registrar at the address shown on the Proxy Form. Alternatively, a proxy vote may be submitted online at www.reedelsevier.com/vote or, if you are a user of the CREST system, via the CREST electronic proxy appointment service. Further information concerning the appointment of a proxy is set out on pages 22 and 23.

All resolutions proposed at the meeting will be decided by poll in accordance with current best practice. This will ensure that shareholders who are not able to attend the AGM, but who have appointed proxies, have their votes fully taken into account.

Yours sincerely

Anthony Habgood
Chairman

18 March 2010

Explanation of business

to be proposed at the 2010 Annual General Meeting

Resolution 1 – Adoption of report and accounts

The directors must present the report of the directors and the accounts of the Company for the year ended 31 December 2009 to shareholders at the AGM. The report of the directors, the accounts, and the report of the Company's auditors are contained within the Reed Elsevier Annual Reports and Financial Statements 2009, copies of which have been sent to those shareholders who have elected to receive them, and are available online at www.reedelsevier.com.

Resolution 2 – Directors' Remuneration Report

The Directors' Remuneration Report is contained in the Reed Elsevier Annual Reports and Financial Statements 2009. The Directors' Remuneration Report gives details of the directors' remuneration for the year ended 31 December 2009 and sets out Reed Elsevier's overall policy on directors' remuneration.

The Board considers that appropriate executive remuneration plays a vital part in helping to achieve the Company's overall objectives. In compliance with the legislation, shareholders will be invited to approve the Directors' Remuneration Report. The vote is advisory in nature and not specific to any director's level or terms of remuneration.

Resolution 3 – Declaration of final dividend

A final dividend can only be paid after the shareholders at a general meeting have approved it. If approved, the dividend will be paid on 21 May 2010 to shareholders on the register of members at the close of business on 30 April 2010.

Resolutions 4 and 5 – Re-appointment of auditors and auditors' remuneration

The auditors of a Company must be re appointed at each general meeting at which accounts are laid. Resolution 4 proposes the re-appointment of the Company's existing auditors, Deloitte LLP, until the conclusion of the next general meeting of the Company at which accounts are laid. Resolution 5 gives authority to the directors to determine the auditors' remuneration.

Resolution 6 and 7 – Election of directors

Anthony Habgood became Chairman of Reed Elsevier in June 2009. In September 2009 Ben van der Veer was appointed as a non-executive director. Resolutions 6 and 7 propose their election by shareholders, as required by the Company's Articles of Association.

Resolutions 8 to 10 – Re-election of directors who are retiring by rotation under the Company's Articles of Association

Resolutions 8 to 10 propose the re-election of three directors who are retiring by rotation in accordance with the Company's Articles of Association.

During 2009 the Corporate Governance Committee conducted a review of the functioning and constitution of the Reed Elsevier boards and their committees, and also undertook a board effectiveness review. Based on these assessments, the Nominations Committee believes that the contribution and performance of each director seeking election or re-election at the AGM continues to be valuable and effective, and that they each demonstrate commitment to their respective roles in the Company. The Nominations Committee believes that the non-executive directors are independent in character and there are no relationships or circumstances likely to affect their character or judgment. Accordingly, the Nominations Committee recommends the election or re-election of each director.

Biographical information concerning each director seeking election or re-election appears on page 18.

Resolution 11 – Authority to allot shares

Resolution 11 renews a similar authority approved by shareholders at the 2009 AGM. The Company's directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by shareholders. The authority conferred on the directors at last year's AGM under section 80 of the Companies Act 1985 (the "1985 Act") to allot shares expires on the date of the forthcoming AGM. Accordingly, this resolution seeks to grant a new authority under section 551 of the Companies Act 2006 (the "2006 Act") (which has superseded section 80 of the 1985 Act) to authorise the directors to allot shares (including treasury shares) in the Company or grant rights to subscribe for, or convert any security into, shares in the Company.

Paragraph (A) of resolution 11 will, if passed, authorise the directors to allot shares or grant rights to subscribe for, or to convert any security into, such shares in the Company up to a maximum nominal amount of £58.3 million. This amount represents just under 33¹/₃% of the Company's existing issued ordinary share capital (excluding treasury shares) as at 5 March 2010 (being the latest practicable date prior to publication of the Notice of AGM). Paragraph (B) of resolution 11 authorises the directors to allot, including the shares referred to in (A), further of the Company's unissued shares up to an aggregate nominal amount of £116.6 million in connection with a pre-emptive offer to existing shareholders by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas shareholders to whom the rights issue cannot be made due to legal and practical problems). This amount represents just under 66²/₃% of the Company's existing issued ordinary share capital (excluding treasury shares) as at 5 March 2010. The proposals contained in resolution 11 are in accordance with the latest institutional guidelines published by the Association of British Insurers.

Although at present the directors have no intention of exercising the authority, it is considered prudent to maintain the flexibility that it provides.

The Company held 34.2 million treasury shares as at 5 March 2010. This amount represents 2.8% of the Company's authorised and issued ordinary share capital (calculated exclusive of treasury shares) as at that date.

Resolution 12 – Disapplication of pre-emption rights

This resolution also renews an authority approved at the 2009 AGM. Under section 561(1) of the 2006 Act, if the directors wish to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares, or sell treasury shares for cash they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the directors need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the 2006 Act unless the shareholders have first waived their pre-emption rights. Resolution 12 asks the shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities, the authority contained in this resolution will be limited to the issue of shares for cash up to an aggregate nominal value of £9.0 million (which includes the sale on a non pre-emptive basis of any shares held in treasury), which represents less than 5% of the Company's issued ordinary share capital as at 5 March 2010.

Companies are generally able to allot equity securities for cash in order to satisfy entitlements under employee share plans without those securities being counted towards that company's normal 5% disapplication limit. However, as a consequence of the merger of the businesses of Reed Elsevier PLC and Reed Elsevier NV in 1993, employees of the Company and its subsidiaries became employees of either Reed Elsevier Group plc or a Reed Elsevier participating company. This has the effect that equity securities issued by the Company under the Reed Elsevier Group plc employee share plans must, as a matter of law, be counted towards the Company's disapplication limit. In order to ensure similar treatment with other companies, who are able to allot equity securities on the exercise of options under their share plans without such allotments counting towards their disapplication limits, resolution 12(c)(ii) relates to the issue of equity securities pursuant to the terms of the Reed Elsevier Group plc employee share plans. As at 5 March 2010, 34.7 million shares in the Company, representing 2.9% of the Company's issued share capital (excluding treasury shares), were under option under the Reed Elsevier Group plc employee share plans.

In accordance with the Pre-Emption Group's Statement of Principles with regard to routine disapplications of pre-emption rights, excluding shares issued in connection with the Reed Elsevier Group plc employee share plans and treasury shares, the Company does not intend to issue more than 7½% of the Company's ordinary share capital for cash other than to existing shareholders in any rolling three year period without appropriate prior consultation.

Resolution 13 – Authority to purchase own shares

This resolution also renews an authority granted by shareholders at the 2009 AGM. Resolution 13 authorises the Company to make market purchases of its own ordinary shares as permitted by the 2006 Act. The authority limits the number of shares that could be purchased to a maximum of 124.7 million (representing less than 10% of the issued share capital of the Company as at 5 March 2010) and sets minimum and maximum prices. The authority will be used only in circumstances where the directors, after careful consideration, believe that such a purchase would result in an expected increase in adjusted earnings per share and would be in the best interests of the Company and of its shareholders as a whole.

Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange. Any shares purchased under this authority may either be cancelled or held as treasury shares. Treasury shares may subsequently be cancelled, sold for cash or used to satisfy options issued to employees pursuant to the Reed Elsevier Group plc employee share plans. To the extent that any shares purchased are held in treasury, earnings per share would only be increased on a temporary basis until such time as the shares are resold out of treasury.

The total number of share options outstanding at 5 March 2010 was 34.7 million. This figure represents 2.9% of the issued share capital of the Company (excluding treasury shares) at that date. If the Company repurchased the maximum number of shares permitted pursuant to this resolution, the total number of share options outstanding as at 5 March 2010 would represent 3.1% of the issued share capital of the Company (excluding treasury shares).

If approved by shareholders, the authorities contained in resolutions 11, 12 and 13 will expire at the conclusion of the 2011 AGM of the Company or, if earlier, the close of business on 21 July 2011.

Resolution 14 – Notice period for general meetings

The Company's Articles of Association provide that the notice period for a general meeting of shareholders (other than an AGM) shall be 14 days. Under the 2006 Act, as amended by the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations"), the notice period for general meetings of a company has been extended to 21 days, but with an ability for companies to reduce this period to 14 days (other than for an AGM) provided that certain conditions are met. The first condition, which the Company already meets, is that there is a facility, offered by the company and accessible to all shareholders, to appoint proxies by means of a website. The second condition is that companies submit a resolution to shareholders seeking approval to the reduction of the notice period from 21 days to 14 days. Resolution 14 seeks such approval.

The shorter notice period would not be used as a matter of routine for general meetings of shareholders, but only where the directors believed that the business of a particular meeting merited a 14 days' notice period and it was considered to be to the advantage of shareholders as a whole.

If approved by shareholders, the authority contained in resolution 14 will apply until the conclusion of the 2011 AGM of the Company.

Resolution 15 – New Articles of Association

It is proposed in resolution 15 to adopt new Articles of Association (the "New Articles") in order to update the Company's existing Articles of Association, primarily to take account of the coming into force of the Shareholders' Rights Regulations and the implementation of the last parts of the 2006 Act.

The summary below sets out those changes introduced in the New Articles which we consider will be of most interest to shareholders. Other changes of a minor, technical or clarifying nature, or to conform the language of the New Articles with that used in the model articles for public companies have not been noted below. The New Articles, showing all the changes to the Company's existing articles, are available for inspection as noted on page 23.

The material changes between the existing and the New Articles are as follows:

(1) The Company's memorandum – objects and authorised share capital

The provisions regulating the Company's operations were formerly set out in the Company's Memorandum and Articles of Association. The Company's memorandum contained, among other things:

- > the objects clause which set out the scope of the activities the Company was authorised to undertake; and
- > a statement of the Company's authorised share capital.

The 2006 Act significantly reduced the constitutional significance of a company's memorandum with effect from 1 October 2009. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the Company.

Under the 2006 Act:

- > the objects clause and most other provisions which were formerly contained in a company's memorandum immediately before 1 October 2009 are deemed to be contained in a company's articles; and
- > the amount of a company's authorised share capital is deemed to be a provision of a company's articles setting a limit on the number of shares the directors may issue.

The adoption of the New Articles will have the effect of:

- > making the Company's objects unrestricted; and
- > removing the limit created by the former authorised share capital, and removing references to 'authorised' share capital and 'unissued' share capital from the Company's articles.

As the objects clause that is deemed to be part of the Company's existing articles was intentionally very widely drafted and was designed to ensure that no restrictions are imposed on the Company's operations, the removal of the objects clause by adoption of the New Articles is not intended or expected to have any practical impact on the Company's powers or operations.

Directors will still be limited as to the number of shares they can allot at any time because allotment authority continues to be required under the 2006 Act, except in respect of employee share schemes.

(2) General

Generally the opportunity has been taken to bring clearer language into the New Articles and to conform the language of the New Articles with the 2006 Act. Provisions in the existing articles that replicate provisions contained in the 2006 Act are in the main to be removed in the New Articles.

(3) Authority to purchase own shares, consolidate and sub divide shares, and reduce share capital

Under the 1985 Act, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The existing articles include these enabling provisions. Under the 2006 Act a company only requires shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Amendments have been made to the New Articles to reflect these changes.

(4) Use of seals

Under the 1985 Act, a company could have an official seal for use abroad only if its articles gave authority. Under the 2006 Act, such authority is no longer required and has been removed from the New Articles.

(5) Suspension of registration of share transfers

The existing articles permit the directors to suspend the registration of transfers. Under the 2006 Act share transfers must be registered as soon as practicable. The power in the existing Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

(6) Remuneration of non-executive directors

The cap on the aggregate annual remuneration for non-executive directors of the Company has not been increased for many years. Although current fee levels fall within the existing limit, the Company is proposing to increase the aggregate limit to £500,000 per annum in order to provide greater flexibility. All of the non-executive directors also serve on the boards of Reed Elsevier NV and Reed Elsevier Group plc, and the total fee paid to each non-executive director, as disclosed in the Directors' Remuneration Report, is allocated between the three companies. The limit in the Company's Articles of Association applies only to the proportion of non-executive fees borne by the Company.

(7) Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the 2006 Act so that it now provides that each proxy has one vote on a show of hands, unless the proxy is appointed by more than one member, in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles reflect these changes.

(8) Voting by corporate representatives

The Shareholders' Rights Regulations have amended the 2006 Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles contain provisions which reflect these amendments.

(9) Chairman's casting vote

The New Articles do not contain a provision giving the chairman a casting vote in the event of an equality of votes as this is no longer permitted under the 2006 Act.

(10) Adjournments for lack of quorum

The Shareholders' Rights Regulations have amended the 2006 Act to require that meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles reflect this requirement.

(11) Voting record date

The Shareholders' Rights Regulations have amended the 2006 Act to require a company to determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, ignoring days which are not working days. The New Articles reflect this requirement.

(12) Appointment of process agent for liquidators

The existing articles contain a provision governing how a liquidator should service processes on shareholders in relation to a winding up of the Company, including permitting a liquidator to appoint a process agent on behalf of shareholders in certain circumstances. This provision has been removed from the New Articles on the grounds that it is a matter for insolvency law rather than the Articles of Association of the Company.

Resolutions 16 and 17 – New Long-term Incentive Plans

Given the backdrop of the challenging year and volatile business environment, the Remuneration Committee (the “Committee”) has been actively engaged in the review and management of our executive compensation programmes over the last 12 months. The main focus of the review was the long-term incentive (“LTI”) arrangements, which the Committee considered in the context of the changes in the senior leadership team during 2009, Reed Elsevier’s strategy and the late cycle impact on our professional markets of the recent global economic recession.

The Committee concluded from this review that the existing LTI arrangements, with their primary focus on earnings growth, are no longer best positioned to meet shareholder interests. Whilst sustained growth in profitability remains important, in the context of the recent acquisition of ChoicePoint and growing internal capital investment, the Committee believes that a balanced pursuit of sustained earnings growth, capital discipline and shareholder returns provides a more appropriate basis to drive Reed Elsevier going forward.

In the development of the proposed new LTI arrangements, we consulted with some 30 major shareholders and shareholder representative bodies in the UK, the Netherlands and the US in early 2010. The input and feedback received during the consultation process shaped the LTI arrangements for which we are seeking shareholder approval and which are described in detail below. The new arrangements consist of two plans. The first is a one-off plan, the Reed Elsevier Group plc Growth Plan (the “Growth Plan”), under which awards will only be granted in 2010, subject to shareholder approval. The second is a successor plan to the current Reed Elsevier Group plc Bonus Investment Plan 2003 (the “BIP 2003”). The new plan is the Reed Elsevier Group plc Bonus Investment Plan 2010 (the “BIP 2010”), which is proposed to operate on an annual rolling basis from 2010.

Performance under the Growth Plan is measured by reference to Return on Invested Capital (“ROIC”), Earnings per Share (“EPS”) and relative Total Shareholder Return (“TSR”). Performance under the BIP 2010 is measured by reference to ROIC and EPS. The targets against each metric have been set within the context of Reed Elsevier’s 2009 annual results, the continuing challenging business environment and internal and external forecasts for 2010 and beyond. The targets for awards to be made in 2010 are considered stretching and are designed to provide exceptional reward for exceptional performance whilst providing participants with a realistic expectation that reward at the lower end of the scale is attainable subject to robust performance.

The Growth Plan will operate for executive directors in 2010. It replaces the Reed Elsevier Group plc Share Option Scheme (the “ESOS”) and the Reed Elsevier Group plc Long Term Incentive Share Option Scheme (the “LTIP”). Under these plans, **annual** grants were made prior to 2010 of market-priced options over shares with a market value of 300% of salary on the date of grant and 135% of salary in performance shares (with the opportunity to vest up to 189% of the initial award for exceptional performance).

In respect of senior management below board level, LTIP arrangements using similar performance measures to the Growth Plan, which may include a focus on business unit level performance, will be put in place as appropriate.

We intend to come back to shareholders possibly in 2011 to discuss how we revert to a more regular LTI plan going forward. Any such plan will be subject to shareholder approval.

In developing the new LTI arrangements, the Committee was sensitive and mindful of the need to ensure that the level of the overall incentive opportunity available under the proposed LTI arrangements (i.e. the Growth Plan and BIP 2010) remains within the parameters of the incentive framework previously approved by shareholders. Extensive modelling and scenario analysis was undertaken in order to assess the impact of the proposals using different assumptions. The modelling took account of the impact on payout levels of dividend equivalents which will accrue on the vested shares released under both plans. The Committee believes that there is no material difference between the annualised expected values of the current LTI arrangements (i.e. ESOS, LTIP and BIP 2003) and the proposed arrangements (i.e. the Growth Plan and BIP 2010) and has had this verified by Towers Watson, the independent advisors to the Committee. Furthermore, a cap on payout will apply to ensure that the maximum potential payouts do not exceed those of our current plans.

The Committee also specifically tested whether the proposed structure encouraged any inappropriate behaviours and excessive risk taking and how the metrics, in particular EPS and ROIC, are interrelated. The Committee concluded that the structure of the proposals, combined with the Reed Elsevier governance and risk management processes and claw-back provisions, provide the necessary checks and balances to prevent excessive risk taking. In addition, the Committee will keep a watching brief to ensure a balanced pursuit of performance against all metrics.

In determining the level of vesting under the plans, the Committee will take into account Reed Elsevier’s overall business performance over the relevant period and any other factors as appropriate. The Committee will have discretion to adjust the vesting levels of awards if it believes such an adjustment would result in a fairer outcome. In exercising any such discretion, the Committee will have due regard to the value created for shareholders and the underlying business performance. The Committee will be open and transparent about its use of this discretion and will explain in the Remuneration Report the extent to which the discretion has been exercised and the reasons for doing so.

The plans are described below in sections 1 and 2. The features which are common to both plans are described in section 3.

1 The Growth Plan

Overview

- 1.1 The Growth Plan is a one-off arrangement which will operate over a five year performance period (with potential partial release of shares after three years). Assuming shareholder approval of the plan is received, the Performance Share Awards will be granted in the 42 day period following the 2010 Annual General Meetings and Matching Share Awards will be granted within 42 days of the announcement of results for the 2012 financial year.
- 1.2 Participation in the Growth Plan is restricted to the Chief Executive Officer and the Chief Financial Officer of Reed Elsevier Group plc (the “*Executives*”). In respect of senior management below board level, LTIP arrangements using similar performance measures to the Growth Plan, which may include a focus on business unit level performance, will be put in place as appropriate.
- 1.3 In order to participate in the plan, an Executive is required to have a significant personal investment in Reed Elsevier shares (“*Personal Shares*”) which must be held for the duration of the plan. Performance Share Awards and Matching Share Awards will entitle an Executive to receive shares in Reed Elsevier PLC and Reed Elsevier NV at no cost, subject to the vesting conditions.
- 1.4 Shares required to satisfy awards will be from purchases on a recognised stock exchange and no new shares will be issued under the plan.

Individual Limits and caps

- 1.5 Each type of award is subject to individual limits described in paragraphs 1.7 and 1.9 below. In addition, payouts under this plan are capped at 150% of the number of shares comprised in the initial Performance Share Award, excluding dividend equivalents payable on any vested Performance Shares or Matching Shares (the “*Cap*”). If an Executive ceases to be employed by Reed Elsevier in circumstances set out in paragraph 1.14 below, the Cap will be subject to pro-rating for service.

Personal shareholding commitment

- 1.6 In order to participate in the plan, the Chief Executive Officer (“*CEO*”) and the Chief Financial Officer (“*CFO*”) of Reed Elsevier Group plc are required to hold Personal Shares to the value of 300% and 200% of their annual salary respectively as at the date a Performance Share Award is granted in 2010. The Executive must retain his Personal Shares until the expiry of the Growth Plan in early 2015 otherwise his unvested awards will lapse. Shares invested under the BIP 2003 and the BIP 2010 will not count towards this shareholding requirement.

Performance Share Awards

- 1.7 The initial Performance Share Award will be 600% of an Executive’s salary (as at the date of the award). This limit reflects the one-off nature of the plan, its five year duration and the fact that regular annual awards of 300% of salary in options and target awards of 135% of salary in performance shares will not be granted.
- 1.8 The number of Performance Shares which an Executive can earn is subject to performance against three measures (described below), measured after the end of the 2012 financial year. 50% of the resulting shares may vest and be released to the participant at that time (along with dividend equivalents – see paragraph 1.12 below) and the remaining 50% (the “*Deferred Performance Shares*”) will only vest and be released to the Executive after a subsequent two years, subject to continued employment with Reed Elsevier.

Matching Share Awards

- 1.9 The number of shares comprised in a Matching Share Award is equal to the number of Personal Shares plus Deferred Performance Shares retained in the plan after three years.
- 1.10 The number of Matching Shares which an Executive can earn is subject to performance against three measures (described below) over a further two year period (i.e. financial years 2013 and 2014), except for relative TSR which will be measured over the five year period (2010 to 2014), subject to the Cap.

Release of shares and dividend equivalents

- 1.11 After the end of the 2014 financial year, all Personal Shares, Deferred Performance Shares and, to the extent the performance measures are satisfied, the Matching Shares will be released to an Executive, subject to the Cap.
- 1.12 An Executive will be eligible to receive dividend equivalents on vested Performance Shares, Deferred Performance Shares and vested Matching Shares to reflect ordinary dividends relating to those shares. It is intended that dividend equivalents will be paid in cash shortly following the date the awards vest, although they may also be paid in shares of an equivalent value.

Cessation of Employment

1.13 An Executive must generally remain employed by Reed Elsevier in order for any shares subject to an award to vest. If an Executive gives or receives notice of termination of employment for any reason other than those listed below, any Performance Share Awards, Deferred Performance Shares and Matching Share Awards will lapse. An Executive's Personal Shares will be released to him in full.

1.14 If an Executive ceases to be an employee of Reed Elsevier by reason of:

- (i) retirement with Company consent;
- (ii) injury, disability or ill-health; or
- (iii) any other reason which the Committee, in its absolute discretion, determines,

the following principles will generally apply:

- Performance Share Awards and Matching Share Awards will not lapse but will continue in the plan. Performance will be measured at the end of the relevant performance period and the resulting shares will be eligible for release subject to pro-rating for service.
- Personal Shares and, where applicable, Deferred Performance Shares may remain in the plan until the end of the five year performance period subject to pro-rating for service (unless, in the case of Deferred Performance Shares, an earlier release is required in order to comply with the exemption to Section 409A of the United States Internal Revenue Code). The balance will be released on termination.
- If an Executive leaves before the end of the 2012 financial year, he will continue to be eligible to receive a Matching Share Award. This award will be over such number of shares which equals the pro-rated number of his Personal Shares plus the pro-rated number of his Deferred Performance Shares, if any.

However, the Committee has discretion to allow the release of shares at the date of cessation of employment subject to performance and time pro-rating, in which case the Personal Shares would also be released at that time.

1.15 If a participant dies, the Performance Share Award and Matching Share Award, as applicable, may vest on death subject to performance and pro-rating for service. These shares, along with the participant's Personal Shares, will be released to the participant's personal representatives.

Performance Measures

1.16 The performance measures applicable to Performance Share Awards will be measured after the end of the 2012 financial year and the performance measures applicable to Matching Share Awards will be measured after the end of the 2014 financial year. There are three separate measures – a TSR measure, a ROIC measure and an EPS measure – each of which will apply to both types of awards. The determination of vesting levels under the measures is subject to the overall Cap on payouts under the Growth Plan described in paragraph 1.5 above.

The TSR Measure:

1.17 The vesting of one third of the Performance Share Award is subject to the TSR ranking of Reed Elsevier measured over the **three** financial years 2010 to 2012 and the vesting of one third of the Matching Share Award is subject to the TSR ranking of Reed Elsevier measured over the **five** financial years 2010 to 2014. In respect of each type of award, the portion subject to the TSR Measure is referred to as the "*TSR Tranche*".

1.18 As Reed Elsevier accesses equity capital markets through three exchanges – London, Amsterdam and New York – in three separate currency zones, three distinct comparator groups will be used – a Sterling Comparator Group, a Euro Comparator Group and a US Dollar Comparator Group. The TSR performance of Reed Elsevier PLC ordinary shares (based on the London listing) will be measured against the Sterling Comparator Group, the TSR performance of Reed Elsevier NV ordinary shares (based on the Amsterdam listing) will be measured against the Euro Comparator Group; and the TSR performance of Reed Elsevier PLC ADRs and Reed Elsevier NV ADRs (based on the New York listing) will be measured against the US Dollar Comparator Group. The TSR performance will be measured separately against each comparator group and each ranking achieved will produce a payout, if any, in respect of one third of the TSR Tranche. The proportion of the TSR Tranche that vests will be the sum of the payouts achieved against the three comparator groups.

- 1.19 Each comparator group comprises companies which were selected on the following basis:
- they are included in a relevant market index as at 31 December 2009 – FTSE100 for the Sterling Comparator Group; Euronext100 and the DAX30 for the Euro Comparator Group; and the S&P500 for the US Dollar Comparator Group; and
 - are nearest in size to Reed Elsevier in terms of market capitalisation;

excluding:

- companies with mainly domestic revenues (as they do not reflect the global nature of our customer base);
- those engaged in extractive industries (as they are exposed to commodity cycles); and
- financial services companies (as they have a different risk/reward profile).

Relevant listed global peers operating in businesses similar to those of Reed Elsevier not otherwise included are added to the relevant comparator group.

Each comparator group comprises approximately 40 companies. The TSR ranking against the US Dollar Comparator Group will be calculated using the weighted average of the TSRs of the Reed Elsevier PLC ADRs and Reed Elsevier NV ADRs. The constituents of each comparator group are set out in Schedule 1.

- 1.20 The number of shares in each third of the TSR Tranche which are capable of vesting will be calculated as follows and will be added together to determine the total number of Performance Shares/Matching Shares, within the TSR Tranche of either award, which are capable of vesting:

TSR ranking within the relevant TSR comparator group	Performance Share Awards – performance measured to the end of 2012	Matching Share Awards – performance measured to the end of 2014
	Vesting percentage of each third of the TSR Tranche	Vesting percentage of each third of the TSR Tranche
<i>Below Median</i>	0%	0%
<i>Median</i>	30%	30%
<i>Upper quartile (top 25th percentile)</i>	100%	100%

Vesting is on a straight-line basis for ranking between median and upper quartile.

- 1.21 In accordance with the approach applied to the measurement of TSR under the previous LTIP, the averaging period applied for TSR measurement purposes is the six months before the start of the financial year in which the Performance Share Award is granted and the last six months of the third financial year of the performance period for the Performance Share Award, and the last six months of the fifth financial year of the performance period for the Matching Share Award.

The ROIC Measure:

- 1.22 The vesting of one third of the Performance Share Award and one third of the Matching Share Award relates to the percentage return on invested capital of Reed Elsevier PLC and Reed Elsevier NV. The vesting of the Performance Share Award relates to the percentage ROIC for the financial year ending 31 December 2012 and is subject to the 2012 ROIC exceeding the 2009 ROIC, calculated on the same basis. The Matching Share Award is subject to the percentage ROIC for the financial year ending 31 December 2014. In respect of each type of award, the portion subject to the ROIC Measure is referred to as the “ROIC Tranche”.

- 1.23 The following definitions are relevant for ROIC:

- Invested capital = arithmetic average of the opening and closing capital employed for the Reed Elsevier combined businesses for the financial year with all cumulative amortisation and impairment charges for acquired intangible assets and goodwill added back. In addition, any exceptional restructuring and acquisition integration charges (net of tax) are capitalised for these purposes and changes in exchange rates and movements in pension deficits are excluded.
- Return = adjusted operating profit for the Reed Elsevier combined businesses before amortisation and impairment of acquired intangible assets and goodwill, exceptional restructuring and acquisition integration charges and grossed up to exclude the equity share of taxes in joint ventures and further adjusted to exclude net pension financing credit movement, after applying the effective rate of tax used for adjusted earnings calculations and using exchange rates to match those used in the calculation of invested capital.

In order to ensure that the performance score achieved is a fair reflection of underlying business performance, the Committee retains discretion to determine the treatment of major disposals and acquisitions that require Board approval. Any significant adjustments made to the final performance score will be disclosed to shareholders.

1.24 The number of Performance Shares/Matching Shares comprised in the ROIC Tranche of either award which are capable of vesting will be determined as follows:

Performance Share Awards – performance measured in respect of 2012	Matching Share Awards – performance measured in respect of 2014	Vesting percentage of ROIC Tranche
ROIC	ROIC	
<i>Below 10.2%</i>	<i>Below 10.7%</i>	0%
<i>10.2%</i>	<i>10.7%</i>	60%
<i>11.2% or above</i>	<i>12.7% or above</i>	100%

Vesting is on a straight-line basis for performance between the minimum and maximum levels.

The EPS Measure:

1.25 The vesting of one third of the Performance Share Award relates to the average Earnings per Share (EPS) of Reed Elsevier PLC and Reed Elsevier NV over the two financial years 2011 and 2012. The 2010 financial year has not been included because the late cycle nature of much of the Company's business meant the economic downturn impacted the Company later than many other industries and this will still be a major factor in 2010. The measurement period is designed to reflect this and thereby maintain an appropriate incentive effect. However, for any part to vest, average EPS growth must be positive over the **three** financial years ending 31 December 2012. The vesting of one third of the Matching Share Award is subject to the average EPS growth over the **two** financial years 2013 and 2014. In respect of each type of award, the portion subject to the EPS Measure is referred to as the "EPS Tranche".

1.26 The following definitions are relevant for EPS:

- Earnings = adjusted reported earnings measured at constant currencies. Adjustments include amortisation and impairment of acquired intangible assets and goodwill, exceptional restructuring and acquisition integration charges, gains/losses on business disposals and tax rate anomalies (deferred tax). The Committee retains discretion to adjust for changes in the net pension financing credit; and
- Number of shares = weighted average number of shares in issue excluding shares held in treasury.

1.27 The number of Performance Shares/Matching Shares in the EPS Tranche of either award which are capable of vesting will be determined as follows:

Performance Share Awards – performance measured in respect of 2011 and 2012	Matching Share Awards – performance measured in respect of 2013 and 2014	Vesting percentage of EPS Tranche
Average EPS Growth	Average EPS Growth	
<i>Below 5% per annum</i>	<i>Below 7% per annum</i>	0%
<i>5% per annum</i>	<i>7% per annum</i>	60%
<i>9% or above per annum</i>	<i>13% or above per annum</i>	100%

Vesting is on a straight-line basis for performance between the minimum and maximum levels.

2 The BIP 2010

Overview

2.1 The BIP 2010 is intended to replace the existing Reed Elsevier Group plc Bonus Investment Plan 2003. The plan is voluntary and is designed for senior executives, including executive directors. Those selected for participation will be invited by the Committee to invest in Reed Elsevier securities ("*Investment Shares*"). Participants will have the opportunity to earn a match on their Investment Shares, subject to performance over a three-year performance period and other conditions (a "*Matching Share Award*").

The BIP 2010 is based on the same structure as the BIP 2003, save for the following modifications:

Features	BIP 2010	BIP 2003
<ul style="list-style-type: none"> • <i>Performance conditions</i> • <i>Vesting scale</i> 	<ul style="list-style-type: none"> • EPS and ROIC • Performance hurdle and scaled vesting 	<ul style="list-style-type: none"> • EPS only • Performance hurdle and cliff vesting
<i>Investment opportunity</i>	100% of target bonus opportunity net of tax	50% of bonus earned net of tax
<i>Source of investment</i>	After tax funds including net annual bonus and shares beneficially owned	Net bonus
<i>Dividend equivalents</i>	Paid in respect of vested Matching Shares	Not applicable

2.2 Shares required to satisfy awards will be from purchases on a recognised stock exchange and no new shares will be issued under the plan.

Timing of awards

2.3 Invitations to participate in the BIP 2010 will normally be made following the notification of annual bonuses to individuals for any financial year with Matching Share Awards being granted within 42 days of the announcement of results. For 2010, awards will be made in the 42 day period following the 2010 Annual General Meetings. No grants may be made under the BIP 2010 more than 10 years after the date of shareholder approval.

Investment Shares

2.4 Employees who are invited to participate in the BIP 2010 can invest a specified percentage, up to a maximum of 100%, of their target bonus opportunity after tax (or such lesser amount as specified by the Committee from time to time) in Reed Elsevier PLC and/or Reed Elsevier NV shares.

2.5 The investment made can comprise after-tax cash (such as bonus payments) and/or existing Reed Elsevier shares beneficially owned by the participant. For the avoidance of doubt, Personal Shares held under the Growth Plan are not eligible for investment in the BIP 2010.

2.6 The Committee will set annually the date (the "*Investment Date*") upon which any cash being invested will be used to acquire Reed Elsevier securities on behalf of the participant at the prevailing market price and any existing securities will be deemed invested in the plan at the same price.

2.7 The resulting shares ("*Investment Shares*") must be held until the vesting date of the related Matching Share Award, which will be a date after the end of the three year performance period as set by the Committee (the "*Investment Period*"). During the Investment Period, participants will be the beneficial owners of the Investment Shares and will enjoy all shareholder benefits, including the receipt of dividends. The Committee may impose such conditions as it sees fit to ensure a participant retains the Investment Shares including requiring the shares to be held by a nominee on his or her behalf.

2.8 As the Investment Shares are beneficially owned, they cannot be forfeited. However, partial or full withdrawal of the Investment Shares before the end of the Investment Period results in the lapsing of the entire Matching Share Award, except if the Committee determines otherwise in exceptional circumstances.

2.9 At the end of the Investment Period, the Investment Shares are released in full to the participant.

Matching Share Awards

- 2.10 Participants will receive a Matching Share Award, granted on the Investment Date, which entitles them to a number of additional securities in Reed Elsevier PLC and/or Reed Elsevier NV at the end of the Investment Period subject to performance, continued employment with Reed Elsevier and retaining the Investment Shares in the plan until the end of the Investment Period.
- 2.11 The number of shares comprised in a Matching Share Award will be the nearest whole number of shares which can be acquired (at the price on the Investment Date) with the percentage of the gross target bonus opportunity which the participant has chosen to invest.

Release of shares and dividend equivalents

- 2.12 After the end of the three year performance period, all Investment Shares and, to the extent the performance measures are met, Matching Shares will be released to a participant.
- 2.13 Participants will receive dividend equivalents on vested Matching Shares to reflect ordinary dividends relating to those shares. It is intended that dividend equivalents will be paid in cash shortly following the date the award vests, although they may also be paid in shares.

Cessation of Employment

- 2.14 A participant must generally remain employed by Reed Elsevier in order for any Matching Shares to vest. If a participant gives or receives notice of termination of employment before the end of the Investment Period for any reason other than those listed below, his Matching Share Award will lapse in its entirety on the date when notice is given or received. A participant's Investment Shares will be released to him in full.
- 2.15 Where a participant ceases to be an employee of Reed Elsevier before the end of the Investment Period by reason of:
- (i) redundancy;
 - (ii) retirement with Company consent;
 - (iii) the sale of the business or company in which the individual is employed out of Reed Elsevier; or
 - (iv) any other reason which the Committee, in its absolute discretion, determines,

the Matching Share Award will not lapse but will continue. The Matching Share Award will vest at the end of the Investment Period to the extent the performance measures have been satisfied and will be subject to pro-rating for service. The participant would also be required to retain a pro-rata number of his Investment Shares in the plan until the end of the Investment Period with the remainder being released on termination. However, the Committee has discretion to allow the release of shares at the date of cessation subject to performance and time pro-rating, in which case, the Investment Shares would also be released to the participant at that time.

- 2.16 If a participant dies, or ceases to be an employee as a result of injury, disability or ill-health, the shares comprised in the Matching Share Award will be released to the participant, or to the participant's personal representatives as applicable, as soon as practicable, subject to an assessment of performance based on progress made against the targets as at the date of cessation of employment/death and a time pro-rating reduction. The Investment Shares will be released in full. However, the Committee has discretion to let the Matching Share Award continue until the end of the investment period and vest subject to performance and pro-rating for time, in which case a pro-rated number of Investment Shares would remain in the plan.

Performance Measures – Matching Share Awards

- 2.17 The performance measures applicable to Matching Share Awards will be measured at the end of the 2012 financial year. There are two separate measures of equal weighting – a ROIC measure and an EPS measure which will, except as set out below, be measured and calculated in the same way as the ROIC Measure and the EPS Measure under the Growth Plan.

The ROIC Measure:

The vesting of one half of the Matching Share Award is subject to the percentage return on invested capital of the Reed Elsevier combined businesses in the third year of the performance period. The number of Matching Shares subject to the ROIC Measure which vest is determined as follows:

ROIC	Percentage of Matching Shares vesting
<i>Below 10.2%</i>	0%
<i>10.2%</i>	50%
<i>11.2% or above</i>	100%

Vesting is on a straight-line basis for performance between the minimum and maximum levels.

For the first operation of the plan in 2010, for the proportion of the Matching Share Award subject to the ROIC measure to vest, the 2012 ROIC must exceed the 2009 ROIC, calculated on the same basis.

The EPS Measure:

The vesting of one half of the Matching Share Award is subject to the average EPS growth of Reed Elsevier PLC and Reed Elsevier NV over the three year performance period. The number of Matching Shares subject to the EPS Measure which vest is determined as follows:

Average EPS Growth over the performance period	Percentage of Matching Shares vesting
<i>Below 4% per annum</i>	0%
<i>4% per annum</i>	50%
<i>9% or above per annum</i>	100%

Vesting is on a straight-line basis for performance between the minimum and maximum levels.

For the first operation of the plan in 2010, EPS will be measured over the 2011 and 2012 financial years. However, for any part of the Matching Shares subject to the EPS measure to vest, average EPS growth must be positive over the three financial years ending 31 December 2012.

3 Features common to the Growth Plan and the BIP 2010*Conditions of grant*

3.1 The Committee may impose any conditions on the grant of an award under the plans as it considers appropriate, including requiring a participant to comply with certain post-employment restrictive covenants.

Performance Measures – overriding Committee discretion

3.2 In determining the level of vesting under the plans, the Committee will take into account Reed Elsevier's overall business performance over the relevant period and may also take into account such other factors or matters as it considers appropriate. The Committee will have discretion to adjust the vesting levels of awards if it believes such an adjustment would result in a fairer outcome. In exercising any such discretion, the Committee will have due regard to the value created for shareholders and the underlying business performance. The Committee will be open and transparent about its use of this discretion and will explain in the Remuneration Report the extent to which the discretion has been exercised and the reasons for doing so.

Claw-back

- 3.3 If a participant, who ceases employment with Reed Elsevier, breaches any aspect of his restrictive covenant agreement (such breach to be determined by the Committee), the Committee may require him to repay to Reed Elsevier an amount equal to his post-tax gain arising from the vesting of any award under the plans in the six months up to and including his termination date.
- 3.4 In circumstances where the Committee considers in good faith that the vesting of an award under the plans was determined on the basis of materially misstated financial or other data, it shall take such steps as it considers appropriate to recover the difference in value between the incorrect award and the award that would have vested had the correct data been used including scaling back outstanding unvested awards.

Change of control

- 3.5 On a change of control of either Reed Elsevier PLC or Reed Elsevier NV, awards will vest on a pro-rated basis subject to performance. Performance will be assessed based on progress made against targets as at the change of control. Alternatively, and in relation to BIP 2010 only, the Committee may determine that awards shall not vest and that they shall be exchanged for equivalent awards over shares in the new holding company or companies as applicable.
- 3.6 Where the purpose or effect of a change of control of Reed Elsevier PLC and/or Reed Elsevier NV is to create a new holding company or companies, such that Reed Elsevier Group plc has substantially the same ultimate shareholders, awards under the plans will not vest but will be exchanged for equivalent awards over shares in the new holding company or companies as applicable.

Variation of Share Capital

- 3.7 In the event of any variation of the share capital of either Reed Elsevier PLC or Reed Elsevier NV, including but not limited to any capitalisation, rights issue, any consolidation, sub-division or reduction of their share capital, the participants shall, in respect of their Investment Shares under the BIP 2010 and their Personal Shares under the Growth Plan, be treated in the same manner as other shareholders, save that generally (i) in the event of a rights issue, the participants shall be required to sell sufficient rights nil paid as will enable them to acquire with the proceeds of sale the remainder of their rights entitlement; and (ii) in the event of the receipt of cash or securities (other than shares) on a demerger or other reorganisation, the Committee shall determine whether those shares are released to participants or whether the participants shall be required to apply that cash, or the proceeds of sale of such securities, in the purchase of further shares after allowing for taxation.
- 3.8 The number of shares comprised in the Performance Share Award, the Deferred Performance Shares and the Matching Share Award under the Growth Plan and the Matching Share Award under the BIP 2010 will be adjusted by the Committee to reflect the variation.

Rights Attaching to Shares

- 3.9 Other than in respect of Personal Shares under the Growth Plan and Investment Shares under the BIP 2010, a participant will not have any voting or dividend rights before the vesting of the award. All shares allotted under the plans will carry the same rights as any other shares in Reed Elsevier PLC or Reed Elsevier NV as applicable.
- 3.10 Benefits received under the plans are not pensionable and may not be assigned or transferred except on a participant's death.

Amendments

- 3.11 The Committee will have authority to amend the rules of the plans, provided that no amendment to the advantage of participants or eligible employees may be made to provisions relating to the key features of the plans without the prior approval of shareholders in general meeting unless the amendment is minor and made to benefit the administration of the plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment either for participants or Reed Elsevier. Key features are: who can be a participant, the individual and plan limits on the number of shares which can be awarded under the plans, the basis for determining a participant's entitlement to shares and the terms on which they can be acquired, and the provisions relating to adjustments in the event of a variation in the Company's share capital.

Schedule 1 – TSR Comparator Groups

Sterling	Euro	Dollar
AGGREKO	ACCOR	3M
ASTRAZENECA	ADIDAS	ADOBE SYSTEMS
AUTONOMY CORP.	AHOLD	AGILENT TECHS.
BAE SYSTEMS	AIR LIQUIDE	AIR PRDS. & CHEMS.
BRITISH AIRWAYS	AKZO NOBEL	AMAZON.COM
BRITISH AMERICAN TOBACCO	ALSTOM	ANALOG DEVICES
BUNZL	ASML HOLDING	APPLIED MATS.
BURBERRY GROUP	BASF	AVON PRODUCTS
COBHAM	BMW	BAXTER INTL.
COMPASS GROUP	CARREFOUR	BECTON DICKINSON
DAILY MAIL	CHRISTIAN DIOR	CATERPILLAR
DIAGEO	DAIMLER	COLGATE-PALMOLIVE
EXPERIAN	DEUTSCHE POST	CORNING
GLAXOSMITHKLINE	EADS	CUMMINS
INTERCONTINENTAL HOTELS	ESSILOR INTL.	DEERE
IMPERIAL TOBACCO GROUP	HEINEKEN	DOW CHEMICAL
INFORMA	HERMES INTL.	DUN & BRADSTREET
INMARSAT	K + S	E. I. DU PONT DE NEMOURS
INTERNATIONAL POWER	LAFARGE	EBAY
INTERTEK GROUP	LAGARDERE GROUPE	EMERSON ELECTRIC
INVENSYS	LINDE	FICO
JOHNSON MATTHEY	LVMH	FORD MOTOR
KINGFISHER	MAN	GENZYME
NATIONAL GRID	METRO	H.J. HEINZ
PEARSON	MICHELIN	ILLINOIS TOOL WORKS
RECKITT BENCKISER GROUP	PERNOD-RICARD	JOHN WILEY
REXAM	PHILIPS ELTN. KONINKLIJKE	JOHNSON CONTROLS
ROLLS-ROYCE GROUP	PORTUGAL TELECOM SGPS	JUNIPER NETWORKS
SABMILLER	PPR	LIFE TECHNOLOGIES
SAGE GROUP	RENAULT	MCDONALDS
SHIRE	SAINT-GOBAIN	MCGRAW-HILL
SMITH & NEPHEW	SAP	MICRON TECHNOLOGY
SMITHS GROUP	SCHNEIDER ELECTRIC	MOTOROLA
THOMAS COOK GROUP	SUEZ ENVIRONNEMENT	NEWS CORP
TUI TRAVEL	THALES	NIKE
UNILEVER (LSE)	THYSSENKRUPP	NVIDIA
UNITED BUSINESS MEDIA	TNT	PACCAR
VODAFONE	UNILEVER (AEX)	PPG INDUSTRIES
WOLSELEY	VALLOUREC	SPECTRA ENERGY
WPP	VEOLIA ENVIRONNEMENT	TEXAS INSTS.
	VOLKSWAGEN	THOMSON REUTERS (NYSE)
	WOLTERS KLUWER	UNITED TECHNOLOGIES
		YUM! BRANDS

Biographical information

Concerning directors seeking election or re-election at the 2010 Annual General Meeting

Mark Armour (55)
(British)

Chief Financial Officer since 1996. Prior to joining Reed Elsevier as Deputy Chief Financial Officer in 1995, was a partner in Price Waterhouse.

Erik Engstrom (46)
(Swedish)

Chief Executive Officer since November 2009. Joined Reed Elsevier as Chief Executive Officer of Elsevier in 2004. Prior to joining Reed Elsevier was a partner at General Atlantic Partners. Before that was president and chief operating officer of Random House Inc and, before its merger with Random House, president and chief executive officer of Bantam Doubleday Dell, North America. Began his career as a consultant with McKinsey. Served as a non-executive director of Eniro AB and Svenska Cellulosa Aktiebolaget SCA.

Anthony Habgood (63)
(British)

Chairman since June 2009. Chairman of Reed Elsevier's Nominations Committee and the Corporate Governance Committee, and a member of the Remuneration Committee. Chairman of Whitbread plc. Previous directorships include: Chairman of Bunzl plc and of Mölnlycke Healthcare Limited; and director of SVG Capital plc; Marks and Spencer plc; Powergen plc, National Westminster Bank plc; and Geest plc. Served as chief executive of Bunzl plc, chief executive of Tootal Group plc and a director of The Boston Consulting Group Inc.

Robert Polet (54)
(Dutch)

Non-executive director since 2007. A member of Reed Elsevier's Remuneration Committee and the Corporate Governance Committee. President and Chief Executive Officer of Gucci Group. Before that spent 26 years at Unilever working in a variety of marketing and senior executive positions throughout the world including President of Unilever's Worldwide Ice Cream and Frozen Foods division.

Ben van der Veer (58)
(Dutch)

Non-executive director since September 2009. A member of Reed Elsevier's Audit Committees and the Corporate Governance Committee. Member of the supervisory boards of AEGON NV, TomTom NV, Siemens Nederland NV and Koninklijke FrieslandCampina NV. Was chairman of the executive board of KPMG in the Netherlands and a member of the management committee of the KPMG International board until his retirement in 2008.

Notice of Annual General Meeting

to be held on 21 April 2010 at 11.00 am

Notice is hereby given that the Annual General Meeting of Reed Elsevier PLC (the "Company") will be held in the Ballroom at the Millennium Hotel, Grosvenor Square, London W1K 2HP on Wednesday, 21 April 2010 commencing at 11.00 am for the following purpose.

To consider and, if thought fit, pass the resolutions noted below. Other than resolutions 12, 13, 14 and 15, which will be proposed as special resolutions, all of the resolutions will be proposed as ordinary resolutions.

An explanation of each resolution appears in the letter accompanying this Notice of Annual General Meeting.

1. To receive the Company's Financial Statements for the year ended 31 December 2009, together with the reports of the directors and auditors thereon.
2. To approve the Directors' Remuneration Report as set out in the Reed Elsevier Annual Reports and Financial Statements 2009.
3. To declare a final dividend for 2009 on the Company's ordinary shares.
4. To re-appoint Deloitte LLP as auditors of the Company until the next general meeting of the Company at which accounts are laid.
5. To authorise the directors to fix the remuneration of the auditors.
6. To elect Anthony Habgood as a director of the Company.
7. To elect Ben van der Veer as a director of the Company.
8. To re-elect Erik Engstrom as a director of the Company.
9. To re-elect Mark Armour as a director of the Company.
10. To re-elect Robert Polet as a director of the Company.
11. That:
 - (a) the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to:
 - (i) allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company:
 - (A) up to an aggregate nominal amount of £58.3 million; and
 - (B) comprising equity securities (as defined in the Act) up to an aggregate nominal amount of £116.6 million (including within such limit any shares issued or rights granted under paragraph (A) above) in connection with an offer by way of a rights issue:
 - (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to people who are holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

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

for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next Annual General Meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on 21 July 2011); and

 - (ii) make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired;

- (b) subject to paragraph (c) below all existing authorities given to the directors pursuant to section 80 of the Companies Act 1985 to allot relevant securities (as defined by the Companies Act 1985) by way of the ordinary resolution of the Company passed on 21 April 2009 be revoked by this resolution; and
- (c) paragraph (b) above shall be without prejudice to the continuing authority of the directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

12. That subject to the passing of resolution 11 as set out in the Notice of Annual General Meeting of the Company convened for 21 April 2010 and in place of the power given to them pursuant to the special resolution of the Company passed on 21 April 2009, the directors be generally empowered pursuant to section 570 and section 573 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in the Act) for cash, pursuant to the authority conferred by resolution 11 as set out in the Notice of Annual General Meeting of the Company convened for 21 April 2010 as if section 561(1) of the Act did not apply to the allotment. This power:

- (a) expires (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next Annual General Meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on 21 July 2011), but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and
- (b) shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 11(a)(i)(B), by way of a rights issue only):
 - (i) to the ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to people who hold other equity securities, if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,
 and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
- (c) in the case of the authority granted under resolution 11(a)(i)(A) shall be limited to the allotment of equity securities for cash otherwise than pursuant to paragraph (b):
 - (i) up to an aggregate nominal amount of £9.0 million; and
 - (ii) (otherwise than pursuant to sub-paragraph (c)(i) above) pursuant to the terms of the Reed Elsevier Group plc employee share plans approved by the Company.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by resolution 11 as set out in the Notice of Annual General Meeting of the Company convened for 21 April 2010" were omitted.

13. That the Board be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of 14⁵¹/₁₁₆p nominal value each in the capital of the Company, such authority to apply until the conclusion of the next Annual General Meeting of the Company (or, if earlier until the close of business on 21 July 2011) except in relation to the purchase of ordinary shares the contract for which was concluded before such date and which is executed wholly or partly after such date), unless such authority is renewed prior to such time provided that this authority shall be limited so that:

- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 124.7 million;
- (b) the minimum price (exclusive of expenses) which may be paid for each ordinary share is 14⁵¹/₁₁₆p; and
- (c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of:
 - (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the ordinary share is purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the current highest independent bid for an ordinary share as derived from the London Stock Exchange Trading System ("SETS").

14. That a general meeting of the Company, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.
15. That with effect from the conclusion of the meeting, the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the Company's existing Articles of Association.
16. That the Rules of the Reed Elsevier Group plc Growth Plan produced to the meeting and initialled by the chairman of the meeting for the purpose of identification (the "Growth Plan") be approved and that the directors of the Company be and are hereby authorised to take such actions as may be necessary to facilitate the implementation of the Growth Plan by Reed Elsevier Group plc and to be counted in the quorum and to vote as directors on any matter relating to the Growth Plan, notwithstanding that they may be interested in the same.
17. That the Rules of the Reed Elsevier Group plc Bonus Investment Plan 2010 produced to the meeting and initialled by the chairman of the meeting for the purpose of identification (the "Investment Plan") be approved and that the directors of the Company be and are hereby authorised to take such actions as may be necessary to facilitate the implementation of the Investment Plan by Reed Elsevier Group plc and to be counted in the quorum and to vote as directors on any matter relating to the Investment Plan, notwithstanding that they may be interested in the same.

By order of the Board
Stephen J Cowden
Secretary

18 March 2010

Registered Office:
1-3 Strand
London WC2N 5JR

Notes to Notice of Annual General Meeting

Proxy appointment

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend, to speak and to vote on their behalf at the meeting. A shareholder may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy may be appointed:
 - > by completion and return of the Proxy Form enclosed with the Notice of meeting;
 - > via the internet at www.reedelsevier.com/vote. You will need your personal Voting ID, Task ID and Shareholder Reference Number shown on your Proxy Form;
 - > via the CREST electronic proxy appointment service, as described in paragraphs 8-11 below.
2. To be valid any Proxy Form or other such instrument appointing a proxy must reach the Company's Registrar not less than 48 hours before the time of the meeting.
3. The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.

Nominated persons

4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

Right to attend and vote at the meeting

6. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be entered on the Register of Members of the Company as at 6.00 pm on 19 April 2010 (or if this meeting is adjourned, as at 6.00 pm two days before the date of any adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Total voting rights

7. As at 5 March 2010 the Company's issued share capital (excluding treasury shares) consisted of 1,213,314,891 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 5 March 2010 were 1,213,314,891.

CREST members

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (CREST ID RA19) not less than 48 hours before the time of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not exercise their powers differently in relation to the same shares.

Members' requests under section 527 of the Companies Act 2006

13. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish a statement on a website setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Members' rights to ask questions

14. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. A Registration Form is attached to the Proxy Form enclosed with the Notice of meeting. Please bring the Registration Form with you to the meeting since this will help the Company's Registrar to admit you without delay. The meeting will start at 11.00 am and registration will be available from 10.15 am. Please try to arrive by 10.45 am to allow time for registration.
16. For the safety and comfort of those attending the meeting, security measures will be in place at the meeting. Certain items will not be permitted in the meeting. These include bags, cameras, recording equipment, mobile telephones, items of any nature with potential to cause disorder and such other items as the chairman of the meeting may specify.
17. The meeting is easily accessible for wheelchair users. A hearing loop system will be provided in the meeting. Please ask at registration if you require assistance.
18. Tea and coffee will be available before the commencement of the meeting. Light refreshments with soft drinks will be available immediately after the conclusion of the meeting for approximately one hour.

Availability of documents and other information

19. A copy of the Notice of Annual General Meeting, and other information required by s311A of the Companies Act 2006, can be found at www.reedelsevier.com.
20. Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours until the date of the meeting, and at the place of the meeting from at least 15 minutes prior to the meeting until its conclusion:
- > Executive directors' service contracts;
 - > Letters of appointment of the non-executive directors;
 - > Proposed Rules of the Reed Elsevier Group plc Growth Plan and the Reed Elsevier Group plc Bonus Investment Plan 2010;
 - > Proposed New Articles of Association of the Company and a copy of the existing Articles of Association marked to show all the changes being proposed.

