

**Statutory Declaration of compliance
with requirements on application
for registration of a company**Please do not
write in
this margin

Pursuant to section 12(3) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

For official use

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--

Name of company

*

AFTERTRAVEL LIMITED

* insert full
name of Company

I, MICHAEL RICHARD COUNSELL, signing on behalf
of SWIFT INCORPORATIONS LIMITED
2 BACHES STREET
LONDON N1 6UB

† delete as
appropriate

do solemnly and sincerely declare that I am a ~~[Solicitor engaged in the formation of the~~
~~company]~~† [person named as director or secretary of the company in the statement delivered to
the registrar under section 10(2)† and that all the requirements of the above Act in respect of the
registration of the above company and of matters precedent and incidental to it have been
complied with,

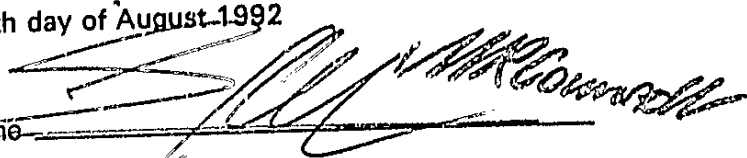
And I make this solemn declaration conscientiously believing the same to be true and by virtue of
the provisions of the Statutory Declarations Act 1835

Declared at 11, SHIP STREET
BRECON,
POWYS

Declarant to sign below

The 4th day of August 1992

before me


A Commissioner for Oaths or Notary Public or Justice of
the Peace or Solicitor having the powers conferred on a
Commissioner for Oaths.

Presenter's name, address and
reference (if any):

For official use

New Companies Section

Post room

Printed and supplied by

Jordans

Jordan & Sons Limited

21 St. Thomas Street, Bristol BS1 6JS
Tel: 0272 230600 Telex 449119

CHA108

This form should be completed in black.

10

**Statement of first directors and
secretary and intended situation
of registered office**

Company name (in full)

CN

2746616

For official use ☐

AFTERTRAVEL LIMITED

Registered office of the company on
incorporation.

RO

2 BACHES STREET

Post town LONDON

County/Region

Postcode N1 6UB

If the memorandum is delivered by an
agent for the subscribers of the
memorandum mark 'X' in the box
opposite and give the agent's name
and address.

X

Name JORDAN & SONS LIMITED

RA

21 ST. THOMAS STREET

Post town BRISTOL

County/Region

Postcode BS1 6JS

Number of continuation sheets attached ☐

To whom should Companies House
direct any enquiries about the
information shown in this form?

JRM10

C.F.P.U. JORDAN & SONS LIMITED

21 ST. THOMAS STREET

BRISTOL

Postcode BS1 6JS

Telephone 0272 230600

Extension 349

Name *Style/Title

Forenames

Surname

*Honours etc

Previous forenames

Previous surname

Address

Usual residential address must be given.
In the case of a corporation, give the
registered or principal office address.

Consent signature

Directors (See notes 1 - 5)

Please list directors in alphabetical order.

Name *Style/Title

Forenames

Surname

*Honours etc

Previous forenames

Previous surname

Address

Usual residential address must be given.
In the case of a corporation, give the
registered or principal office address.

Date of birth

Business occupation

Other directorships

* Voluntary details

Consent signature

Delete if the form
is signed by the
subscribers.

CS

SWIFT INCORPORATIONS LIMITED

N/A

N/A

N/A

AD

2 BACHES STREET

Post town LONDON

County/Region

Postcode N1 6UB

Country ENGLAND

I consent to act as secretary of the company named on page 1

Signed



(Authorised
Signatory)

Date 04.08.92

CD

INSTANT COMPANIES LIMITED

N/A

N/A

N/A

AD

2 BACHES STREET

Post town LONDON

County/Region

Postcode N1 6UB

Country ENGLAND

DO 1 8 0 2 8 1

Nationality NA UK REGISTERED

OC

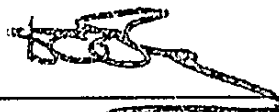
COMPANY REGISTRATION AGENT

OD

NONE

I consent to act as director of the company named on page 1

Signed



(Authorised
Signatory)

Date 04.08.92



Signature of agent on behalf of all subscribers Date 04.08.92

23

2746616



**A PRIVATE COMPANY
LIMITED BY SHARES**

Memorandum and Articles of Association

94324

1. The Company's name is

AFTERTRAVEL LIMITED

2. The Company's registered office is to be situated in England and Wales.

3. (i) The object of the Company is to carry on business as a general commercial company.

(ii) Without prejudice to the generality of the object and the powers of the Company derived from Section 3A of the Act the Company has power to do all or any of the following things:-

OBLGEN

(a) To purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of any property.

(b) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections and concessions and to disclaim, alter, modify, use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.

(c) To acquire or undertake the whole or any part of the business, goodwill, and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the Company is authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into partnership or into any arrangement for sharing profits, or for co-operation, or for mutual assistance with any such person, firm or company, or for subsidising or otherwise assisting any such person, firm or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.

(d) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.

(e) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.

(f) To lend and advance money or give credit on any terms and with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the Company), to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any such holding company, subsidiary, fellow subsidiary or associated company as aforesaid).

(g) To borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it.

(h) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable or transferable instruments.

(i) To apply for, promote, and obtain any Act of Parliament, order, or licence of the Department of Trade or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may

seem calculated directly or indirectly to prejudice the Company's interests.

(j) To enter into any arrangements with any government or authority (supreme, municipal, local, or otherwise) that may seem conducive to the attainment of the Company's objects or any of them, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.

(k) To subscribe for, take, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.

(l) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies in which the Company has a direct or indirect financial interest, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.

(m) To promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.

(n) To sell or otherwise dispose of the whole or any part of the business or property of the Company, either together or in portions, for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any company purchasing the same.

(o) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.

(p) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.

(q) To distribute among the Members of the Company in kind any property of the Company of whatever nature.

(r) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling, or guaranteeing the subscription of any shares or other securities of the Company.

(s) To support and subscribe to any charitable or public object and to support and subscribe to any institution, society, or club which may be for the benefit of the Company or its Directors or employees, or may be connected with any town or place where the Company carries on business; to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been Directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary of the Company or the holding company of the Company or a fellow

subsidiary of the Company or the predecessors in business of the Company or of any such subsidiary, holding or fellow subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance including insurance for any Director, officer or Auditor against any liability as is referred to in Section 310(1) of the Act; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants; and to set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of any of the employees of the Company or of any such subsidiary, holding or fellow subsidiary company and to lend money to any such employees or to trustees on their behalf to enable any such purchase schemes to be established or maintained.

(t) Subject to and in accordance with a due compliance with the provisions of Sections 155 to 158 (inclusive) of the Act (if and so far as such provisions shall be applicable), to give, whether directly or indirectly, any kind of financial assistance (as defined in Section 152(1)(a) of the Act) for any such purpose as is specified in Section 151(1) and/or Section 151(2) of the Act.

(u) To procure the Company to be registered or recognised in any part of the world.

(v) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others.

(w) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's object or of any of the powers given to it by the Act or by this Clause.

AND so that:-

(1) None of the provisions set forth in any sub-clause of this Clause shall be restrictively construed but the widest interpretation shall be given to each such provision, and none of such provisions shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other provision set forth in such sub-clause, or by reference to or inference from the terms of any other sub-clause of this Clause, or by reference to or inference from the name of the Company.

(2) The word "Company" in this Clause, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or unincorporated and whether domiciled in the United Kingdom or elsewhere.

(3) In this Clause the expression "the Act" means the Companies Act 1985, but so that any reference in this Clause to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

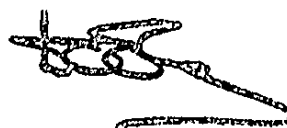
4. The liability of the Members is limited.

5. The Company's share capital is £1000 divided into 1000 shares of £1 each.

We, the subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names.

Names and addresses of Subscribers	Number of shares taken by each Subscriber
------------------------------------	---

1. For and on behalf of Instant Companies Limited 2 Baches Street London N1 6UB	- One
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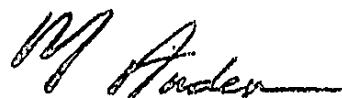
2. For and on behalf of Swift Incorporations Limited 2 Baches Street London N1 6UB	- One
---	-------



Total shares taken	- Two
--------------------	-------

Dated 04.08.92

Witness to the above Signatures:- Mark Anderson
2 Baches Street
London N1 6UB



PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

PRELIMINARY

1. (a) The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 806) as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 No. 1052) (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.

(b) In these Articles the expression "the Act" means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

ALLOTMENT OF SHARES

2. (a) Shares which are comprised in the authorised share capital with which the Company is incorporated shall be under the control of the Directors who may (subject to Section 80 of the Act and to paragraph (d) below) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit.

(b) All shares which are not comprised in the authorised share capital with which the Company is incorporated and which the Directors propose to issue shall first be offered to the Members in proportion as nearly as may be to the number of the existing shares held by them respectively unless the Company in General Meeting shall by Special Resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered, and limiting a period (not being less than fourteen days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, those shares so deemed to be declined shall be offered in the proportion aforesaid to the persons who have, within the said period, accepted all the shares offered to them; such further offer shall be made in like terms in the same manner and limited by a like period as the original offer. Any shares not accepted pursuant to such offer or further offer as aforesaid or not capable of being offered as aforesaid except by way of fractions and any shares released from the provisions of this Article by any such Special Resolution as aforesaid shall be under the control of the Directors, who may allot, grant options over or otherwise dispose of the same to such persons, on such terms, and in such manner as they think fit, provided that, in the case of shares not accepted as aforesaid, such shares shall not be disposed of on terms which are more favourable to the subscribers thereof than the terms on which they were offered to the Members. The foregoing provisions of this paragraph (b) shall have effect subject to Section 80 of the Act.

(c) In accordance with Section 91(1) of the Act Sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.

(d) The Directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of five years from the date of incorporation and the Directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said Section 80)

be renewed, revoked or varied by Ordinary Resolution of the Company in General Meeting.

SHARES

3. The lien conferred by Clause 8 in Table A shall attach also to fully paid-up shares, and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company. Clause 8 in Table A shall be modified accordingly.

4. The liability of any Member in default in respect of a call shall be increased by the addition at the end of the first sentence of Clause 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

GENERAL MEETINGS AND RESOLUTIONS

5. Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Act as to giving information to Members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any Member is entitled to receive shall be sent to the Directors and to the Auditors for the time being of the Company.

6. (a) If a quorum is not present within half an hour from the time appointed for a General Meeting the General Meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine; and if at the adjourned General Meeting a quorum is not present within half an hour from the time appointed therefor such adjourned General Meeting shall be dissolved.

(b) Clause 41 in Table A shall not apply to the Company.

APPOINTMENT OF DIRECTORS

7. (a) Clause 64 in Table A shall not apply to the Company.

(b) The maximum number and minimum number respectively of the Directors may be determined from time to time by Ordinary Resolution in General Meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of Directors and the minimum number of Directors shall be one. Whensoever the minimum number of Directors shall be one, a sole Director shall have authority to exercise all the powers and discretions by Table A and by these Articles expressed to be vested in the Directors generally, and Clause 89 in Table A shall be modified accordingly.

(c) The Directors shall not be required to retire by rotation and Clauses 73 to 80 (inclusive) in Table A shall not apply to the Company.

(d) No person shall be appointed a Director at any General Meeting unless either:-

(i) he is recommended by the Directors; or

(ii) not less than fourteen nor more than thirty-five clear days before the date appointed for the General Meeting, notice signed by a Member qualified to vote at the General Meeting has been given to the Company of the intention to propose that person for appointment, together with notice signed by that person of his willingness to be appointed.

(e) Subject to paragraph (d) above, the Company may by Ordinary Resolution in General Meeting appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director.

(f) The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the

appointment does not cause the number of Directors to exceed any number determined in accordance with paragraph (b) above as the maximum number of Directors and for the time being in force.

BORROWING POWERS

8. The Directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to Section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

ALTERNATE DIRECTORS

9. (a) An alternate Director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, and the first sentence of Clause 66 in Table A shall be modified accordingly.

(b) A Director, or any such other person as is mentioned in Clause 66 in Table A, may act as an alternate Director to represent more than one Director, and an alternate Director shall be entitled at any meeting of the Directors or of any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

GRATUITIES AND PENSIONS

10. (a) The Directors may exercise the powers of the Company conferred by Clause 3(ii)(s) of the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

(b) Clause 87 in Table A shall not apply to the Company.

PROCEEDINGS OF DIRECTORS

11. (a) A Director may vote, at any meeting of the Directors or of any committee of the Directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.

(b) Clauses 94 to 97 (inclusive) in Table A shall not apply to the Company.

THE SEAL

12. (a) If the Company has a seal it shall only be used with the authority of the Directors or of a committee of Directors. The Directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Director and by the Secretary or second Director. The obligation under Clause 6 of Table A relating to the sealing of share certificates shall apply only if the Company has a seal. Clause 101 of Table A shall not apply to the Company.

(b) The Company may exercise the powers conferred by Section 39 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Directors.

INDEMNITY

13. (a) Every Director or other officer or Auditor of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.

(b) The Directors shall have power to purchase and maintain for any Director, officer or Auditor of the Company insurance against any such liability as is referred to in Section 310(1) of the Act.

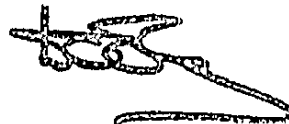
(c) Clause 118 in Table A shall not apply to the Company.

TRANSFER OF SHARES

14. The Directors may, in their absolute discretion and without assigning any reason therefor, decline to register the transfer of a share, whether or not it is a fully paid share, and the first sentence of Clause 24 in Table A shall not apply to the Company.

Names and addresses of Subscribers

1. For and on behalf of
Instant Companies Limited
2 Baches Street
London N1 6UB



2. For and on behalf of
Swift Incorporations Limited
2 Baches Street
London N1 6UB



Dated 04.08.92

Witness to the above Signatures:-

Mark Anderson
2 Baches Street
London N1 6UB



FILE COPY



**CERTIFICATE OF INCORPORATION
OF A PRIVATE LIMITED COMPANY**

No. 2746616

I hereby certify that

AFTERTRAVEL LIMITED

is this day incorporated under the Companies Act 1985 as
a private company and that the Company is limited.

Given under my hand at the Companies Registration Office,
Cardiff the 11 SEPTEMBER 1992


A. F. FLETCHER

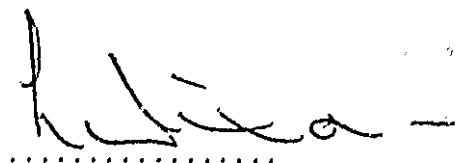
an authorised officer

SPECIAL RESOLUTION of The Companies Act 1985
AFTERTRAVEL LIMITED No. 2746616

Passed 21 September 1992

At an Extraordinary General Meeting held at 6 Chesterfield Gardens, London W1A 1EJ on 21 September 1992 the following resolution was passed as a special resolution:

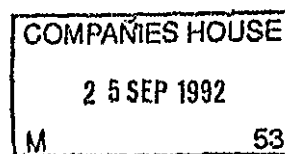
That the memorandum of association be altered, as respects the objects of the Company, by the substitution of the Clause set out in the document marked 'A' and signed for identification by the chairman of the meeting for the existing Clause 3 of the memorandum of association.



Secretary

Presented by:

FRESHFIELDS
65 Fleet Street
London EC4Y 1HS



A

h-120

3. The Company's objects are:-

(a) (i) To carry on the business of a holding company in all its branches, and to acquire by purchase, lease, concession, grant, licence or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the Company shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the same; and to vary any of the investments of the Company, to act as trustees of any deeds constituting or securing any debentures, debenture stock or other securities or obligations; to enter into, assist, or participate in financial, commercial, mercantile, industrial and other transactions, undertakings and businesses of every description, and to establish, carry on, develop and extend the same or sell, dispose of or otherwise turn the same to account, and to co-ordinate the policy and administration of any companies of which this Company is a member or which are in any manner controlled by, or connected with the Company, and to carry on all or any of the businesses of capitalists, trustees, financiers, financial agents, company promoters, bill discounters, insurance brokers and agents, mortgage brokers, rent and debt collectors, stock and share brokers and dealers and commission and general agents, merchants and traders; and to manufacture, buy, sell, maintain, repair and deal in plant, machinery, tools, articles and things of all kinds capable of being used for the purposes of the above-mentioned businesses or any of them, or likely to be required by customers of or persons having dealings with the Company.

(ii) To carry on any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on in connection with or ancillary to any of the businesses of the Company.

(b) To purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of any property.

(c) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections and concessions and to disclaim, alter, modify, use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.

(d) To acquire or undertake the whole or any part of the business, goodwill, and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the Company is authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into partnership or into any arrangement for sharing profits, or for co-operation, or for mutual assistance with any such person, firm or company, or for subsidising or otherwise assisting any such person, firm or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.

(e) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.

(f) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.

(g) To lend and advance money or give credit on any terms and with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the Company), to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any such holding company, subsidiary, fellow subsidiary or associated company as aforesaid).

(h) To borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the

performance by the Company of any obligation or liability it may undertake or which may become binding on it.

(i) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable or transferable instruments.

(j) To apply for, promote, and obtain any Act of Parliament, order, or licence of the Department of Trade or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.

(k) To enter into any arrangements with any government or authority (supreme, municipal, local, or otherwise) that may seem conducive to the attainment of the Company's objects or any of them, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.

(l) To subscribe for, take, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.

(m) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies in which the Company has a direct or indirect financial interest, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.

(n) To promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.

(o) To sell or otherwise dispose of the whole or any part of the business or property of the Company, either together or in portions, for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any company purchasing the same.

(p) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.

(q) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.

(r) To distribute among the Members of the Company in kind any property of the Company of whatever nature.

(s) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling, or guaranteeing the subscription of any shares or other securities of the Company.

(t) To support and subscribe to any charitable or public object and to support and subscribe to any institution, society, or club which may be for the benefit of the Company or its Directors or employees, or may be connected with any town or place where the Company carries on business; to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been Directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary of the Company or the holding company of the Company or a fellow subsidiary of the Company or the predecessors in business of the Company or of any such subsidiary, holding or fellow subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance including insurance for any Director, officer or Auditor against any liability as is referred to in Section 310(1) of the Act; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants; and to set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of any of the employees of the Company or of any such subsidiary, holding or fellow subsidiary company and to lend money to any such employees or to trustees on their behalf to enable any such purchase schemes to be established or maintained.

(u) Subject to and in accordance with a due compliance with the provisions of Sections 155 to 158 (inclusive) of the Act (if and so far as such provisions shall be applicable), to give, whether directly or indirectly, any kind of financial assistance (as defined in Section 152(1)(a) of the Act) for any such purpose as is specified in Section 151(1) and/or Section 151(2) of the Act.

(v) To procure the Company to be registered or recognized in any part of the world.

(w) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise, and by or through

agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others.

(x) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

No. of Company 2746616

The Companies Acts 1985 to 1989

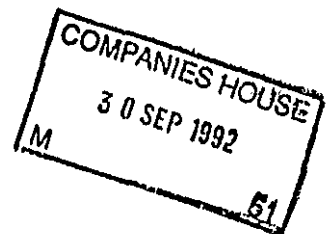
PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM AND
ARTICLES OF ASSOCIATION

AFTERTRAVEL LIMITED

(Incorporated the 11th day of September, 1992)

Freshfields
65 Fleet Street
London EC4Y 1HS
132131C



THE COMPANIES ACT 1985 to 1989

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION OF

AFTERTRAVEL LIMITED

1. The Company's name is "AFTERTRAVEL LIMITED".
2. The Company's registered office is to be situated in England and Wales.
3. The Company's objects are:-
 - (a) (i) To carry on the business of a holding company in all its branches, and to acquire by purchase, lease, concession, grant, licence or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock,

bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the Company shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the same; and to vary any of the investments of the Company, to act as trustees of any deeds constituting or securing any debentures, debenture stock or other securities or obligations; to enter into, assist, or participate in financial, commercial, mercantile, industrial and other transactions, undertakings and businesses of every description, and to establish, carry on, develop and extend the same or sell, dispose of or otherwise turn the same to account, and to co-ordinate the policy and administration of any companies of which this Company is a member or which are in any manner controlled by, or connected with the Company, and to carry on all or any of the businesses of capitalists, trustees, financiers, financial agents, company promoters, bill discounters, insurance brokers and agents, mortgage brokers, rent and debt collectors, stock and share brokers and dealers and commission and general agents, merchants and traders; and to manufacture, buy, sell, maintain, repair and deal in plant, machinery, tools, articles and things of all kinds capable of being used for the purposes of the above-mentioned businesses or any of them, or likely to be required by customers of or persons having dealings with the Company.

- (ii) To carry on any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on in connection with or ancillary to any of the businesses of the Company.

- (b) To purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of any property.
- (c) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections and concessions and to disclaim, alter, modify, use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.
- (d) To acquire or undertake the whole or any part of the business, goodwill, and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the Company is authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into partnership or into any arrangement for sharing profits, or for co-operation, or for mutual assistance with any such person, firm or company, or for subsidising or otherwise assisting any such person, firm or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.
- (e) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licenses, options, rights and

privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.

- (f) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.
- (g) To lend and advance money or give credit on any terms and with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the Company), to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms, and to secure or guarantee in any manner and upon any terms, the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any such holding company, subsidiary, fellow subsidiary or associated company as aforesaid).
- (h) To borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it.
- (i) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable or transferable instruments.

- (j) To apply for, promote, and obtain any Act of Parliament, order, or licence of the Department of Trade or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.
- (k) To enter into any arrangements with any government or authority (supreme, municipal, local, or otherwise) that may seem conducive to the attainment of the Company's objects or any of them, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.
- (l) To subscribe for, take, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.
- (m) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies in which the Company has a direct or indirect financial interest, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable

with respect to any business or operations of or generally with respect to any such company or companies.

- (n) To promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.
- (o) To sell or otherwise dispose of the whole or any part of the business or property of the Company, either together or in portions, for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any company purchasing the same.
- (p) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.
- (q) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.
- (r) To distribute among the Members of the Company in kind any property of the Company of whatever nature.
- (s) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting,

placing, selling, or guaranteeing the subscription of any shares or other securities of the Company.

(t) To support and subscribe to any charitable or public object and to support and subscribe to any institution, society, or club which may be for the benefit of the Company or its Directors or employees, or may be connected with any town or place where the Company carries on business; to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been Directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary of the Company or the holding company of the Company or a fellow subsidiary of the Company or the predecessors in business of the Company or of any such subsidiary, holding or fellow subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance including insurance for any Director, officer or Auditor against any liability as is referred to in Section 310(1) of the Act; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any such persons and of their wives, widows, children and other relatives and dependants; and to set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of any of the employees of the Company or of any such subsidiary, holding or fellow subsidiary company and to lend money to any such employees or to trustees on their behalf to enable any such purchase schemes to be established or maintained.

(u) Subject to and in accordance with a due compliance with the provisions of Sections 155 to 158 (inclusive) of the Act (if and so far as such provisions shall be applicable), to give,

whether directly or indirectly, any kind of financial assistance (as defined in Section 152(1)(a) of the Act) for any such purpose as is specified in Section 151(1) and/or Section 151(2) of the Act.

- (v) To procure the Company to be registered or recognised in any part of the world.
- (w) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others.
- (x) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

4. The liability of the Members is limited.

5. The Company's share capital is £1,000 divided into 1,000 shares of £1 each.

WE, the subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names.

Names and addresses of Subscribers	Number of shares taken by each Subscriber
---	--

1. Instant Companies Limited 2 Baches Street London N1 6UB	- One
---	--------------

2. Swift Incorporations Limited 2 Baches Street London N1 6UB	- One
--	--------------

Total shares taken	- Two
---------------------------	--------------

Dated this 4th day of August, 1992

Witness to the above Signatures:-

**Mark Anderson
2 Baches Street
London N1 6UB**

SPECIAL RESOLUTION

of

AFTERTRAVEL LIMITED

Passed 30 November 1992

The following resolution was passed as a Special Resolution at an Extraordinary General Meeting of the Company held at Reed House, 6 Chesterfield Gardens, London W1A 1EJ on 30 November 1992:-

SPECIAL RESOLUTION

THAT:

(A) the authorised share capital of the Company be and is hereby increased from £1,000 to £101,000 by the creation of 100,000 7.5% cumulative preference shares of £1 each ("preference shares"), having attached thereto the rights and privileges and being subject to the limitations and restrictions set out in paragraph B of this Resolution;

(B) the special rights, restrictions and provisions applicable to the preference shares are as follows:-

(1) Voting

The preference shares shall not carry the right to receive notice of, or to attend and vote at, general meetings.

(2) Income

The holders of the preference shares shall be entitled to be paid out of the profits which the Company may determine to distribute by way of dividend a fixed cumulative dividend at the rate of 7.5 per cent. per annum on the amounts paid up on the preference shares in priority to the holders of any other class of shares, such dividend to be paid half-yearly on the 1st day of June and 1st day of December in each year in respect of the half-yearly periods ending on the days immediately preceding those dates.

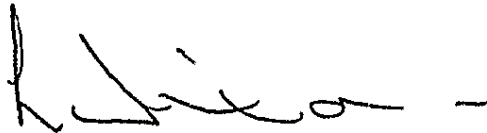
(3) Capital

On the winding-up of the Company, the assets of the Company available for distribution to shareholders shall be applied in



priority to any payment to the holders of any other class of shares in paying to the holder or holders of the preference shares a sum equal to the nominal capital paid up on those shares;

(C) in substitution for any and all previous authorities conferred upon the directors to allot relevant securities of the Company, the directors be and are hereby generally and unconditionally authorised, pursuant to section 80 of the Companies Act 1985, to allot to such persons, at such times and on such terms as they think proper, relevant securities (within the meaning of that section and so that references to the allotment of relevant securities shall be construed in accordance with the said section) up to an aggregate nominal amount of £100,998, as if neither Article 2 of the Articles of Association of the Company nor section 89(1) of the Companies Act 1985 applied to such allotment, provided that this authority shall expire on 31 December 1992, save that the Company may, before this authority expires, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.



.....
Secretary



COMPANIES FORM No. 123

**Notice of increase
in nominal capital**

123

Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number

--	--	--	--

2746616

Name of company

* AFTERTRAVEL LIMITED

* insert full name
of company

gives notice in accordance with section 123 of the above Act that by resolution of the company
dated 30 NOVEMBER 1992 the nominal capital of the company has been
increased by £ 100,000 beyond the registered capital of £ 1,000.

§ the copy must be
printed or in some
other form approved
by the registrar

A copy of the resolution authorising the increase is attached. §

The conditions (eg. voting rights, dividend rights, winding-up rights etc.) subject to which the new
shares have been or are to be issued are as ~~follow~~ set out in the attached copy
resolution.

Please tick here if
continued overleaf

☐

‡ Insert
Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriate

Signed

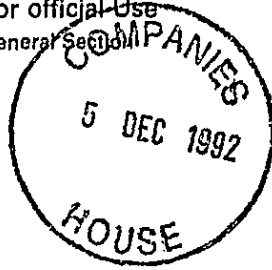
L. S. a Designation ‡ *Secretary*

Date 3.12.92

Presentor's name address and
reference (if any):

Freshfields
65 Fleet Street
London EC4Y 1HS

JHR/SDKW/DJH

For official Use General Section 	Post room
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2746616



SPECIAL RESOLUTION

of

AFTERTRAVEL LIMITED

Passed 1 December 1992

The following Resolution was passed as a Special Resolution at an Extraordinary General Meeting of the Company held at Reed House, 6 Chesterfield Gardens, London W1A 1EJ on 1 December 1992:-

SPECIAL RESOLUTION

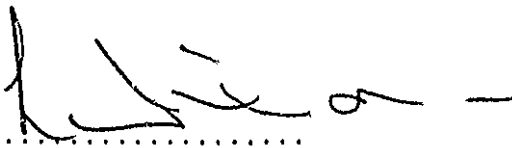
THAT:

- (1) the name of the Company be changed to "Reed Elsevier Limited";
- (2) the Company be re-registered as a public company pursuant to section 43 of the Companies Act 1985 and that:
 - (a) the Memorandum of Association of the Company be altered as follows:
 - (i) by the substitution in Clause 1 of the words "Reed Elsevier plc" for and to the exclusion of the words "AFTERTRAVEL LIMITED";
 - (ii) by inserting the following new Clause after Clause 1:

"2. The Company is to be a public company.";
 - (iii) by the substitution of the Clause set out in the document marked 'A' and signed for identification by the Chairman of the meeting for and to the exclusion of the existing Clause 3;
 - (iv) by renumbering the existing Clauses 2, 3, 4 and 5 as Clauses 3, 4, 5 and 6 respectively; and
 - (b) the regulations contained in the document marked 'B' and signed for identification by the Chairman of the meeting be



adopted as the Articles of Association of the Company in
substitution for and to the exclusion of the existing Articles
of Association of the Company.


.....
Secretary

138423C

G

COMPANIES FORM No. 43(3)

**Application by a private
company for re-registration
as a public company****43(3)**Please do not
write in
this margin

Pursuant to section 43(3) of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

Please complete
legibly, preferably
in black type, or
bold block lettering

[] [] [] []

2746616

Name of company

* AFTERTRAVEL LIMITED

* insert existing full
name of company

applies to be re-registered as a public company by the name of

Reed Elsevier plc

o insert full name of
company amended
to make it appropriate
for this company as
a public limited
company

and for that purpose delivers the following documents for registration:

- 1 Declaration made by a director or the secretary in accordance with section 43(3)(e) of the above Act (on Form No 43(3)(e))
- 2 Printed copy of memorandum and articles as altered in pursuance of the special resolution under section 43(1)(a) of the above Act.
- 3 Copy of auditors written statement in accordance with section 43(3)(b) of the above Act
- 4 Copy of relevant balance sheet and of auditors unqualified report on it

5 delete if section 44
of the Act does not
apply~~5 Copy of any valuation report~~† delete as
appropriate

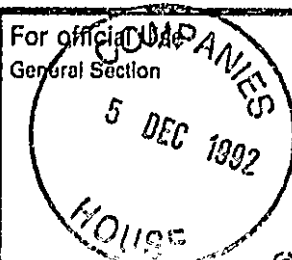
Signed

[Director][Secretary]† Date

3.12.92

Presenter's name address and
reference (if any):Freshfields
65 Fleet Street
London EC4Y 1HS

JHR/SDKW/DJH

For official use
General Section

Post room

NW
E100-42
113720

COMPANIES HOUSE

3 DEC 1992

FINANCE

G

COMPANIES FORM No. 43(3)(e)

**Declaration of compliance
with requirements by a
private company on application
for re-registration as a public
company**

43(3)(e)

Please do not
write in this margin

Pursuant to section 43(3)(e) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number

[] [] [] []

2746616

Name of company

* AFTERTRAVEL LIMITED

* insert full name
of company

I, LESLIE DIXON

of 20 GREENLEAS, PEMBURY, TUNBRIDGE WELLS, KENT TN2 4NS

† delete as
appropriate *Wages*

§ insert date

[the secretary] ~~(a director)~~ of the company, do solemnly and sincerely declare that:

- 1 the company, on 1 DECEMBER 1992 §, passed a special resolution
that the company should be re-registered as a public company;
2 the conditions of sections 44 and 45 of the above Act (so far as applicable) have been satisfied;
3 between the balance sheet date and the application for re-registration, there has been no change in the
company's financial position that has resulted in the amount of its net assets becoming less than the
aggregate of its called-up share capital and undistributable reserves.

And I make this solemn declaration conscientiously believing
the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at 6 CHESTERFIELD GARDENS
ROVON W1

Declarant to sign below

the THIRD day of DECEMBER
One thousand nine hundred and NINETY TWO

before me M.C.A.A. GALE

A Commissioner for Oaths or Notary Public or Justice of
the Peace or Solicitor having the powers conferred on a
Commissioner for Oaths.

Presenter's name address and
reference (if any):

Freshfields
65 Fleet Street
London EC4Y 1HS

JHR/SDKW/DJH

For official Use
General Section



Post room

Price Waterhouse



Auditors' statement to the Directors of Aftertravel Limited for the purpose of an application under Section 43(3) of the Companies Act 1985.

We have audited the annexed balance sheet in accordance with Auditing Standards.

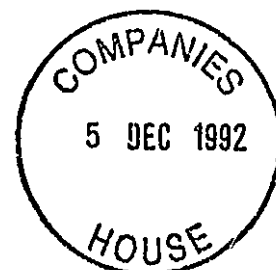
In our opinion:

- 1 The balance sheet gives a true and fair view of the state of affairs of the company at 30 November 1992 and has been properly prepared in accordance with the requirements of Sections 226 and 233(4) of the Companies Act 1985.
- 2 The balance sheet at 30 November 1992 shows that at that date the amount of the company's net assets was not less than the aggregate of its called-up share capital and undistributable reserves.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor

1 December 1992



AFTERTRAVEL LIMITED

BALANCE SHEET AS AT 30 NOVEMBER 1992

	<u>Notes</u>	As at <u>30 November 1992</u> £
Cash at bank and in hand		<u>100,002</u>
NET ASSETS		<u>100,002</u>
CAPITAL		
Called up share capital	2	<u>100,002</u>
		<u>100,002</u>

Approved by the Board on 1 December 1992


..... Director

Notes to the balance sheet are attached.

AFTERTRAVEL LIMITED

NOTES TO THE BALANCE SHEET - 30 NOVEMBER 1992

1 BASIS OF PREPARATION

This balance sheet has been prepared under the historical cost convention and in accordance with applicable accounting standards.

2 CALLED UP SHARE CAPITAL

As at
30 November 1992
£

Authorised:

1,000 ordinary shares of £1 each	1,000
100,000 7.5% cumulative preference shares of £1 each	<u>100,000</u>
	<u>101,000</u>

Issued and fully paid:

2 ordinary shares of £1 each	2
100,000 7.5% cumulative preference shares of £1 each	<u>100,000</u>
	<u>100,002</u>

The ordinary shares were issued nil paid on 11 September 1992 for the purposes of incorporation. These shares were paid up in cash at par on 30 November 1992.

The preference shares were issued for cash at par on 30 November 1992 for general corporate purposes.

3 ULTIMATE PARENT COMPANY

The ultimate parent company of the company is Reed International P.L.C., a company incorporated and registered in England.

MEMORANDUM
OF ASSOCIATION
OF
REED ELSEVIER plc



THE COMPANIES ACT 1985

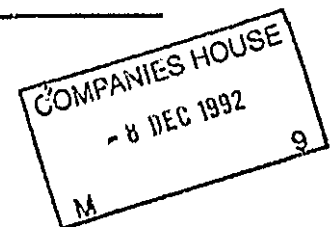
A PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

REED ELSEVIER plc

(As at 1 December 1992)



1. The Company's name is "Reed Elsevier plc".
2. The Company is to be a public company.
3. The Company's registered office is to be situated in England and Wales.
4. The objects for which the Company is established are:-
 - (a) To carry on business as a holding company and to acquire and hold shares, stocks, debenture stocks, bonds, mortgages, obligations and other securities of any kind issued or guaranteed by any company, corporation, government, public body or authority or undertaking of whatever nature and wherever constituted or carrying on business.
 - (b) To carry on all or any of the businesses of publishers, producers, distributors, proprietors, wholesalers or retailers of books, periodicals, magazines, newspapers, journals, circulars, works of reference, advertising literature and any other forms of publication, in any medium whatsoever; to own, organise, operate and manage exhibitions, trade shows, conferences and seminars and to conduct any related activities; to manage, develop and market information and transactional databases and services held in hard copy, electronically processed or any other form; to produce, direct and distribute radio and television programmes and performances and any other form of public or private

entertainment, to rent, operate or manage radio and television stations and to transmit and relay programmes of all kinds therefrom by any means (including without limitation by satellite, cable, micro-wave or any technology which may be developed); to act as advertising agents, literary agents and manufacturers and dealers in any materials used in connection with any businesses referred to in this Clause; and to acquire, sell, hold, license and otherwise deal in copyright and any other rights in artistic, literary or musical or other works of any kind whatsoever.

- (c) To co-ordinate the administration, policies, management, research, trading and any and all other activities of and to act as financial advisers and consultants to any company or group of companies now or hereafter formed or incorporated or acquired and to perform any services or undertake any duties to or on behalf of and in any other manner assist any such company or group and either without remuneration or on such terms as to remuneration as may be agreed.
- (d) To carry on any business by means, or through the agency, of any subsidiary company or companies, and to enter into any arrangement with any such subsidiary company for taking the profits and bearing the losses of any such business, or for financing any such subsidiary company.
- (e) To carry on business as importers, exporters, manufacturers and merchants of, dealers in, brokers of and agents for any materials or products manufactured, processed or dealt in in any business carried on by the Company or any of its subsidiary companies or required or used for the purposes of any such business including plant, machinery and tools of all kinds and to carry on the business of general merchants and dealers.
- (f) To carry on business as concessionaires and to undertake, carry on and execute all kinds of financial, commercial, trading, trust, exploitation, agency and other operations, and to advance or provide money with or without security to concessionaires, inventors, patentees and others for the purpose of improving and developing or assisting to improve and develop any concessions, lands or rights of experimenting in regard to or testing or developing any invention, design or process, industrial or otherwise.
- (g) To carry on the business of carriers by air, sea, road, railway, canal or otherwise and to own transport facilities of every kind.

- (h) To act as managing agents for and as management and technical consultants to any business and to execute, carry out, improve, work, develop, administer, maintain, manage or control works and conveniences of all kinds and to contribute or render technical assistance to or assist in the carrying out or establishment, maintenance, improvement, management, working, control or superintendence of any such business.
- (i) To carry on either in connection with any of the businesses aforesaid or independently thereof any trade or business which, in the opinion of the board of directors, is, or may be, capable of being conveniently or advantageously carried on in connection therewith or ancillary to any of the above named businesses or calculated directly or indirectly to enhance the value of or render more profitable any part of the Company's undertaking or property, or to further the objects of the Company.
- (j) To acquire, construct, carry out, maintain and use railways, tramways, docks, harbours, piers, wharves, canals, reservoirs, embankments and irrigations, reclamations, improvements, sewage, drainage, sanitary, water, gas, electric light, telephonic and electrical power works, warehouses and all other works which may be conducive to the interests of the Company.
- (k) To purchase or otherwise acquire estates, lands, forests, timber licences, mines, quarries or interests in the same in any part of the world, and to work and develop the same.
- (l) To purchase or otherwise acquire for any estate or interest any property or assets or any concessions, licences, grants, patents, knowhow, trade marks or other exclusive or non-exclusive rights of any kind which may appear to be necessary or convenient for any business of the Company, and to develop and turn to account and deal with the same in such manner as may be thought expedient, and to make experiments and tests and to carry on all kinds of research work.
- (m) To subscribe for, underwrite, purchase or otherwise acquire, and to accept, take, hold, charge, mortgage, sell, dispose of and deal with shares, stock, securities and evidences of indebtedness or of the right to participate in profits or assets or other similar documents issued by any government, authority, corporation or body, or by any company or body of persons, and any options or rights in respect thereof; and to buy, sell, deal in and invest in foreign currencies and exchange.

- (n) To borrow or raise money or to secure or discharge any debt or obligation (whether of the Company or of any other person) in such manner as the board of directors may think fit and in particular (but without prejudice to the generality of the foregoing) to mortgage, charge, pledge or give liens or other security upon the whole or any part of the Company's undertaking and all or any of the property and assets (present and future), including the uncalled capital of the Company, or by the creation and issue on such terms and conditions as may be thought expedient of debentures, debenture stock or other securities of any description, and to receive money on deposit and advance payments with or without allowance of interest thereon.
- (o) To draw, make, accept, endorse, discount, negotiate, execute and issue, and to buy, sell and deal in bills of exchange, bills of lading, warrants, debentures, promissory notes and other negotiable or transferable instruments.
- (p) To amalgamate or enter into partnership or any profit-sharing arrangement with and to co-operate in any way with or assist or subsidise any company, firm or person, and to purchase or otherwise acquire and undertake all or any part of the business, property and liabilities of any person, body or company carrying on any business which the Company is authorised to carry on or possessed of any property suitable for the purposes of the Company.
- (q) To establish or promote, or concur or participate in establishing or promoting, any company, the promotion of which shall be considered desirable.
- (r) To advance, lend or deposit money, and to give credit or financial accommodation to any person with or without taking any security therefor and upon such other terms as may be thought fit by the Company; and to enter into any guarantee, contract of indemnity or suretyship and in particular (without prejudice to the generality of the foregoing) to guarantee, support or secure, with or without consideration, whether by personal obligation or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company or by both such methods or in any other manner, the performance of any contracts, obligations or commitments of and the repayment or payment of the principal amounts of and any premiums, interest, dividends and other moneys payable on or in respect of any securities or liabilities of any person, including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary or a member of the Company or

subsidiary of a member of the Company or otherwise associated with the Company and whether or not any consideration or advantage is received by the Company.

- (s) To sell, lease, grant licences, easements and other rights over, and in any other manner deal with or dispose of, the undertaking, property, assets, rights and effects of the Company or any part thereof for such consideration as may be thought fit, and in particular for stocks, shares or securities of any other company whether fully or partly paid up.
- (t) To procure the registration or incorporation of the Company in or under the laws of any place outside England.
- (u) To subscribe or guarantee money for any national, charitable, political, benevolent, public, general or useful object or for any exhibition, or for any purpose which may be considered likely directly or indirectly to further the objects of the Company or other interests of its members.
- (v) To grant pensions or gratuities to any employees or ex-employees and to officers and ex-officers (including directors and ex-directors) of the Company or its predecessors in business, or the relations, connections or dependants of any such persons, and to establish or support associations, institutions, clubs, funds and trusts which may be considered calculated to benefit any such persons or otherwise advance the interests of the Company or of its members, and to establish and contribute to any scheme for the purchase by trustees of shares in the Company to be held for the benefit of the Company's employees (including directors holding a salaried employment or office in the Company or any subsidiary company), and to lend money to the Company's employees (other than directors) to enable them to purchase shares of the Company and to formulate and carry into effect any scheme for sharing the profits of the Company with its employees or any of them.
- (w) To do all or any of the things and matters aforesaid in any part of the world, and either as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents or otherwise, and either alone or in conjunction with others.
- (x) To do all such other things as may be considered to be incidental or conducive to the attainment of the above objects, or any of them, and the exercise of the powers (whether express or implied) of the Company.

And it is hereby declared that the objects of the Company as specified in each of the foregoing paragraphs of this Clause (except only if and so far as otherwise expressly provided in any paragraph) shall be separate and distinct objects of the Company and shall not be in anywise limited by reference to any other paragraph or the order in which the same occur or the name of the Company.

5. The liability of the Members is limited.

6. The Company's share capital is £1,000 divided into 1,000 shares of £1 each.¹

¹At 1 December 1992 the share capital is £101,000 divided into 1,000 ordinary shares of £1 each and 100,000 7.5% cumulative preference shares of £1 each

WE, the subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names.

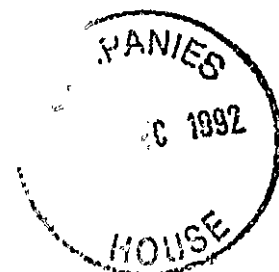
Names and addresses of Subscribers	Number of shares taken by each Subscriber
1. Instant Companies Limited 2 Baches Street London N1 6UB	- One
2. Swift Incorporations Limited 2 Baches Street London N1 6UB	- One
Total shares taken	- Two

Dated this 4th day of August, 1992

Witness to the above Signatures:-

Mark Anderson
2 Baches Street
London N1 6UB

ARTICLES
OF ASSOCIATION
OF
REED ELSEVIER plc



CONTENTS

PRELIMINARY.....	1
Table A	1
Interpretation	2
Delegation	3
SHARE CAPITAL.....	3
Shares with special rights	3
Allotment	3
NOTICE OF GENERAL MEETINGS	3
To whom notice must be given	3
PROCEEDINGS AT GENERAL MEETINGS	4
Effectiveness of special and extraordinary resolutions	4
VOTES OF MEMBERS	4
Right to vote	4
PROXIES AND REPRESENTATIVES OF BODIES CORPORATE.....	4
Appointment of proxy	4
Form of proxy	4
Validity of form of proxy	4
ALTERNATE DIRECTORS	4
Alternates representing more than one director	4
Termination of appointment	5
Mode of appointment and removal	5
DELEGATION OF POWERS OF THE DIRECTORS	5
Committees of the directors	5
Local boards, etc.	5
Offices including the title "director"	6
APPOINTMENT AND REMOVAL OF DIRECTORS	6
Appointment and removal by immediate holding company	6
Appointment by the directors	6
Retirement by rotation	6

Disqualification	6
DIRECTORS' APPOINTMENTS AND INTERESTS	7
Exercise by company of voting rights	7
Notification of interests	7
GRATUITIES, PENSIONS AND INSURANCE	7
Insurance	7
Directors not liable to account	8
Section 719 of the Act	8
PROCEEDINGS OF DIRECTORS	8
Convening meetings	8
Resolutions in writing	8
Meetings by telephone, etc.	9
Directors' power to vote on contracts in which they are interested	9
SEAL	9
Official seal for use abroad	9
DEEDS	9
Execution by company under hand	9
Delivery of deeds	9
CERTIFICATION	10
Certified copies	10
NOTICES	10
Method of giving notice	10
When notices by post deemed served	11
When other notices deemed given	11
INDEMNITY	11
Indemnity to directors, officers, etc.	11

THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

REED ELSEVIER plc

(Adopted by special resolution passed on
1 December 1992)

PRELIMINARY

Table A

1. The following provisions of the regulations in Table A in the Companies (Tables A-F) Regulations 1985 as amended prior to the incorporation of the company (*Table A*) shall not apply to the company:-

- (a) in regulation 1, the definitions of "the articles", "executed" and "the seal";
- (b) regulation 2;
- (c) in regulation 38, the final sentence;
- (d) regulation 54;
- (e) regulations 60 and 61;
- (f) in regulation 62:-
 - (i) the words "not less than 48 hours" in sub- paragraph (a);
 - (ii) the words "not less than 24 hours" in sub- paragraph (b);

- (g) regulation 72;
- (h) regulation 88;
- (i) regulations 93 to 98 inclusive;
- (j) regulation 112;
- (k) regulation 115;
- (l) regulation 118.

Interpretation 2.1 In the articles, except where the subject or context otherwise requires:

The articles means these articles of association, incorporating Table A (as applicable to the company), as altered from time to time by special resolution;

Director means a director of the company;

The directors means the directors or any of them acting as the board of directors of the company.

Dividend means dividend or bonus.

Paid means paid or credited as paid.

The seal means the common seal of the company and includes any official seal kept by the company by virtue of sections 39 or 40 of the Act.

References to a document being executed include references to its being executed under hand or under seal or by any other method.

References to writing include references to any visible substitute for writing and to anything partly in one form and partly in another form.

Words denoting the singular number include the plural number and vice versa; words denoting the masculine gender include the feminine gender; and words denoting persons include corporations.

Subject to the final paragraph of regulation 1 of Table A (as applicable to the company), references to any provision of any enactment or of any subordinate legislation (as defined by section 21(1) of the Interpretation Act 1978) include any modification or re-enactment of that provision for the time being in force.

Headings are inserted for convenience only and do not affect the construction of the articles.

Delegation

2.2 In the articles, (a) powers of delegation shall not be restrictively construed; (b) the word *directors* in the context of the exercise of any power contained in the articles includes (i) any committee consisting of one or more directors to which, and (ii) any director holding executive office to whom, the power in question has been delegated; (c) no power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation; and (d) except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under the articles or under another delegation of the power.

SHARE CAPITAL

Shares with special rights

3. Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as the company may by ordinary resolution determine or, subject to and in default of such determination, as the directors shall determine.

Allotment

4. Subject to the provisions of the Act relating to authority, pre-emption rights or otherwise and of any resolution of the company in general meeting passed pursuant thereto, and, in the case of redeemable shares, to the provisions of regulation 3 of Table A (as applicable to the company), all unissued shares for the time being in the capital of the company shall be at the disposal of the directors, and the directors may (subject as aforesaid) allot (with or without conferring a right of renunciation), grant options over, or otherwise dispose of them to such persons, on such terms and conditions, and at such times as it thinks fit.

NOTICE OF GENERAL MEETINGS

To whom notice must be given

5. At the end of regulation 38 of Table A (as applicable to the company) there shall be added the following sentence:-

"Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice shall be given to all the Members and to all persons entitled to a share in consequence of the death or bankruptcy of a Member, but need not be given to the directors in their capacity as such."

PROCEEDINGS AT GENERAL MEETINGS

Effectiveness of special and extraordinary resolutions

6. Where for any purpose an ordinary resolution of the company is required, a special or extraordinary resolution shall also be effective and where for any purpose an extraordinary resolution is required a special resolution shall also be effective.

VOTES OF MEMBERS

Right to vote

7. Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person or by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

PROXIES AND REPRESENTATIVES OF BODIES CORPORATE

Appointment of proxy

8. An instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or, if the appointor is a corporation, either under its common seal or the hand of a duly authorised officer, attorney or other person authorised to sign it.

Form of proxy

9. Instruments of proxy shall be in any usual or common form or in any other form which the directors may approve.

Validity of form of proxy

10. The instrument of proxy shall, unless the contrary is stated in it, be deemed to confer authority to vote as the proxy thinks fit on any resolution put to the meeting for which the proxy is given, whether or not notice of the resolution was given in the notice of meeting, and on any amendment of such a notice. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

ALTERNATE DIRECTORS

Alternates representing more than one director

11.1 At the end of regulation 66 of Table A (as applicable to the company) there shall be added the following sentence:-

"A director or any other person approved pursuant to regulation 65 of Table A (as applicable to the company) may act as alternate director to represent more than one director, and an alternate director shall be entitled at meetings of the directors or any committee of the directors to one vote for every director whom he represents in addition to his own vote (if any) as a director,

but he shall count as only one for the purpose of determining whether a quorum is present."

Termination of appointment 11.2 At the end of regulation 67 of Table A (as applicable to the company) there shall be added the following sentence:-

"The appointment of an alternate director shall also determine automatically on the happening of any event which, if he were a director, would cause him to vacate his office as director."

Mode of appointment and removal 11.3 The words "or in any other manner approved by the directors" in regulation 68 of Table A (as applicable to the company) shall be deleted and the following shall be added to that regulation:-

"and shall take effect in accordance with the terms of the notice, subject to any approval required by regulation 65 of Table A (as applicable to the company), on receipt of such notice at the registered office of the company".

DELEGATION OF POWERS OF THE DIRECTORS

Committees of the directors 12. The directors may delegate any of their powers to any committee consisting of one or more directors. The directors may also delegate to any director holding any executive office such of their powers as the directors consider desirable to be exercised by him. Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more directors (whether or not acting as a committee) or to any employee or agent of the company all or any of the powers delegated and may be made subject to such conditions as the directors may specify, and may be revoked or altered. Subject to any conditions imposed by the directors, the proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying.

Local boards, etc. 13. The board may establish local or divisional boards or agencies for managing any of the affairs of the company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of the local or divisional boards, or any managers or agents, and may fix their remuneration. The board may delegate to any local or divisional board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the board, with power to sub-delegate, and may authorise the members of any local or divisional board, or any of them, to fill any vacancies and to act notwithstanding vacancies. Any appointment or delegation made pursuant to this article may be made

upon such terms and subject to such conditions as the board may decide and the board may remove any person so appointed and may revoke or vary the delegation but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

Offices
including the
title "director"

14. The directors may appoint any person to any office or employment having a designation or title including the word "director" or attach to any existing office or employment with the company such a designation or title and may terminate any such appointment or the use of any such designation or title. The inclusion of the word "director" in the designation or title of any such office or employment shall not imply that the holder is a director of the company, nor shall the holder thereby be empowered in any respect to act as, or be deemed to be, a director of the company for any of the purposes of the articles.

APPOINTMENT AND REMOVAL OF DIRECTORS

Appointment
and removal by
immediate
holding
company

15.1 While the company is a subsidiary, the company's immediate holding company may appoint any person to be a director or remove any director from office. Every such appointment or removal shall be in writing and signed by or on behalf of the said holding company and shall take effect upon receipt at the registered office of the company or by the secretary.

Appointment
by the directors

15.2 While the company is a subsidiary, the directors shall have power to appoint any person to be a director either to fill a casual vacancy or as an addition to the existing directors, subject to any maximum for the time being in force, and, subject to regulation 81 of Table A (as applicable to the company), any director so appointed shall hold office until he is removed pursuant to article 15.1.

Retirement by
rotation

15.3 While the company is a subsidiary, regulations 73 to 80 (inclusive) shall not apply to the company and all references elsewhere in Table A (as applicable to the company) to retirement by rotation shall be modified accordingly.

Disqualification

16. At the end of regulation 81 of Table A (as applicable to the company) there shall be added the following sub-paragraph:-

"; or

- (f) he is requested to resign in writing by not less than three quarters of the other directors. In calculating the number of directors who are required to make such a request to the director, (i) there shall be excluded any alternate

director appointed by him acting in his capacity as such; and (ii) a director and any alternate director appointed by him and acting in his capacity as such shall constitute a single director for this purpose, so that the signature of either shall be sufficient”.

DIRECTORS' APPOINTMENTS AND INTERESTS

**Exercise by
company of
voting rights**

17. The directors may exercise the voting power conferred by the shares in any body corporate held or owned by the company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing any or all of them directors of such body corporate, or voting or providing for the payment or giving of remuneration or other benefits to the directors of such body corporate).

**Notification of
interests**

18. At the end of regulation 86 of Table A (as applicable to the company) there shall be added the following sub-paragraph:-

“; and

- (c) a director shall not in any circumstances be required to disclose to the directors that he is a director or other officer of, or employed by, or interested in shares or other securities of, any body corporate which is the ultimate holding company of the company or is a subsidiary of such ultimate holding company”.

GRATUITIES, PENSIONS AND INSURANCE

Insurance

19.1 Without prejudice to the provisions of article 31., the directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers, or employees of the company, or of any other company which is its holding company or in which the company or such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the company, or of any subsidiary undertaking of the company or any such other company, or who are or were at any time trustees of any pension fund in which employees of the company or any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in relation to

their duties, powers or offices in relation to the company or any such other company, subsidiary undertaking or pension fund.

**Directors not
liable to
account**

19.2 Without prejudice to the generality of regulation 85 of Table A (as applicable to the company), no director or former director shall be accountable to the company or the members for any benefit provided pursuant to this article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the company.

**Section 719 of
the Act**

20. Pursuant to section 719 of the Act, the directors are hereby authorised to make such provision as may seem appropriate for the benefit of any persons employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or the transfer of the whole or part of the undertaking of the company or any subsidiary. Any such provision shall be made by a resolution of the directors in accordance with the said section.

PROCEEDINGS OF DIRECTORS

**Convening
meetings**

21. Subject to the provisions of the articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. Notice of a meeting of the directors shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the company for this purpose. It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. Any director may waive notice of a meeting and any such waiver may be retrospective.

**Resolutions in
writing**

22. A resolution in writing signed by all the directors entitled to receive notice of a meeting of the directors or of a committee of the directors (not being less than the number of directors required to form a quorum of the directors) shall be as valid and effectual as if it had been passed at a meeting of the directors or (as the case may be) a committee of the directors duly convened and held and for this purpose:-

- (a) a resolution may consist of several documents to the same effect each signed by one or more directors;
- (b) a resolution signed by an alternate director need not also be signed by his appointor; and

- (c) a resolution signed by a director who has appointed an alternate director need not also be signed by the alternate director in that capacity.

Meetings by
telephone, etc.

23. Without prejudice to the first sentence of article 23, a meeting of the directors or of a committee of the directors may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously. A director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating in the conference is assembled, or, if there is no such group, where the chairman of the meeting then is. The word *meeting* in the articles shall be construed accordingly.

Directors'
power to vote
on contracts in
which they are
interested

24. A director may vote at any meeting of the directors or of a committee of the directors on any resolution concerning a transaction or arrangement with the company or in which the company is interested, or concerning any other matter in which the company is interested, notwithstanding that he is interested in that transaction, arrangement or matter or has in relation to it a duty which conflicts or may conflict with the interests of the company.

SEAL

Official seal for
use abroad

25. The company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad.

DEEDS

Execution by
company under
hand

26. Where the Act so permits, any instrument signed with the authority of a resolution of the directors or a committee of the directors by one director and the secretary or by two directors and expressed to be executed by the company as a deed shall have the same effect as if executed under the seal, provided that no instrument which makes it clear on its face that it is intended by the persons making it to have effect as a deed shall be signed without the authority of the directors.

Delivery of
deeds

27. A document which is executed by the company as a deed shall not be deemed to be delivered by the company solely as a result of its having been executed by the company.

CERTIFICATION

Certified copies 28. Any director or the secretary or any person appointed by the directors for the purpose shall have power to authenticate any documents affecting the constitution of the company and any resolutions passed by the company or the holders of any class of shares of the company or the directors or any committee of the directors, and any books, records, documents and accounts relating to the business of the company, and to certify copies thereof or extracts therefrom as true copies or extracts. A document purporting to be a copy of a resolution, or the minutes of or an extract from the minutes of a meeting of the company or the holders of any class of shares of the company or of the directors or any committee of the directors that is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

NOTICES

Method of giving notice

29. The company may serve or deliver any notice or other document on or to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address or by sending it by facsimile transmission to the member at the last telephone number (if any) which the member has given the company for this purpose. In the case of joint holders of a share, all notices or other documents shall be served on or delivered to the joint holder whose name stands first in the register of members in respect of the joint holding and any notice or other document so served or delivered shall be deemed for all purposes sufficient service on or delivery to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise:-

- (a) no such member shall be entitled to receive any notice from the company;
- (b) without prejudice to the generality of the foregoing, any notice of a general meeting of the company which is in fact given or purports to be given to such members shall be ignored for the purpose of determining the validity of the proceedings at such general meeting.

When notices
by post
deemed served

30.1 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice sent by post shall be deemed given:

- (a) if sent by first class post from an address in the United Kingdom or another country to another address in the United Kingdom or, as the case may be, that other country, on the day following that on which the envelope containing it was posted;
- (b) if sent by airmail from an address in the United Kingdom to an address in The Netherlands or from an address in The Netherlands to an address in the United Kingdom, on the day following that on which the envelope containing it was posted; and
- (c) in any other case, on the fifth day following that on which the envelope containing it was posted.

When other
notices deemed
given

30.2 A notice left at the registered address of a member or sent by facsimile transmission to a member at the last telephone number (if any) which the member has given the company for this purpose shall be deemed given at the time the notice is received.

INDEMNITY

Indemnity to
directors,
officers, etc.

31. Subject to the provisions of the Act, but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer of the company shall be indemnified out of the assets of the company against all costs, charges, losses, expenses and liabilities incurred by him in the execution or discharge of his duties or the exercise of his powers or otherwise in relation thereto, including (but without limitation) any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.



CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME
AND RE-REGISTRATION OF A PRIVATE COMPANY
AS A PUBLIC COMPANY

No 2746616

I hereby certify that
AFTERTRAVEL LIMITED

formerly registered as a private company having changed its
name and having this day been re-registered under the
Companies Act 1985 as a public limited company is now
incorporated under the name of

REED' ELSEVIER plc

and that the company is limited.

Given under my hand at Cardiff the 10th December 1992

John Ross

(J. S. ROSS)
An Authorised Officer



COMPANIES FORM No. 123

**Notice of increase
in nominal capital**

123

Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

Please complete
legibly, preferably
in black type, or
bold block lettering

[] [] [] [] [] []

2746616

Name of company

* Reed Elsevier plc

* insert full name
of company

gives notice in accordance with section 123 of the above Act that by resolution of the company
dated 22 December 1992 the nominal capital of the company has been
increased by £ 19,000 beyond the registered capital of £ 101,000

A copy of the resolution authorising the increase is attached.⁵

⁵ the copy must be
printed or in some
other form approved
by the registrar

The conditions (eg. voting rights, dividend rights, winding-up rights etc.) subject to which the new
shares have been or are to be issued are as ~~follow~~ set out in the articles of
association of Reed Elsevier plc as adopted pursuant to the
attached resolution.

Please tick here if
continued overleaf

☐

Signed

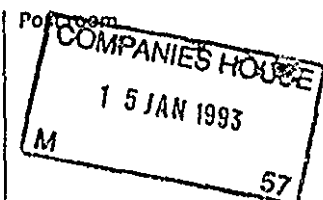
K Richardson

{Director}[Secretary]† Date 11.1.93

† delete as
appropriate

Presenter's name address and
reference (if any):

For official Use
General Section



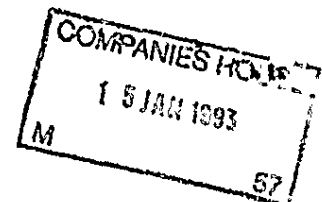
SPECIAL RESOLUTION
OF
REED ELSEVIER plc
(Passed 22 December 1992)

At an Extraordinary General Meeting of the Company held at Reed House, 6 Chesterfield Gardens, London W1A 1EJ on 22 December 1992, the following resolution was passed as a special resolution:

SPECIAL RESOLUTION

THAT:

- (a) the existing 1,000 shares of £1 each in the capital of the company be and are hereby re-designated "R" Ordinary shares;
- (b) the authorised share capital of the Company be and is hereby increased from £101,000, comprising 1,000 "R" Ordinary shares of £1 each and 100,000 7.5% cumulative preference shares ("**G**" *shares*) of £1 each, to £120,000, comprising 10,000 "R" Ordinary shares of £1 each ("**R**" *shares*), 10,000 "E" Ordinary shares of £1 each ("**E**" *shares*) and 100,000 G shares;
- (c) immediately upon any "E" shares being issued, the "R" shares and the "E" shares shall automatically convert into "R" shares and "E" shares having attached thereto the rights and privileges and being subject to the limitations and restrictions respectively of the "R" shares and the "E" shares which are set out in the draft articles of association of the company produced to the meeting marked "A" and signed for identification by the chairman of the meeting (the *draft new articles of association*);
- (c) immediately thereafter, the draft new articles of association be and are hereby adopted;
- (d) in substitution for all previous authorities conferred upon the directors to allot relevant securities of the company, the directors be and are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to allot to such persons at such times and on such terms as they may think fit relevant securities (within the meaning of that section and so that references to the allotment of relevant securities shall



be construed in accordance with that section) up to an aggregate nominal amount of £19,998. This authority shall expire on 31 December 1993.

K Richardson
Secretary/Director

KRichardson

Company No. 2746616

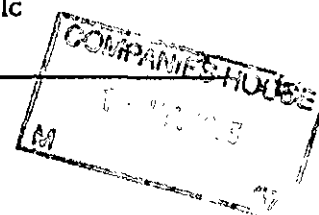
THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

REED ELSEVIER plc



PRELIMINARY

The regulations in Table A in the Companies (Tables A-F) Regulations 1985 as in force at the date of the company's registration shall not apply to the company.

Interpretation

1. In the articles:

the Act means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;

the articles means the articles of the company;

clear days in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

E shareholder means the holder of "E" shares;

Elsevier Reed Finance means the company incorporated in The Netherlands with Amsterdam Chamber of Commerce File Number 145.842;

Exchange Shares means shares of the series R in the capital of the E shareholder;

executed includes any mode of execution;

Finance Group means Elsevier Reed Finance BV and its subsidiaries from time to time;

Governing Agreement means the agreement with that name entered into on the date of adoption of the articles between Reed International P.L.C. and Elsevier NV, as amended from time to time;

the holder in relation to shares means the member whose name is entered in the register of members as the holder of the shares;

Implementation Agreement means the agreement with that name dated 30 October 1992 between Elsevier NV and Reed International P.L.C. relating to the merger of the businesses of Elsevier NV and Reed International P.L.C., as amended from time to time;

R shareholder means the holder of "R" shares;

Reed Elsevier Group means the company and its subsidiaries from time to time;

registered office means the registered office of the company;

RH BV means Reed Holding BV, a company incorporated in The Netherlands with file number 241.739 at the Amsterdam Chamber of Commerce, and/or any other subsidiary of the R shareholder which is for the time being a holder of Exchange Shares or of any ordinary shares in the capital of the E shareholder derived therefrom;

the seal means the common seal of the company and includes any official seal kept by the company by virtue of sections 39 or 40 of the Act;

secretary means the secretary of the company or any other person appointed to perform the duties of the secretary of the company, including a joint, assistant or deputy secretary;

the United Kingdom means Great Britain and Northern Ireland.

Unless the context otherwise requires, words or expressions contained in the articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force at the time the articles are adopted.

Headings are inserted for convenience only and do not affect the construction of the articles.

Delegation

2. In the articles (a) powers of delegation shall not be restrictively construed; (b) the word *directors* in the context of the exercise of any power contained in the articles includes (i) any committee consisting of one or more directors to which, and (ii) any director holding executive office to whom, the power in question has been delegated; (c) no power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation; and (d) except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under the articles or under another delegation of the power.

SHARE CAPITAL

Issue of shares

3. Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the company may by ordinary resolution determine, but, except with the prior approval of the R shareholder and the E shareholder, no share may be issued which is not fully paid and no share of any class may be issued to a person who does not already hold shares of that class.

Authorised share capital

4. The authorised share capital of the company upon adoption of the articles is £120,000 divided into 100,000 7.5% cumulative preference shares of £1 ("*G*" shares), 10,000 "R" Ordinary shares of £1 ("*R*" shares) and 10,000 "E" Ordinary shares of £1 ("*E*" shares). The rights as regards participation in the profits and assets of the company attaching to these shares are as set out in articles 105 and 106.

Voting rights of "*G*" shares

5. The "*G*" shares shall not carry the right to receive notice of, or to attend or vote at, general meetings.

Redeemable shares

6. Subject to the provisions of the Act, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the company or the holder on such terms and in such manner as may be provided by the articles.

Commissions

7. The company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of

the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.

Trusts not
recognised

8. Except as required by law, no person shall be recognised by the company as holding any share upon any trust and (except as otherwise provided by the articles or by law) the company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the holder.

SHARE CERTIFICATES

Members' rights to
certificates

9. Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be sealed with the seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

Replacement
certificates

10. If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

LIEN

Company to have
lien on shares

11. The company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may at any time declare any share to be wholly or in part exempt from the provisions of this article. The company's lien on a share shall extend to any amount payable in respect of it.

Enforcement of
lien by sale

12. The company may sell in such manner as the directors determine any shares on which the company has a lien if a sum in

respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.

Giving effect to sale

13. To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

Application of proceeds

14. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

Power to make calls

15. Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.

Time when call made

16. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.

Liability of joint holders

17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Interest payable	18. If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act), but the directors may waive payment of the interest wholly or in part.
Deemed calls	19. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of the articles shall apply as if that amount had become due and payable by virtue of a call.
Differentiation on calls	20. Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.
Notice requiring payment of call	21. If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
Forfeiture for non-compliance	22. If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.
Sale of forfeited shares	23. Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the share to that person.

Liability following
forfeiture

24. A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the company for cancellation the certificate for the shares forfeited but shall remain liable to the company for all moneys which at the date of forfeiture were presently payable by him to the company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

Evidence of
forfeiture

25. A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

TRANSFER OF SHARES

Form and
execution of
transfer

26. The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

Restrictions on
transfer

27. The directors shall not register a transfer unless:

- (a) the transfer is in respect of only one class of shares; and
- (b) the transfer is in respect of all the issued shares of that class; and
- (c) the transfer is either accompanied by a notice in writing signed by or on behalf of all the other members consenting to the transfer or is to give effect to an offer which has been made pursuant to the City Code on Takeovers and Mergers, as in force from time to time.

The directors may refuse to register the transfer of a share on which the company has a lien. They may also refuse to register a

transfer unless it is lodged at the registered office, or at such other place as the directors may appoint, and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

Notice of refusal
to register

28. If the directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the company send to the transferee notice of the refusal.

Suspension of
registration

29. The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the directors may determine.

No fee payable on
registration

30. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

Retention of
transfers

31. The company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

TRANSMISSION OF SHARES

Transmission

32. If a member dies, the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.

Election by person
entitled

33. A person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All the articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of

transfer executed by the member and the death or bankruptcy of the member had not occurred.

Rights of persons
entitled by transfer

34. A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any meeting of the company or at any separate meeting of the holders of any class of shares in the company.

ALTERATION OF SHARE CAPITAL

Alterations
permitted by
ordinary
resolution

35. The company may by ordinary resolution:
- (a) increase its share capital by new shares of such amount as the resolution prescribes;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (c) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
 - (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Fractions arising
on consolidation

36. Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the company) and distribute the net proceeds of sale in due proportion among those members, and the directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

GENERAL MEETINGS

- | | |
|----------------------------|--|
| Types of general meeting | 37. All general meetings other than annual general meetings shall be called extraordinary general meetings. |
| Convening general meetings | 38. The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than 22 clear days after receipt of the requisition. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any member of the company may call a general meeting. |

NOTICE OF GENERAL MEETINGS

- | | |
|-------------------------------|---|
| Period and contents of notice | 39. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed -

(a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right. |
|-------------------------------|---|

The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

- | | |
|------------------------------------|---|
| Accidental omission to give notice | 40. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting. |
|------------------------------------|---|

PROCEEDINGS AT GENERAL MEETINGS

- Quorum** 41. Two persons, one of whom is the R shareholder, or a proxy or duly authorised representative of such holder, and the other of whom is the E shareholder or a proxy or duly authorised representative of such holder, shall constitute a quorum. No business shall be transacted at any meeting unless such a quorum is present.
- If quorum not present** 42. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the directors may determine.
- Chairman** 43. The chairman, if any, of the board of directors, or in his absence the deputy chairman, if any, of the board of directors, or in his absence some other director nominated by the directors, shall preside as chairman of the meeting, but if neither the chairman nor the deputy chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.
- If chairman not present** 44. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
- Directors entitled to speak** 45. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the company.
- Adjournments** 46. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

Methods of voting	47. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded by the chairman or a member or proxy having the right to vote on the resolution in question.
Declaration of result	48. Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
Withdrawal of demand for poll	49. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
Conduct of poll	50. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
When poll to be taken	51. A poll shall be taken forthwith unless all the members present in person or by proxy agree otherwise. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
No casting vote for chairman	52. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to any other vote he may have.
Notice of poll	53. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
Resolutions in writing	54. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it

had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members. In the case of a corporation a resolution in writing may be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative. The provisions of this article shall apply mutatis mutandis to resolutions in writing of any class of members of the company.

Effectiveness of
special and
extraordinary
resolutions

55. Where for any purpose an ordinary resolution of the company is required, a special or extraordinary resolution shall also be effective and where for any purpose an extraordinary resolution is required a special resolution shall also be effective.

VOTES OF MEMBERS

Votes on a show
of hands or

56. Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person or by proxy shall have one vote, and on a poll each "R" share shall carry one vote and each "E" share shall carry one vote.

Votes of joint
holders

57. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.

Member under
incapacity

58. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the registered office, or at such other place as is specified in accordance with the articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

Calls in arrears	59. No member shall vote at any general meeting or at any separate meeting of the holders of any class of shares in the company, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.
Objection to voting	60. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
Supplementary	61. On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion.
Instruments of proxy	62. An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in any usual or common form or in any other form which the directors may approve.
Validity of form of proxy	63. The instrument of proxy shall, unless the contrary is stated in it, be deemed to confer authority to vote as the proxy thinks fit on any resolution put to the meeting for which the proxy is given, whether or not notice of the resolution was given in the notice of meeting, and on any amendment of such a resolution. The instrument of proxy shall, unless the contrary is stated in it, be valid as well for any adjournment of the meeting as for the meeting to which it relates.
Delivery of form of proxy	64. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may: <ul style="list-style-type: none"> (a) be deposited at the registered office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the company in relation to the meeting before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and before the time appointed for the taking of the poll; or

- (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

Revocation of
authority

65. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the company at the registered office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

NUMBER OF DIRECTORS

Limits on number
of directors

66. The number of directors (other than alternate directors) shall be not less than two nor more than twenty or such lesser, even, number of directors as the company may by ordinary resolution determine.

ALTERNATE DIRECTORS

Power to appoint
alternates

67. Any director (other than in the capacity of an alternate director) may appoint any other director to be an alternate director and may remove an alternate director so appointed by him. A director may act as the alternate for any number of directors.

Alternates entitled
to receive notice
but no
remuneration

68. An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and (as provided in article 97) vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence, but shall not be entitled to receive any remuneration from the company for his services as an alternate director.

Termination of
appointment

69. An alternate director shall cease to be an alternate director if his appointor ceases to be a director.

Method of
appointment and
revocation

70. Any appointment or removal of an alternate director shall be by notice to the company signed by the director making or revoking the appointment or in any other manner approved by the directors.

Alternate not an
agent of appointor

71. Save as otherwise provided in the articles, an alternate director shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

POWERS OF DIRECTORS

Business to be
managed by
directors

72. Subject to the provisions of the Act, the memorandum and the articles and to any directions given by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this article shall not be limited by any special power given to the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

Agents

73. The directors may, by power of attorney or otherwise, appoint any person to be the agent of the company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

COMMITTEES OF THE DIRECTORS

Committees of the
directors

74. The directors may delegate any of their powers to any committee consisting of one or more directors. The directors may also delegate to any director holding any executive office such of their powers as the directors consider desirable to be exercised by him. Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more directors (whether or not acting as a committee) or to any employee or agent of the company all or any of the powers delegated and may be made subject to such conditions as the directors may specify, and may be revoked or altered. The proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying but, save as provided in

article 75, the directors may determine a different quorum to that which applies to meetings of the directors. Notwithstanding any other provision of the articles, the directors may not delegate to any committee of the directors or any other person any of their powers in relation to articles 105 or 106, save for their powers in article 105.7, and any delegation by the directors shall be deemed not to extend to any such powers.

Reed Elsevier
Group Executive
Committee

75. There shall be a committee of the directors known as the "Reed Elsevier Group Executive Committee" which shall be subject to the specific regulations of this article and, to the extent not in conflict with the following provisions of this article, to the provisions of the articles regulating the proceedings of directors so far as they are capable of applying.

- (a) The Reed Elsevier Group Executive Committee shall have the powers delegated to it from time to time by the directors.
- (b) Until 31 December 1996:
 - (i) the Reed Elsevier Group Executive Committee shall comprise not more than four members entitled to count in the quorum and vote, each of whom shall be a director of the company;
 - (ii) the R shareholder and the E shareholder shall each be entitled to appoint up to two members of the Reed Elsevier Group Executive Committee;
 - (iii) a member of the Reed Elsevier Group Executive Committee may be removed by his appointor;
 - (iv) every such appointment or removal shall be in writing and shall take effect on receipt by the company;
 - (v) a member of the Reed Elsevier Group Executive Committee shall automatically cease to be such a member if he ceases to be a director of the company;
 - (vi) a quorum of the Reed Elsevier Group Executive Committee shall be two members, one of whom has been appointed by the R shareholder and one by the E shareholder;

- (vii) the chairman and deputy chairman of the board of directors shall be, respectively, the chairman and deputy chairman of the Reed Elsevier Group Executive Committee, unless they are not members of that Committee.
- (c) The Reed Elsevier Group Executive Committee may co-opt additional directors of the company, but such additional directors shall not count in the quorum and shall not be entitled to vote on any resolution of the Reed Elsevier Group Executive Committee.
- (d) After 31 December 1996, the members of the Reed Elsevier Group Executive Committee shall be appointed by the directors.

APPOINTMENT OF DIRECTORS

- | | |
|----------------------------------|---|
| Appointment by the R shareholder | 76. The R shareholder shall from time to time be entitled to appoint any person to be a director and to remove any director so appointed, provided that not more than ten persons (or, if less, one half of the maximum number of directors determined in accordance with article 66) shall at any one time hold office by virtue of such appointment. Every such appointment or removal shall be in writing and shall take effect on receipt by the company. |
| Appointment by the E shareholder | 77. The E shareholder shall from time to time be entitled to appoint any person to be a director and to remove any director so appointed, provided that not more than ten persons (or, if less, one half of the maximum number of directors determined in accordance with article 66) shall at any one time hold office by virtue of such appointment. Every such appointment or removal shall be in writing and shall take effect on receipt by the company. |
| Appointment by the directors | 78. Unless otherwise agreed in writing by the R shareholder and the E shareholder, or pursuant to article 79, the directors shall not have power to appoint or remove directors. |
| Notices of Suspension | 79. For such time (if any) as a Notice of Suspension (as defined in clause 9 of the Governing Agreement) is in force:- <ul style="list-style-type: none"> (a) if the Party giving Notice (as defined in clause 9 of the Governing Agreement) is Elsevier (as defined in the Governing Agreement): |

(i) the R shareholder shall not be entitled to appoint any person as a member of the Reed Elsevier Group Executive Committee pursuant to article 75(b)(ii) and shall not be entitled to exercise the rights conferred on it by article 75(b)(iii), but instead a majority of the directors appointed by the R shareholder shall be entitled to exercise those rights;

(ii) the R shareholder shall not be entitled to exercise any of the rights conferred by article 76, but instead a majority of the directors appointed by the R shareholder shall be entitled to exercise those rights. A person appointed a director pursuant to the exercise of the rights conferred by this paragraph (a)(ii) shall be deemed for the purpose of the articles (including, for the avoidance of doubt, this article) to have been appointed by the R shareholder;

(b) if the Party giving Notice (as defined in clause 9 of the Governing Agreement) is Reed (as defined in the Governing Agreement):

(i) the E shareholder shall not be entitled to appoint any person as a member of the Reed Elsevier Group Executive Committee pursuant to article 75(b)(ii) and shall not be entitled to exercise the rights conferred on it by article 75(b)(iii), but instead a majority of the directors appointed by the E shareholder shall be entitled to exercise those rights;

(ii) the E shareholder shall not be entitled to exercise any of the rights conferred by article 77, but instead a majority of the directors appointed by the E shareholder shall be entitled to exercise those rights. A person appointed a director pursuant to the exercise of the rights conferred by this paragraph (b)(ii) shall be deemed for the purpose of the articles (including, for the avoidance of doubt, this article) to have been appointed by the E shareholder;

- (c) in the case of a transfer of shares in the company by the Party giving Notice, there shall be substituted for article 27(c):

"the transfer has been approved by a resolution of the directors".

DISQUALIFICATION OF DIRECTORS

- Disqualification 80. The office of a director shall be vacated if:
- (a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
 - (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (c) he is, or may be, suffering from mental disorder and either:
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
 - (d) he resigns his office by notice to the company; or
 - (e) he is removed from office pursuant to article 76 or article 77, as the case may be.

REMUNERATION OF DIRECTORS

Ordinary
remuneration of
directors

81. Directors who do not hold executive office under the company shall be entitled to such remuneration as the company may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

DIRECTORS' EXPENSES

Directors may be paid expenses

82. The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the company or otherwise in connection with the discharge of their duties.

DIRECTORS' APPOINTMENTS AND INTERESTS

Appointment to executive office

83. Subject to the provisions of the Act, the directors may appoint one or more of their number to the office of Chief Executive, or to any other executive office under the company, and may enter into an agreement or arrangement with any director for his employment by the company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the company.

Directors may have contract with the company

84. Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the company or in which the company is otherwise interested; and
- (c) shall not, by reason of his office, be accountable to the company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

For the purposes of this article (but without prejudice to the requirements of section 317 of the Act):

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
- (c) a director shall not be required to disclose to the directors that he is a director or other officer of, or employed by, or interested in shares or other securities of, any body corporate which is a member of the company or in which such member holds shares.

Information
belonging to the
company

85. A director may communicate to any member of the company, or to any director or officer of a member of the company, any information which the director would, but for the provisions of this article, be precluded because of his fiduciary relationship with the company from using for the benefit of, or communicating to, any person other than the company (except for the purpose of the proper performance of his duties) and may authorise on behalf of that member of the company the publication of any such information which that member is required to publish by law or by the regulations of any stock exchange on which shares in that member are from time to time listed, quoted or traded.

Exercise by
company of
voting rights

86. The directors may exercise the voting power conferred by the shares in any body corporate held or owned by the company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing any or all of them directors of such body corporate, or voting or providing for the payment or giving of remuneration or other benefits to the directors of such body corporate).

DIRECTORS' GRATUITIES, PENSIONS AND INSURANCE

Gratuities and pensions

87. The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the company or with any body corporate which is or has been a subsidiary of the company or a predecessor in business of the company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

Insurance

88. Without prejudice to the provisions of article 122, the directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees of the company, or of any other company which is a member of it or in which the company or such member has any interest whether direct or indirect or which is in any way allied to or associated with the company, or of any subsidiary undertaking of the company or any such other company, or who are or were at any time trustees of any pension fund or employees' share scheme in which employees of the company or any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in relation to their duties, powers or offices in relation to the company or any such other company, subsidiary undertaking, pension fund or employees' share scheme.

Section 719 of the Act

89. Pursuant to section 719 of the Act, the directors are hereby authorised to make such provision as may seem appropriate for the benefit of any persons employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or the transfer of the whole or part of the undertaking of the company or any subsidiary. Any such provision shall be made by a resolution of the directors in accordance with the said section.

PROCEEDINGS OF DIRECTORS

- Notice and voting 90. Subject to the provisions of the articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. Notice of a meeting of the directors shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the company for this purpose. Questions arising at a meeting shall be decided by a majority of not less than two-thirds of the votes cast. A director who is also an alternate director shall be entitled to a separate vote in addition to his own vote on behalf of his appointor who is absent. Any director may waive notice of a meeting and any such waiver may be retrospective.
- Quorum 91. The quorum for the transaction of the business of the directors shall be two, one being a director (or his alternate) appointed by the R shareholder and one being a director (or his alternate) appointed by the E shareholder.
- Powers of directors if number falls below quorum 92. The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of calling a general meeting.
- Chairman 93. The directors may appoint one of their number to be the chairman, and one of their number to be the deputy chairman, of the board of directors and may at any time remove a director from such office. Unless he is unwilling to do so, the director appointed as chairman, or in his stead the director appointed as deputy chairman, shall preside at every meeting of directors at which he is present. But if there is no director holding those offices, or if neither the chairman nor the deputy chairman is willing to preside, or neither of them is present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.
- Validity of acts of directors 94. All acts done by a meeting of directors, or by a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had

been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

Written
resolutions

95. A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or to receive notice of and to vote at a committee of directors, shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director on behalf of his appointor need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

Meetings by
telephone, etc.

96. Without prejudice to the first sentence of article 90, a meeting of the directors or of a committee of the directors may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously. A director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating in the conference is assembled, or, if there is no such group, where the chairman of the meeting then is. The word "meeting" in the articles shall be construed accordingly.

Directors' power
to vote on
contracts in which
they are interested

97. A director may count in the quorum and vote at any meeting of the directors or of a committee of the directors on any resolution concerning a transaction or agreement with the company or in which the company is interested, or concerning any other matter in which the company is interested, notwithstanding that he is interested in that transaction, arrangement or matter or has in relation to it a duty which conflicts or may conflict with the interests of the company.

SECRETARY

Appointment and
removal of
secretary

98. Subject to the provisions of the Act, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

MINUTES

Minutes required
to be kept

99. The directors shall cause minutes to be made in books kept for the purpose:

- (a) of all appointments of officers made by the directors; and
- (b) of all proceedings at meetings of the company, of the holders of any class of shares in the company, and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

THE SEAL

Authority
required for use of
seal

100. The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.

Official seal for
use abroad

101. The company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad.

DEEDS

Execution by
company under
hand

102. Where the Act so permits, any instrument signed with the authority of a resolution of the directors or a committee of the directors by one director and the secretary or by two directors and expressed to be executed by the company as a deed shall have the same effect as if executed under the seal, provided that no instrument which makes it clear on its face that it is intended by the persons making it to have effect as a deed shall be signed without the authority of the directors.

Delivery of deeds

103. A document which is executed by the company as a deed shall not be deemed to be delivered by the company solely as a result of its having been executed by the company.

CERTIFICATION

Certified copies

104. Any director or the secretary or any person appointed by the directors for the purpose shall have power (a) to

authenticate any documents affecting the constitution of the company, any resolutions passed by the company, the holders of any class of shares of the company or the directors or any committee of the directors, and any books, records, documents or accounts relating to the business of the company, and (b) to certify copies thereof or extracts therefrom as true copies or extracts. A document purporting to be a copy of a resolution, or the minutes of or an extract from the minutes of a meeting of the company or the holders of any class of shares of the company or of the directors or any committee of the directors that is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

INCOME RIGHTS

Interpretation 105.1 In this article, subject to the provisions of article 105.3, 105.5 and 105.7 to 105.9:

Anticipated Distribution means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the aggregate of the dividends referred to in the definitions of Preference Share Amount and Target Dividend Amount below and the relevant shareholder's reasonable estimate of the amount of the redemption moneys in respect of any Preference Shares which it will be required to pay out during the Relevant Period (other than amounts which could lawfully be paid out of capital rather than distributable reserves);

Anticipated Distribution Time means the time at which the first part of the relevant Anticipated Distribution is expected by the relevant shareholder to be made;

Associated Tax Credit means, in relation to any dividend payable or proposed to be paid by either the R shareholder or the E shareholder, the amount of any associated tax credit (or the value of any other similar associated tax benefit) which would be available to a shareholder receiving the dividend who was an individual solely domiciled and resident and subject to tax in the country in which the company paying the dividend is within the charge to tax by reason of residence or incorporation, but excluding the amount of any such credit or benefit in respect of tax to be deducted or withheld from the dividend by the paying company;

Business Day means a day on which banks are generally open for business in both the City of London and Amsterdam;

Cash Requirement means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the amount it requires to receive by way of dividend from the company in order to be able to meet in full all its Permitted Liabilities, having regard to:

- (a) the amount, and likely timing and currency of payment of those Permitted Liabilities; and
- (b) the amount, and likely timing and currency of its Relevant Cash;

Deficit Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period, such amount (if any) as the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the amount required to be paid to it by way of dividend in order to ensure that the amount of its Distributable Reserves calculated by reference to its Relevant Accounts is not negative;

Distributable Reserves means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the aggregate of:

- (a) the amount of the reserves which, by reference to Relevant Accounts, would be lawfully available to be used in the payment of the Anticipated Distribution (which amount shall be negative for the purposes of the aggregation required by this definition if the reserves are negative);
- (b) the aggregate amount of:
 - (i) all resources that either (A) have been defrayed by the relevant shareholder at any time or are expected to be defrayed prior to the Anticipated Distribution Time in breach of the Governing Agreement or in discharge of a liability of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities" or in settlement of a claim by the other shareholder (whether or not liability is admitted) or in

discharge of expenses incurred in settlement of such a claim or (B) would have been available to it at the Anticipated Distribution Time had it observed the terms of the Implementation Agreement; and

- (ii) all liabilities expected to subsist at the Anticipated Distribution Time and which either (A) were or are expected to be incurred in breach of the Governing Agreement (B) were subsisting at the time of completion of the Implementation Agreement in breach of the terms of that Agreement or (C) are of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities";

to the extent that the defraying of such resources or subsistence of such liabilities has or will at the Anticipated Distribution Time have reduced the amount of the reserves mentioned in paragraph (a) above or to the extent that, had such resources been available or such liabilities not subsisted, those reserves would have been greater; provided that, if any dividend of the relevant shareholder has ever been reduced on account of a particular matter falling within this paragraph (b) (having regard to the Equalisation Ratio, the Governing Agreement and this article), there shall be deducted from any amount which would otherwise be taken into account under this paragraph (b) the amount by which the reserves mentioned in paragraph (a) above are greater than they would have been but for that reduction;

- (c) the amount of any additional reserves that would have been available to the relevant shareholder for the purpose of calculating the Distributable Reserves had each subsidiary of the relevant shareholder declared a dividend in favour of the relevant shareholder, immediately prior to the time as at which the Relevant Accounts are made up, of the full amount of the reserves available for distribution by that subsidiary (but this paragraph (c) shall not apply to any amount which would not be taken into account for the purposes of calculating Relevant Cash by reason of paragraph (d) of the definition thereof or for the purposes of calculating

the relevant Target Dividend Amount by reason of paragraph (b) of the definition thereof;

E, when used as a prefix to terms defined in this article, signifies the relevant amount in relation to the E shareholder;

Earliest Payment Date means, in relation to any proposed dividend payment by the company, the date notified by the Company to the R shareholder and the E shareholder as the earliest date on which any part of that dividend would be paid;

Equalisation Ratio has the meaning ascribed to it in the Governing Agreement;

Excluded Shares means, in relation to either the R shareholder or the E shareholder, any shares which either:

- (a) were in issue or allotted at the time of completion of the Implementation Agreement in breach of clause 4.2 of that Agreement;
- (b) were issued after that time pursuant to the exercise of options or conversion or subscription rights which existed at that time in breach of that clause; or
- (c) were issued in breach of the Governing Agreement;

Gross Dividend Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period (a) the amount of the dividend payable or proposed to be paid by the relevant shareholder in that Relevant Period on its ordinary share capital (or which would be payable or proposed to be paid but for the relevant shareholder's inability to do so, or intention to pay a different amount, by reason of any of the matters mentioned in paragraph 4.2 of Schedule 1 to the Governing Agreement) including, for the avoidance of doubt, the amount of any tax to be deducted or withheld from the dividend by or on behalf of the company paying the dividend, plus (b) (except to the extent already included in (a)) the amount of any Associated Tax Credit; all such amounts being expressed in the currency of payment and on a per share basis;

Notification Time means, in relation to any proposed dividend payment by the company, the time at which the proposed dividend is to be declared or recommended by the directors or such earlier time, on a date not more than five Business Days prior to the date on which the directors expect to declare or recommend a dividend, as the directors may determine, in each

case, as notified by the company to the R shareholder and the E shareholder;

Permitted Liabilities means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the aggregate amount of the liabilities and expenditure, actual or prospective, of that shareholder which will fall due for payment or will be defrayed within that Relevant Period and shall include, without limitation to the generality of the foregoing, subject as provided below:

- (a) any liability of the company to any other member of the Reed Elsevier Group or to any member of the Finance Group;
- (b) any liability to account for tax deducted or withheld from dividend or other payments; and
- (c) expenditure reasonably expected to be required to enable a subsidiary of that shareholder to discharge any liability or expenditure (provided that such funding would not be in breach of the Governing Agreement),

but shall exclude (unless otherwise agreed by the R shareholder and the E shareholder):

- (1) any liability or expenditure to the extent that (in the bona fide opinion of the relevant shareholder) it will be settled by some other person;
- (2) any liability or expenditure directly or indirectly constituting, or resulting from, or arising out of, any act of, omission by or matter concerning the relevant shareholder or any subsidiary of the relevant shareholder which has constituted, a breach of the provisions of the Governing Agreement or which would not have existed had the provisions of clause 4.2 of the Implementation Agreement been observed by that shareholder;
- (3) a liability to pay to the other shareholder damages or any other amount by way of compensation for breach of contract or other wrongful act or pursuant to the settlement of any claim by the other shareholder (whether or not liability is admitted) and any

expenditure to be incurred in settlement of such a claim or in discharge of expenses incurred in such settlement; and

- (4) a liability to pay, or payment of, the cash amount of any dividend to be paid to its shareholders by that shareholder (but so that, for the avoidance of doubt, the exclusion in this paragraph (4) shall not extend to any amount to be deducted or withheld from such payment);

Preference Share means, in relation to either the R shareholder or the E shareholder, any share in the capital of the relevant shareholder carrying a preferential right to dividend, other than any Excluded Shares (and *Preference shareholder* shall be construed accordingly);

Preference Share Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period, such amount as the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the aggregate of:

- (a) the cash amount required to be paid to it by way of dividend to enable it to pay any dividend payable during the Relevant Period to Preference shareholders in full in accordance with the terms of the relevant Preference Shares and, where relevant, to enable it to make payment of redemption moneys to holders of Preference Shares which it will be required to redeem during the Relevant Period, but in each case having regard to the Relevant Cash of the relevant shareholder available to it at the appropriate time for the purpose of paying any such dividend or redemption moneys (recognising its need to fund the payment of any Permitted Liabilities falling due within the Relevant Period); plus
- (b) the further amount, if any, required to be paid to it by way of dividend so that its Distributable Reserves, calculated by reference to its Relevant Accounts, are equal to the amount of distributable reserves necessary to enable it lawfully to make payment to Preference shareholders of any such dividend or redemption moneys;

R, when used as a prefix to terms defined in this article, signifies the relevant amount in relation to the *R* shareholder;

Relevant Accounts has, in relation to either the *R* shareholder or the *E* shareholder and any Relevant Period, the following meaning:

- (a) if the relevant shareholder anticipates that it will produce accounts after the Notification Time by reference to which the legality of the Anticipated Distribution (if any) will be determined (whether or not those accounts will be drawn up as at a time after the Notification Time), those accounts shall be the Relevant Accounts (whether or not such accounts are in fact drawn up) unless the Distributable Reserves of the relevant shareholder (if any) calculated by reference to those accounts would be less than the amount of the reserves which would as a matter of law be required to pay the Anticipated Distribution (if any);
- (b) subject to paragraph (a) above, the Relevant Accounts shall be the accounts existing at the Notification Time which (in the absence of any accounts prepared thereafter) would be relevant for determining the legality of the Anticipated Distribution (if any) unless as set out in paragraph (a) above;
- (c) in all other cases, the Relevant Accounts shall be accounts drawn up as at the latest possible time before the making of the first part of the Anticipated Distribution so as to take account to the fullest extent possible of any dividends declared or paid or expected to be declared or paid by any members of the Reed Elsevier Group (including the company) or any member of the Finance Group or, in relation to the *R* shareholder, *RHBV* (whether or not such accounts are in fact drawn up);

Relevant Cash means, in relation to either the *R* shareholder or the *E* shareholder and any Relevant Period, the amount which the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the amount of the resources which will be available to it in that Relevant Period and:

(a) such amount shall, without prejudice to the generality of the foregoing, include (subject to paragraph (d) below):

- (i) the amount of resources which are or are expected to be available at the commencement of the Relevant Period;
- (ii) the amount of resources which are expected to be received during the Relevant Period under indemnity or other arrangements from any member of the Reed Elsevier Group or of the Finance Group or by payment of dividend from any member of the Reed Elsevier Group (other than dividends of the company pursuant to paragraphs (b), (d), (f) and (g) of article 105.2) or of the Finance Group; and
- (iii) the amount of the resources which are expected to be received during the Relevant Period upon exercise of any right to subscribe share or loan capital of the relevant shareholder;

(b) in the computation of such amount, there shall be added, except to the extent that the R shareholder and the E shareholder have agreed otherwise:

(i) the aggregate of the amounts of all resources which either:

(A) have been defrayed by the relevant shareholder at any time in breach of the Governing Agreement or in discharge of a liability of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities" or in settlement of a claim by the other shareholder (whether or not liability is admitted) or in discharge of expenses incurred in settlement of such a claim; or

(B) would have been available to it had it observed the terms of the Implementation Agreement;

less

(ii) the aggregate of the following amounts:

- (A) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of cash, or a non-cash asset which was subsequently directly or indirectly wholly or in part converted into cash: the amount of the cash so acquired;
- (B) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of a non-cash asset which, or an asset directly or indirectly deriving from which, is or is expected to be wholly or in part still held by the relevant shareholder at the Notification Time: the amount attributed to that non-cash asset in the calculation of the Relevant Cash pursuant to paragraphs (c) and (g) below; and
- (C) if any dividend paid by the relevant shareholder to its shareholders has ever been reduced on account of a particular matter within sub-paragraph (b)(i) above (having regard to the Equalisation Ratio, the provisions of the Governing Agreement and this article 105): the amount saved by the relevant shareholder by reason of that reduction;

provided that the amount deducted pursuant to this sub-paragraph (b)(ii) in respect of a particular matter shall not exceed the amount which would otherwise be taken into account in respect of that matter pursuant to sub-paragraph (b)(i) above;

- (c) such amount shall, without prejudice to the generality of the foregoing, include (subject to paragraph (d) below and to the extent not otherwise taken into account in the calculation of Relevant Cash) the amount of any resources available or which are expected to be available to subsidiaries of the relevant shareholder to the extent that, subject to compliance with applicable legal requirements, they could be made available to that shareholder (provided that this paragraph (c) shall not apply to take into account any amount treated as available to the R shareholder by

virtue of paragraph (b) in the definition of Target Dividend Amount);

- (d) such amount shall not include any amount (or the value of any asset) which the R shareholder and the E shareholder have agreed should be excluded, but if the agreement of the R shareholder and the E shareholder is that any such amount (or value) should be excluded from the calculation only for a specified period or for so long as a specified purpose requires, then such amount (or value) shall cease to be excluded from the calculation with effect from the date such period expires or such purposes cease (or may reasonably be expected to cease) to be applicable;
- (e) in the computation of such amount there shall be deducted:
 - (i) the amount of any reserve maintained by the relevant shareholder pursuant to article 105.9; and
 - (ii) unless the R shareholder and the E shareholder have agreed otherwise, any amount received by the R shareholder (or by RHBV) as a result of a disposal by the R shareholder (or by RHBV) of all or part of its interest in the Exchange Shares (net of all costs, including taxation, and other expenditure associated with the disposal) to the extent that such amount has not been reduced whether by reason of being distributed to shareholders of the R shareholder or in the payment of taxation associated with its distribution (whether by RHBV to the R shareholder, by the R shareholder to its shareholders or otherwise) or in any other way;
- (f) shall not include any amount representing dividends unclaimed by shareholders of either the R shareholder or the E shareholder, unless and until the R shareholder or E shareholder, as appropriate, ceases to be bound (in accordance with applicable law) to make payment of such sums to or for the benefit of a shareholder;
- (g) shall, without prejudice to the generality of the foregoing, be deemed to include (subject to paragraph (d) above and to the extent not taken into

account by paragraph (b) or paragraph (c) above) the fair market value of any asset of the relevant shareholder held in non-cash form (or, if higher, the value at which the asset then stands in the accounts of the relevant shareholder) but this paragraph (g) shall not apply (i) to either shareholder's holding of shares in members of the Reed Elsevier Group or of the Finance Group nor, in the case of the R shareholder, its holding of shares in RHBV, nor (ii) to any asset which the relevant shareholder is permitted to acquire under the terms of the Governing Agreement;

Relevant Period means, in relation to any proposed dividend payment by the company, the period between (a) the Notification Time in relation to that dividend and (b) the Earliest Payment Date in respect of the next dividend following the proposed dividend payment in question;

Target Dividend means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies the company by the Notification Time as the aggregate Gross Dividend Amount for the Relevant Period, based on the number of ordinary shares (not being Excluded Shares) which it expects to be entitled to participate in the relevant dividend and the extent to which such shares will be eligible to receive the relevant dividend (such notification stating the Gross Dividend Amount per share on which the calculation is based), plus in the case of the E shareholder the amount which the E shareholder notifies to the company that it proposes to pay on the Exchange Shares during the Relevant Period;

Target Dividend Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies the company by the Notification Time to be its bona fide estimate of the amount it requires to receive by way of dividend from the company in order to enable it to pay the cash amount (excluding any amount to be deducted or withheld from such payment) of its Target Dividend and:

- (a) having regard to Relevant Cash available to it at the appropriate time for the purpose of paying that Target Dividend (recognising any need to fund out of Relevant Cash the payment of any Permitted Liabilities falling due during the Relevant Period and dividends and redemption moneys payable during the Relevant Period to Preference shareholders); and

- (b) in the case of the R shareholder, having regard to the net amount which would be received by the R shareholder (after allowance for all tax costs and for any costs which would be suffered by the R shareholder or by RHBV on the assumption set out below) if RHBV were to make an immediate dividend payment to the R shareholder out of any dividend which RHBV may reasonably be expected to receive on its holding of shares in the E shareholder during the Relevant Period (on the assumption, for withholding tax purposes only, that the R shareholder takes reasonable steps to secure any available relief from obligations to withhold tax on such dividend payments), subject only to retention of an amount that is reasonable in the circumstances to meet the administrative costs of RHBV and to enable RHBV to meet its anticipated expenditure requirements (including any liability to taxation but excluding any expenditure or liability resulting from any act, omission or matter constituting a breach by RHBV of the agreement between RHBV and the E shareholder entered into on or before the date of adoption of the articles or which would involve a breach by the R shareholder of the Governing Agreement); and
- (c) including such further amount as may be required to be paid to the relevant shareholder by way of dividend so that its Distributable Reserves, calculated by reference to its Relevant Accounts and having regard to any payment of dividend or redemption moneys during the Relevant Period to Preference shareholders envisaged in the definition of Preference Share Amount above, are equal to the amount of distributable reserves necessary to enable the R shareholder lawfully to pay the R Target Dividend.

Distribution of profit

105.2 Subject to article 105.9, the profits which the company may determine to distribute by way of dividend shall be applied:

- (a) first, in paying as a dividend on the "G" shares, a fixed cumulative dividend at the rate of 7.5 per cent. per annum on the amounts paid up on the "G" shares, such dividend to be paid half-yearly on the 1st day of June and the 1st day of December in each year in respect of the half-yearly periods ending on the days immediately preceding those dates;
- (b) second, in paying as a dividend on:

- (i) the "R" shares, an amount equal to the R Cash Requirement; and
- (ii) the "E" shares, an amount equal to the E Cash Requirement;

provided that, if the amount of the dividend to be distributed pursuant to this paragraph (b) is less than the sum of the R Cash Requirement and the E Cash Requirement, the amounts payable shall be calculated as follows:

$$R_1 = \frac{C_E L_R + A L_R - C_R L_E}{L_R + L_E}$$

$$E_1 = A - R_1$$

where:

C_E = the amount of the E Relevant Cash;

C_R = the amount of the R Relevant Cash;

L_E = the amount of the E Permitted Liabilities;

L_R = the amount of the R Permitted Liabilities;

A = the total amount of the dividend to be distributed pursuant to this paragraph (b);

R_1 = the amount of the dividend to be paid on the "R" shares pursuant to this paragraph (b);

E_1 = the amount of the dividend to be paid on the "E" shares pursuant to this paragraph (b);

provided that:

- (1) if either the R Cash Requirement or the E Cash Requirement is zero, the whole amount to be distributed pursuant to this paragraph (b) shall be payable to the shareholder the Cash Requirement of which is not zero; and
- (2) in no event shall the amount payable to either shareholder under this paragraph (b) exceed that shareholder's Cash Requirement;

(c) third:

- (i) if the R shareholder has in issue any Preference Shares on which any dividend or redemption moneys are payable during the Relevant Period, in paying as a dividend on the "R" shares an amount equal to the R Deficit Amount (if any); and
- (ii) if the E shareholder has in issue any Preference Shares on which any dividend or redemption moneys are payable during the Relevant Period, in paying as a dividend on the "E" shares an amount equal to the E Deficit Amount (if any);

provided that (unless the R shareholder and the E shareholder notify the company that they have agreed otherwise) if the amount available for distribution under this paragraph (c) is less than the sum of the R Deficit Amount and the E Deficit Amount, the amounts payable on the "R" Shares and the "E" Shares shall be reduced pro rata;

(d) fourth, in paying as a dividend:

- (i) on the "R" shares, an amount equal to the R Preference Share Amount, if any; and
- (ii) on the "E" shares, an amount equal to the E Preference Share Amount, if any;

provided that (unless the R shareholder and the E shareholder notify the company that they have agreed otherwise) if the amount available for distribution under this paragraph (d) is less than the sum of the R Preference Share Amount and the E Preference Share Amount, the amounts payable on the "R" shares and the "E" shares respectively shall reduce pro rata;

(e) fifth:

- (i) if not paid under sub-paragraph (c)(i) above, in paying as a dividend on the "R" shares the R Deficit Amount (if any); and
- (ii) if not paid under sub-paragraph (c)(ii) above, in paying as a dividend on the "E" shares the E Deficit Amount (if any);

provided that (unless the R shareholder and the E shareholder notify the Company that they have agreed otherwise) if the amount available for distribution under this paragraph (e) is less than the sum of the R Deficit Amount and the E Deficit Amount, the amounts payable on the "R" Shares and the "E" Shares shall be reduced pro rata;

(f) sixth (subject to article 105.9(d) below), in paying as a dividend on:

(i) the "R" shares, the R Target Dividend Amount; and

(ii) the "E" shares, the E Target Dividend Amount;

provided that, if the amount of the dividend to be distributed pursuant to this paragraph (f) is less than the sum of the R Target Dividend Amount and the E Target Dividend Amount, the amount to be so distributed shall be divided between the R shareholder and the E shareholder in such proportion as is necessary to ensure that the ability of those shareholders to pay the cash elements of their respective Target Dividends is reduced pro rata (ignoring for this purpose any impact on that ability of any of the matters mentioned in paragraph 4.2 of Schedule 1 to the Governing Agreement);

(g) seventh, in paying as a dividend on the "R" shares and "E" shares the balance of the profits which the company has determined to distribute by way of dividend in such proportions as the R shareholder and the E shareholder agree.

Exchange rates 105.3(a) Dividends payable by the company shall be declared in sterling. Dividends may, if requested by any shareholder, be paid to that shareholder in a currency other than sterling, based on such rate(s) of exchange as the shareholder may agree with the company or, in default of agreement, based on such rate(s) of exchange as the directors may consider reasonable and appropriate.

(b) The amounts which this article contemplates being notified by each shareholder to the company may be expressed in a single currency other than sterling.

However, if any amount is so notified in a currency other than sterling, it shall be translated into sterling for the purpose of any calculation required by this article at such rate(s) of exchange as the relevant shareholder may agree with the company or, failing agreement, at such rate(s) as the directors may consider reasonable and appropriate, having regard in particular to the forward rate(s) applicable to the relevant outgoings of the shareholder.

- (c) Any determination by the directors (in the absence of agreement with the relevant shareholder) of an applicable exchange rate for the purposes of paragraphs (a) or (b) above shall be conclusive and binding.

Dates

105.4(a) The directors shall:

- (i) give the R shareholder and the E shareholder not less than 15 Business Days notice of the Notification Time in relation to any dividend if it is to be other than the time at which the proposed dividend is to be declared or paid;
 - (ii) ensure that the R shareholder and the E shareholder are notified or are otherwise aware of the earliest date on which any part of a particular dividend will be paid not less than 15 Business Days prior to the Notification Time in relation to the preceding dividend.
- (b) Save as mentioned in paragraph (a) of article 105.2, each dividend shall be paid on such date or dates as the directors shall determine. In determining such dates, the directors shall have regard to the Earliest Payment Date in respect of that dividend and the dates on which Permitted Liabilities, Preference Share Amounts and Target Dividends of the relevant shareholder will be payable (to the extent that they are aware of those dates). The directors may determine different dates for payments to different shareholders. Dividends shall not carry interest pending payment.

Failure by a shareholder to notify

105.5 If, in relation to any proposed dividend payment by the company, either shareholder fails to give any notification to the company by the Notification Time of its:

- (a) Cash Requirement and Permitted Liabilities;

- (b) Deficit Amount;
- (c) Preference Share Amount; or
- (d) Target Dividend Amount;

the relevant amount for that shareholder in relation to the relevant dividend payment shall be nil.

**Shareholders to
notify each
other**

105.6 At the same time as a shareholder gives any notification contemplated by this article to the company, it shall supply a copy of that notification to the other shareholder.

**Power to
require
supporting
evidence**

105.7 The directors may, and shall on being requested to do so by either the R shareholder or the E shareholder, require a shareholder to supply such supporting evidence in respect of, or confirmation of the information forming the basis of, any notification given by that shareholder for the purposes of this article (or on which any such notification should have been based had it been given or properly given), or such information as is required to calculate the Relevant Cash of a shareholder who has failed to give notification of that amount, as, in all the circumstances, is reasonable and appropriate. If:

- (a) any evidence or confirmation required pursuant to this paragraph is not provided within such reasonable time as the directors shall specify; or
- (b) in the reasonable opinion of the directors, the evidence or confirmation provided demonstrates a manifest error or absence of good faith in relation to the relevant notification; or
- (c) no notification of the amount of the Relevant Cash has been given;

the directors shall be entitled in their absolute discretion to decide that the amount specified in the relevant notification shall be deemed to be nil or such higher amount (not being more favourable to the relevant shareholder than the amount specified in the relevant notification, if any) as the directors consider to be reasonable having regard to the evidence and confirmations requested or received by them. In such event, the amount so determined by the directors shall be deemed for all purposes of the articles to be the amount of the Cash Requirement, Permitted Liabilities, Relevant Cash, Deficit Amount, Preference Share Amount or, as the case may be, Target Dividend Amount.

If Gross
Dividend
Amounts not
agreed

105.8 Without prejudice to article 105.5 if, in relation to any proposed dividend payment, either shareholder shall notify the directors that as at the Notification Time the Gross Dividend Amounts to be paid by the R shareholder and the E shareholder respectively have not been agreed by the R shareholder and the E shareholder in accordance with the terms of the Governing Agreement:

- (a) the Gross Dividend Amount per share for each shareholder shall be such amount as the directors determine to be the higher of:
 - (i) the Gross Dividend Amount notified by that shareholder; and
 - (ii) the Gross Dividend Amount per share for that shareholder which would be derived from applying to the Gross Dividend Amount per share notified by the other shareholder the Equalisation Ratio and Applicable Exchange Rate (as defined at the relevant time for the purposes of the Governing Agreement);
- (b) based on the Gross Dividend Amount so determined by them for each shareholder, the directors shall determine the Target Dividend, Target Dividend Amount, Permitted Liabilities and Cash Requirement for each shareholder, and may request such information from the shareholders as they reasonably require in order to make such determinations and, to the extent that it is impractical to request such information or such information is not obtained prior to the time at which the relevant dividend is to be declared or recommended, the directors shall be entitled to make such assumptions and estimates as to the matters required to determine the Target Dividend, Target Dividend Amount, Permitted Liabilities and Cash Requirement for each shareholder as they may consider reasonable or necessary;
- (c) the Target Dividend, Target Dividend Amount, Permitted Liabilities and Cash Requirement for each shareholder in relation to the Relevant Period shall then be deemed for all purposes of the articles to be the amount so determined by the directors.

For the avoidance of doubt, the determination of Gross Dividend Amounts by the directors in accordance with (a) above shall be without prejudice to the power of the directors to decide the portion of the profits of the company which it is appropriate to distribute.

Inability to pay
Target Dividend
in full

105.9 If, in relation to any proposed dividend payment, either the R shareholder or the E shareholder notifies the company that it will be unable, by reason of any provision having the force of law (but not solely by reason of the inadequacy of reserves or the amounts payable to it pursuant to paragraphs (a) to (e) of article 105.2 being insufficient to enable it to discharge its liabilities and to pay all preferential dividends or the existence of Excluded Shares), to make payment in full of its Target Dividend to its ordinary shareholders, the following provisions shall apply:

- (a) unless the relevant shareholder requests otherwise pursuant to paragraph (b) below, (i) the dividend payable to that shareholder under paragraph (f) of article 105.2 shall be paid to it in full, notwithstanding that it will be unable to pay the full cash element of the Target Dividend to its shareholders; and (ii) the amount of any Permitted Liabilities of the relevant shareholder and all other relevant amounts shall be computed as if such full payment were to be made; and in that event the difference between the total amount paid to the relevant shareholder under article 105.2 (together with any sum paid or due to the relevant shareholder by way of tax credit or any other similar associated tax benefit) and the total amount which would have been paid had paragraph (b) below applied (translated, in the case of the E shareholder into guilders at the rate used in the calculation of the Target Dividend Amount) shall be credited to a separate reserve in the books of the relevant shareholder;
- (b) if the relevant shareholder so requests prior to the Notification Date, the dividend payable to that shareholder under paragraph (f) of article 105.2 shall be whichever shall be the lesser of:
 - (i) the amount notified by the relevant shareholder to be the amount which would have been the Target Dividend Amount had that amount reflected the maximum Target Dividend permitted by the provisions having the force of

law in consequence of which this article 105.9 applies; and

- (ii) the amount which would have been payable to the relevant shareholder under the said paragraph had paragraph (a) above applied;

and, if paragraph (b)(i) applies, the reduced level of the dividend to be paid by the relevant shareholder to its shareholders shall be taken into account in computing the amount of the Permitted Liabilities of the relevant shareholder and all other relevant amounts, and the difference between the total amount paid to the relevant shareholder under article 105.2 and the amount which would have been paid had paragraph (a) above applied (in each case, including the amount of any tax that has been or would be deducted or withheld from the payment by the company) shall be credited to a separate reserve in the books of the company (the "Deferred Dividend Reserve"), to be used for the purpose of paying supplementary dividends to the relevant shareholder in future to enable it to make compensatory dividend payments to its shareholders;

- (c) where, pursuant to paragraph (b) above, any amount stands to the credit of either shareholder in a Deferred Dividend Reserve, the relevant shareholder may, at or before the Notification Time in respect of any future dividend payment by the company, request that, upon that dividend being declared or recommended or at such later date as may be agreed with the company, there is paid to it by way of further dividend all or part of the amount standing to its credit in the Deferred Dividend Reserve for the purpose of making compensatory dividend payments to its shareholders, but such arrangements shall not be taken into account for the purpose of notification of the Target Dividend or Target Dividend Amount of the relevant shareholder;
- (d) following a request by either shareholder in accordance with (c) above, the company shall make payment of the amount requested in priority to any dividend which is, or would otherwise be, payable under paragraph (f) of article 105.2 (and in priority to such other dividend payments as the R shareholder and the E shareholder

may agree and notify to the company) as part of the same distribution of profit;

(e) if and to the extent so requested by the R shareholder and the E shareholder jointly, the directors shall adjust the amount of the Deferred Dividend Reserve in such manner as the directors consider appropriate to reflect any arrangements agreed between the R shareholder and the E shareholder and notified jointly to the company in relation to:

- (i) any change in the issued share capital of the relevant shareholder (provided, in the case of an increase in the issued share capital, that the new shares are to rank for compensatory payments);
- (ii) any change in the taxation regime or rates of tax or tax credit applicable to the relevant shareholder or to payments of dividend to or by it;
- (iii) any future movements in the guilder-sterling exchange rate; or
- (iv) compensating the shareholders of the relevant shareholder for the delay in receipt of the amount represented by the Deferred Dividend Reserve.

105.10 All notifications given by either shareholder for the purposes of this article shall be prepared with due care and attention and, to the extent any notification requires any element of estimation, that estimation shall be made in good faith and based upon reasonable assumptions.

CAPITAL RIGHTS

Interpretation

106.1 Save as indicated below, words and expressions defined for the purpose of article 105 have the same meaning in this article and, subject to the other provisions of this article, in this article:

Assumptions means the following assumptions:

- (a) that each of the Liquidation Companies is wound up, commencing on the Commencement Date;

- (b) that all of the assets of the Liquidation Companies (except, in the case of the R shareholder and the E shareholder, the "R" shares, the "E" shares and shares in Elsevier Reed Finance, the R shareholder's shares in RHBV and any shares held by RHBV in the E shareholder and all rights attaching to any such shares, but including for the avoidance of doubt the E shareholders' shares in Reed Elsevier Nederland BV and Reed Elsevier Overseas BV) are disposed of on an arm's length basis in the windings-up on the Determination Date;
- (c) that the R shareholder and the E shareholder received in respect of the "R" shares and the "E" shares the amounts actually received by them prior to the making of the relevant notification pursuant to paragraph (b) of article 106.3 at the time when these amounts were actually received and that they will receive their respective due proportions of the Specified Amount on the Specified Date;
- (d) that the interest of the R shareholder and the E shareholder in the company immediately after the Specified Date is equal to the relevant Residual Value and that the interest of the R shareholder in RHBV is equal to the RHBV Residual Value;
- (e) that Elsevier Reed Finance makes a single cash distribution to its shareholders on the Determination Date of the full amount of assets available for distribution to its shareholders;
- (f) that RHBV makes a single cash distribution to its shareholders immediately following the distribution pursuant to paragraph (e) above of the full amount of assets available for distribution to its shareholders (excluding its shares in the E shareholder and any amount available as a result of a distribution by the E shareholder);
- (g) that, subject to the discharge of its liabilities (including tax liabilities which would arise if the Assumptions were fulfilled), RHBV makes immediate onward liquidation distributions to its shareholders of all moneys that would be available to it as a result of the E shareholder making distributions on the assumption that the E shareholder makes distributions in accordance with the assumptions

set out in paragraph (a) of article 106.12 (but taking account of the extent to which amounts would in fact be capable of distribution by the E shareholder having regard, amongst other things, to liabilities of the E shareholder which are not Permitted Liquidation Liabilities),

- (h) that all reliefs from tax that would be available to the Liquidation Companies in their assumed liquidations (including by virtue of any tax grouping or other fiscal unity provisions to the extent such reliefs are available from the R shareholder, the E shareholder, the company, Elsevier Reed Finance or any of their respective subsidiaries) are claimed, surrendered and used in such a manner as minimises the overall incidence of taxation on the assumed liquidations of the Liquidation Companies (in each case on the assumption that the terms of clause 4.2 of the Implementation Agreement have been observed by each shareholder and that there has been no breach by any party of the provisions of the Governing Agreement or of the agreement of even date with the Governing Agreement between RHBV and the E shareholder);

Available Assets means, in relation to either the R shareholder or the E shareholder, the amount of the assets of the relevant shareholder that would be available in a winding-up of that shareholder on the basis of the Assumptions (other than Assumptions (c) and (g), save as mentioned below) and subject to the following:

- (a) the following shall not be regarded as forming part of those assets:
 - (i) any amount which would otherwise be taken into account in respect of the "R" shares or the "E" shares and any other shares held by the relevant shareholder in the Liquidation Companies;
 - (ii) any distributions pursuant to article 106.2 other than any distribution required by paragraph (a) of that article;
 - (iii) any amount (to the extent it might otherwise be treated as an asset of the relevant shareholder) representing dividends unclaimed by

shareholders of the relevant shareholder, to the extent that, at the Commencement Date, the relevant shareholder is or may become bound (in accordance with applicable law or regulation) to make payment of such sums to or for the benefit of a shareholder;

(b) in the computation of the amount of such assets there shall be deducted:

(i) the amount of any reserve maintained by the relevant shareholder pursuant to article 105.9; and

(ii) in the case of the R shareholder, unless the R shareholder and the E shareholder have jointly notified the company that they have agreed otherwise, an amount equal to the amount received (net of all costs, including taxation and other expenditure associated with the disposal) by the R shareholder (or by RHBV) as a result of a disposal by the R shareholder (or by RHBV) of all or any part of its interest in the Exchange Shares, to the extent such amount has not been reduced whether by reason of being distributed to shareholders of the R shareholder or in the payment of taxation associated with its distribution (whether by RHBV to the R shareholder, or by the R shareholder to its shareholders or otherwise) or in any other way;

(c) the following shall, without limitation, be regarded as forming part of those assets:

(i) any amounts which could reasonably be expected to be received from any member of the Reed Elsevier Group or of the Finance Group under any indemnity, loan or other arrangements;

(ii) any amounts that would be receivable by the relevant shareholder on a winding-up, in accordance with the Assumptions, of Elsevier Reed Finance;

(d) in the computation of the amount of such assets, there shall be added, except to the extent that the

R shareholder and the E shareholder have agreed otherwise:

- (i) the aggregate of the amounts of all resources that either (A) have been defrayed by the relevant shareholder at any time in breach of the Governing Agreement or in consequence of a liability or expenditure of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities" or (B) would have been available to it had it observed the terms of the Implementation Agreement; less
- (ii) the aggregate of the following amounts:
 - (A) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of cash, or a non-cash asset, which was subsequently, directly or indirectly wholly or in part converted into cash: the amount of the cash so acquired;
 - (B) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of a non-cash asset which, or an asset directly or indirectly deriving from which, was wholly or in part still held by the relevant shareholder at the Commencement Date: the amount attributed to that non-cash asset in the calculation of the relevant Available Assets; and
 - (C) if any dividend paid by the relevant shareholder to its shareholders has ever been reduced on account of a particular matter coming within sub-paragraph (d)(i) above (having regard to the Equalisation Ratio and the provisions of the Governing Agreement and article 105): the amount saved by the relevant shareholder by reason of that reduction;

provided that the amount deducted pursuant to this sub-paragraph (d)(ii) in respect of a particular matter shall not exceed the amount which would

otherwise be taken into account in respect of that matter pursuant to sub-paragraph (d)(i) above;

Commencement Date means noon (London time) on the effective date of the commencement of the winding-up of the company being, in the case of a voluntary winding-up, the date of the relevant resolution to commence winding-up and, in the case of a compulsory winding-up, the date of the presentation of the petition for winding-up to the court;

Determination Date means the date six months after the Commencement Date or such other date as the R shareholder and the E shareholder shall, prior to that date (or any other date previously agreed for the purpose of this definition), agree and notify to the company;

Excess Liabilities Requirement means, in relation to either the R shareholder or the E shareholder, the amount by which the Permitted Liquidation Liabilities of the relevant shareholder exceed its Available Assets;

Expert means such person as the R shareholder and the E shareholder shall designate by notice to the company given within 15 Business Days (or such longer period as the R shareholder, the E shareholder and the Liquidator shall agree whether before or after the expiry of that period) of, in the case of a matter falling within paragraph (b) of article 106.4, the service of the relevant Objection Notice or, in the case of a matter falling within paragraph (b) of article 106.5, the date of the relevant notification under article 106.3(d) or, in either case, any previous Expert appointed in relation to the matter in question becoming unable or unwilling to act or, in default of any such designation, such person as may be appointed for the purpose of resolving the matter in question (on the application of either shareholder or the Liquidator) by the President for the time being of the Institute of Chartered Accountants in England and Wales;

Liquidator means the liquidator of the company;

Liquidation Companies means the R shareholder, the E shareholder, Elsevier Reed Finance and RHBV;

Objection Notice means, in relation to any Proposed Distribution, a notice given by either the R shareholder or the E shareholder to the company stating that the relevant shareholder does not agree one or more of the amounts specified, or deemed to have

been specified, in the relevant notification given by the other shareholder pursuant to paragraph (b) of article 106.3 as the amount of its Available Assets, Permitted Liquidation Liabilities or Preference Capital Amount;

Permitted Liquidation Liabilities means, in relation to either the R shareholder or the E shareholder, the amount of the liabilities of the relevant shareholder which would be provable in a winding-up of it commencing on the Commencement Date, (including liabilities in respect of tax) which would be liabilities of the relevant shareholder if the Assumptions were satisfied but so that such amount shall exclude:

- (a) any liability to account for the amount of any tax (other than, for the avoidance of doubt, tax on its income, profits or gains) which would be required to be deducted or withheld from payments to shareholders in the winding-up;
- (b) any liability directly or indirectly constituting, or resulting from, or arising out of, any act or omission by or matter concerning the relevant shareholder or any subsidiary of the relevant shareholder which has constituted, a breach of the Governing Agreement or which would not have existed had the terms of clause 4.2 of the Implementation Agreement been observed by the relevant shareholder;
- (c) a liability to pay to the other shareholder damages or any other amount by way of compensation for breach of contract or other wrongful act or pursuant to the settlement of any claim by the other shareholder (whether or not liability is admitted) and any expenditure to be incurred in settlement of such a claim; and
- (d) any liability to the extent it will be settled by some other person.

Preference Capital Amount means, in relation to either the R shareholder or the E shareholder, the amount required to discharge in full the sums that would be payable by the relevant shareholder to the holders of its Preference Shares, if any, in a winding-up of the relevant shareholder commencing on the Commencement Date, less the amount (if any) by which its Available Assets exceed its Permitted Liquidation Liabilities;

provided that the Preference Capital Amount shall not be less than zero;

Preference Share means a share in the capital of either the R shareholder or the E shareholder carrying a preferential right to capital distribution on a winding-up other than an Excluded Share;

Proposed Distribution means the distribution contemplated by the relevant notification pursuant to paragraph (a) of article 106.3;

Residual Amount means the Specified Amount less such amount as the Liquidator would be required to distribute pursuant to paragraphs (a) to (d) of article 106.2 prior to the making of any distribution pursuant to paragraph (e) of that article;

Residual Value means, in relation to either the R shareholder or the E shareholder and any Proposed Distribution, the value for the purpose of the taxation of capital gains of the interest of the relevant shareholder in the company as at the time immediately after the Specified Date;

RHBV Residual Value means, in relation to the R shareholder, the value for the purpose of the taxation of capital gains of the interest of the R shareholder in RHBV (having regard to the value of the interest of RHBV in the E shareholder) as at the time immediately after the Specified Date;

Specified Amount means, in relation to a Proposed Distribution the amount specified by the Liquidator in the relevant notification pursuant to paragraph (a) of article 106.3;

Specified Date means the date specified by the Liquidator in the relevant notification pursuant to paragraph (a) of article 106.3;

Target Capital Distribution Amount means in relation to either the R shareholder or the E shareholder and any Proposed Distribution, the amount which represents that proportion of the Residual Amount which is required to be paid to the relevant shareholder in order to satisfy the formulae set out in paragraph 7.1.2 of Schedule 1 to the Governing Agreement;

references to an amount being *final and binding* mean that the relevant amount shall be deemed conclusively to be the amount of the relevant Available Assets, Permitted Liquidation Liabilities, Preference Capital Amount or, as the case may be, Target Capital Distribution Amount for the purposes of calculating the amount of all distributions made pursuant to this article 106 between the

time when the relevant amount becomes final and binding and such time as another notice is given pursuant to paragraph (a) of article 106.3.

Capital rights

106.2 Subject to article 106.7 to 106.10 below, on the winding-up of the company, the assets of the company available for distribution to shareholders shall be applied in the following order:

- (a) in paying to the holder or holders of the "G" shares a sum equal to the nominal capital paid up on those shares;
- (b) in paying:
 - (i) to the R shareholder, an amount equal to the R Excess Liabilities Requirement; and
 - (ii) to the E shareholder, an amount equal to the E Excess Liabilities Requirement;

provided that, if the amount available for distribution is not sufficient to pay the sum of the R Excess Liabilities Requirement and the E Excess Liabilities Requirement in full, the amounts to be distributed pursuant to this paragraph (b) shall be calculated by reference to the following formula:

$$R = \frac{A_E L_R + D L_R - A_R L_E}{L_R + L_E}$$

$$E = D - R$$

where:

A_E = the amount of the E Available Assets;

A_R = the amount of the R Available Assets;

L_E = the amount of the E Permitted Liquidation Liabilities;

L_R = the amount of the R Permitted Liquidation Liabilities;

D = the total amount available to be distributed pursuant to this paragraph (b);

R = the amount to be paid to the R shareholder;

E = the amount to be paid to the E shareholder;

provided that:

- (1) if either the R Excess Liabilities Requirement or the E Excess Liabilities Requirement is zero, the whole amount shall be payable to the shareholder the Excess Liabilities Requirement of which is not zero; and
 - (2) in no event shall the amount payable to either shareholder exceed that shareholder's Excess Liabilities Requirement;
- (c) in paying to the R shareholder and the E shareholder an amount equal to the amount standing to the credit of any Deferred Dividend Reserve in the name of the relevant shareholder on the Commencement Date; provided that, if the amount to be distributed is not sufficient to pay such amounts, the amount paid to each shareholder pursuant to this paragraph (c) shall be reduced pro rata;
- (d) in paying:
- (i) to the R shareholder, an amount equal to the R Preference Capital Amount;
 - (ii) to the E shareholder, an amount equal to the E Preference Capital Amount;

provided that (unless the R shareholder and the E shareholder notify the company that they have agreed otherwise) if the amount available for distribution under this paragraph (d) is less than the sum of the R Preference Capital Amount and the E Preference Capital Amount, the amounts payable on the R shares and the E shares respectively shall reduce pro rata to the R Preference Capital Amount and the E Preference Capital Amount;

- (e) in paying:
- (i) to the R shareholder, an amount equal to the sum of the R Target Capital Distribution Amounts in relation to all interim and final distributions pursuant to article 106.10; and

- (ii) to the E shareholder, an amount equal to the sum of the E Target Capital Distribution Amounts in relation to all interim and final distributions pursuant to article 106.10.

Notifications

106.3(a) The Liquidator may at any time and from time to time notify the R shareholder and the E shareholder of the aggregate amount which the Liquidator believes will be available to be distributed as an interim or final distribution pursuant to paragraph (b) to (e) of article 106.2 on or about a specified future date.

(b) Within one month of any notification pursuant to paragraph (a) above, each of the R shareholder and the E shareholder shall notify the Liquidator of:-

- (i) its bona fide best estimate as at the time when the notification pursuant to this paragraph (b) is made of the amount of its:-

(A) Available Assets;

(B) Permitted Liquidation Liabilities;

(C) Preference Capital Amount;

(D) Residual Value and, in the case of the R shareholder, the RHBV Residual Value; and

(E) its Target Capital Distribution Amount (if any) with respect to the relevant distribution; and

- (ii) the exchange rates it has used in arriving at the amounts referred to in paragraph (i) above.

(c) Subject to article 106.4 below, if either shareholder fails to notify any amount required by paragraph (b)(i) above (other than sub-paragraph (D)), the relevant shareholder shall be deemed to have notified the Liquidator that the relevant amount is:

- (i) in the case of its Available Assets:-

(A) if the amount of its Available Assets shall have been conclusively determined for the purposes of any distributions made

immediately prior to the service of the relevant notice under paragraph (a) above, the amount so conclusively determined; or

(B) if that amount shall not have been conclusively determined, nil; and

(ii) in all other cases, nil.

(d) The company shall, as soon as is practicable, notify:

(i) the R shareholder of the details of any notifications by the E shareholder pursuant to paragraph (b) above;

(ii) the E shareholder of the details of any such notifications by the R shareholder; and

(iii) the R shareholder or, as the case may be, the E shareholder of any default by the other of the kind mentioned in paragraph (c) above.

**Determination
of shareholders
requirements**

106.4(a) The amount specified, or deemed to be specified, by either the R shareholder or the E shareholder as the amount of its Available Assets, Permitted Liquidation Liabilities or Preference Capital Amount pursuant to article 106.3 shall be final and binding unless, within 15 Business Days of receipt by the other shareholder of notification of the relevant amount (or of any default in specifying the relevant amount) pursuant to paragraph (d) of article 106.3, that other shareholder serves an Objection Notice on the company in respect of that amount.

(b) In any case falling within sub-paragraph (c)(i)(B) of article 106.3, an Objection Notice shall be deemed to have been served in respect of the amount of the Available Assets of the relevant shareholder unless prior to the expiry of the period specified in paragraph (a) above the other shareholder shall have served a notice on the company stating that this paragraph (b) shall not apply to the relevant situation.

(c) If, in respect of any amount mentioned in paragraph (a) above, an Objection Notice is served, the matter in question (the *Disputed Amount*) shall be referred to the Expert with a view to the Expert determining or estimating the amount of the Disputed Amount.

Determination
of Target
Capital
Distribution
Amounts

106.5(a) If, in relation to any Proposed Distribution:-

- (i) no Objection Notice is served; and
- (ii) the sum of the Target Capital Distribution Amounts notified pursuant to paragraph (b) of article 106.3 equals the relevant Residual Amount,

those amounts shall be final and binding.

- (b) If paragraph (a) above does not apply, the issue of the amount of Target Capital Distribution Amounts shall be referred to the Expert with a view to the Expert determining or estimating the relevant amounts.

Expert
determination

106.6 The following provisions shall apply in respect of any matter which is referred to the Expert.

- (a) The R shareholder and the E shareholder shall co-operate fully with the Expert and shall promptly provide the Expert with such evidence and confirmations as he may reasonably require.
- (b) The R shareholder, the E shareholder and the Liquidator shall be entitled to make such representations to the Expert, within such period, as the Expert shall determine.
- (c) The Expert shall be entitled to obtain and rely on advice from such other persons (including without limitation lawyers, accountants, bankers, brokers and valuers) as the Expert shall consider appropriate having regard to the matter in dispute. If a matter shall previously have been referred to an Expert and either:-
 - (i) that Expert shall have stated that he has determined a particular issue arising in the course of that reference in a particular way; or
 - (ii) it is implicit in that Expert's determination or estimate pursuant to this article 106 that he has done so;

then the Expert in relation to any subsequent reference pursuant to this article 106 (whether or not the same person) shall be entitled to regard that issue as having been finally determined and to rely on that

determination in reaching his own determination or estimate of the matter referred to him.

- (d) The R shareholder and the E shareholder shall use all reasonable endeavours to procure that the Expert determines or estimates the amount or amounts in question by notice to those shareholders and the company as soon as is reasonably practicable. The Expert shall not be obliged to give reasons for his decision.
- (e) Subject to paragraph (f) below, the amount so determined or estimated shall be final and binding.
- (f) If a manifest error exists in the Expert's determination or estimate and either the R shareholder or the E shareholder notifies the company of it within 15 Business Days of receipt of the notice referred to in paragraph (d) above, that determination or estimate shall be a nullity and the shareholders shall procure that the matter is referred back to the Expert.
- (g) The Expert shall act as an expert and not as an arbitrator.
- (h) The Expert's fees, costs and expenses shall be borne by the company as an expense of the liquidation. These fees, costs and expenses shall be notionally divided between the R shareholder and the E shareholder in such proportions as the Expert may determine within one month of notifying the company of his determination pursuant to paragraph (d) above (or, failing which, equally) and shall, accordingly, be deducted from the amounts which are to be distributed to those shareholders pursuant to this article 106.

Distributions
under
article 106.2(b)

106.7(a) The Liquidator shall be entitled at any time to make an interim or final distribution pursuant to paragraph (b) of article 106.2 subject to:-

- (i) the amount referred to in paragraph (a) of article 106.2 having been paid by the Liquidator to the holder or holders of the "G" shares;
- (ii) the determination of Available Assets and the Permitted Liquidation Liabilities of the R shareholder and the E shareholder having

become final and binding for the purposes of distributions to be made at the relevant time;

- (iii) (unless the R shareholder and the E shareholder agree otherwise) the determination of at least one of the Available Assets, Permitted Liquidation Liabilities, Preference Capital Amount or Target Capital Distribution Amount of one of the shareholders having become final and binding for the purposes of distributions to be made at the relevant time within the preceding six months; and
- (iv) either or both of the R shareholder and the E shareholder not having been paid in full the amount of its Excess Liabilities Requirement pursuant to paragraph (b) of article 106.2.

(b) Any amount to be distributed pursuant to paragraph (b) of article 106.2 (the "Available Amount") shall be divided between the R shareholder and the E shareholder in such proportions as secure (as far as possible) that, having regard to any previous distributions pursuant to that paragraph but assuming that no further such distributions will be made, the aggregate of the amounts paid to the R shareholder and the E shareholder pursuant to that paragraph is divided between them in accordance with the requirements of that paragraph.

(c) If, by reason of any change in the amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder, either shareholder shall already have been paid pursuant to paragraph (b) of article 106.2 more than the amount which it would have received had the aggregate amount referred to in paragraph (b) above been divided in accordance with the requirements of paragraph (b) of article 106.2 then the whole of the Available Amount shall be paid to the other shareholder.

Distributions
under
article 106.2(c)

106.8(a) The Liquidator shall be entitled at any time to make an interim or final distribution pursuant to paragraph (c) of article 106.2 subject to:-

- (i) the matters specified in sub-paragraphs (a)(i) to (a)(iii) of article 106.7;

- (ii) payment of an amount equal to the R Excess Liabilities Amount (if any) having been made to the R shareholder and payment of an amount equal to the E Excess Liabilities Amount (if any) having been made to the E shareholder, in each case, pursuant to paragraph (b) of article 106.2; and
 - (iii) either or both of the R shareholder and the E shareholder not having been paid in full pursuant to paragraph (c) of article 106.2 the amount (if any) referred to in that paragraph as standing to the credit of an account in its name.
- (b) Any amount to be distributed pursuant to paragraph (c) of article 106.2 (the *Available Amount*) shall be divided between the R shareholder and the E shareholder in such proportions as secure (so far as possible) that, having regard to any previous distributions made pursuant to that paragraph but assuming that no further such distributions will be made, the aggregate of the amounts paid to the R shareholder and the E shareholder pursuant to that paragraph is divided between them in accordance with the requirements of that paragraph; provided that, for the purpose of determining the amount to be paid under this article 106.8 (and article 106.9), if by reason of any change in amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder, either shareholder shall have received more than its Excess Liabilities Requirement pursuant to paragraph (b) of article 106.2, the amount of the excess shall be deemed to have been paid to the relevant shareholder pursuant to paragraph (c) of article 106.2.
- (c) If, by reason of any change in the amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder and having regard to the proviso to paragraph (b) above, either shareholder shall already have been paid pursuant to paragraph (c) of article 106.2 more than the amount which it would have received had the aggregate amount referred to in paragraph (b) above been divided in accordance with the requirements of paragraph (c) of

article 106.2 then the whole of the Available Amount shall be paid to the other shareholder.

Distributions
under
article 106.2(d)

106.9(a) The Liquidator shall be entitled to make an interim or final distribution pursuant to paragraph (d) of article 106.2 subject to:-

- (i) the matters specified in sub-paragraphs (a)(i) and (a)(ii) of article 106.8;
- (ii) the amounts referred to in paragraph (c) of article 106.2 having been paid by the Liquidator to the R shareholder and the E shareholder;
- (iii) the Preference Capital Amounts of the R shareholder and the E shareholder having been conclusively determined for the purposes of distributions to be made at the relevant time; and
- (iv) either or both of the R shareholder and the E shareholder not having been paid in full the amount of its Preference Capital Amount pursuant to paragraph (d) of article 106.2.

(b) Any amount to be distributed pursuant to paragraph (d) of article 106.2 (the "Available Amount") shall be divided between the R shareholder and the E shareholder in such proportions as secure (so far as possible) that, having regard to any previous distributions made pursuant to that paragraph but assuming that no further such distributions will be made, the aggregate of the amounts paid to the R shareholder and the E shareholder pursuant to that paragraph is divided between them in accordance with the requirements of that paragraph; provided that, for the purpose of determining the amount to be paid under this article 106.9 (and article 106.10), if by reason of any change in the amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder and having regard to the proviso to paragraph (b) of article 106.8, either shareholder shall have received more pursuant to paragraph (c) of article 106.2 than the amount (if any) due to it under that paragraph, the amount of the excess shall be deemed to have been paid to the relevant shareholder pursuant to paragraph (d) of article 106.2.

- (c) If, by reason of any change in the amount of the Available Assets, the Permitted Liquidation Liabilities or the Preference Capital Amount of either the R shareholder or the E shareholder and having regard to the proviso to paragraph (b) above, either shareholder shall already have been paid pursuant to paragraph (d) of article 106.2 more than the amount which it would have received had the aggregate amount referred to in paragraph (b) above been divided in accordance with the requirements of paragraph (d) of article 106.2 then the whole of the Available Amount shall be paid to the other shareholder.

**Distributions
under
article 106.2(e)**

106.10 The Liquidator shall be entitled at any time to make an interim or final distribution pursuant to paragraph (e) of article 106.2 subject to:-

- (a) the matters specified in sub-paragraphs (a)(i) to (a)(iii) of article 106.9;
- (b) payment of an amount equal to the R Preference Capital Amount having been made to the R shareholder and payment of an amount equal to the E Preference Capital Amount having been made to the E shareholder, in each case, pursuant to paragraph (d) of article 106.2;
- (c) the Target Capital Distribution Amounts of the R shareholder and the E shareholder having been conclusively determined for the purposes of distributions made at the relevant time;
- (d) no previous distribution having been made pursuant to paragraph (e) of article 106.2 since the time when the last preceding notice was given pursuant to paragraph (a) of article 106.3;
- (e) the amount of the relevant distribution to each of the R shareholder and the E shareholder being equal to its Target Capital Distribution Amount.

Repayment

106.11 For the avoidance of doubt, it is declared that in no event shall either the R shareholder or the E shareholder be obliged to repay any amount distributed to it pursuant to this article.

Exchange rates 106.12(a) Amounts required to be calculated for the purposes of this article 106 (Capital Rights) shall be expressed in sterling. Save to the extent specified in paragraph 7.1 of Schedule 1 to the Governing Agreement, the rates of exchange used to determine such amounts shall be such rates as shall in all the circumstances be reasonable. In assessing what is reasonable, it shall be assumed that:-

- (i) all assets of the R shareholder and the E shareholder are used to the extent necessary in the discharge of their respective Permitted Liquidation Liabilities or are distributed to their respective shareholders; and
- (ii) all amounts distributed to the R shareholder and the E shareholder pursuant to paragraph (b) of article 106.2 are used in the discharge of their respective Permitted Liquidation Liabilities and all amounts so distributed pursuant to paragraphs (c) to (e) of article 106.2 are distributed to their respective shareholders;

in each case, as soon as would be practicable if the Assumptions were correct, if neither shareholder had any liabilities other than Permitted Liquidation Liabilities and if the aggregate amount referred to in paragraph (d) of the definition of Available Assets in respect of each shareholder were nil.

- (b) Amounts distributable under this article shall be expressed and distributed in sterling.

Contingent liabilities

106.13 In calculating the Permitted Liquidation Liabilities there shall be disregarded any liability not otherwise specifically referred to in the definitions of that term if such liability is, at the time of the relevant notification pursuant to paragraph (b) of article 106.3, a contingent liability only and if, in accounts of the relevant shareholder drawn up as at that time in accordance either (a) with the accounting policies and practices of the relevant shareholder previously applied or (b) if any of these policies or practices are in breach of the Governing Agreement, policies and practices modified to the extent necessary to comply with that Agreement and, in either case, complying with applicable law and accounting standards, no provision would properly require to be made. If, in respect of such a contingent liability, a provision would properly require to be made on the basis described above, the proper amount of such provision shall be the amount of the relevant

liability taken into account for the purpose of calculating the Permitted Liquidation Liabilities.

Requirement to notify 106.14 Articles 105.6 and 105.10 shall apply to notifications under this article.

DIVIDENDS

Declaration of dividends 107. Subject to the provisions of the Act, the company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.

Interim dividends 108. Subject to the provisions of the Act, the directors may declare and pay interim dividends (including interim dividends intended to be in lieu of a final dividend) if it appears to them that they are justified by the profits of the company available for distribution. If the share capital is divided into different classes, the directors may declare and pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be declared or paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also declare and pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful declaration or payment of an interim dividend on any shares having deferred or non-preferred rights. An interim dividend shall become due and payable at such time as the directors declaring the same may determine.

Apportionment of dividends 109. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Dividends in specie 110. A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied

wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

**Procedure for
payment**

111. Any dividend or other moneys payable in respect of a share may be paid in any manner approved by the holder of that share or may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.

**Interest not
payable**

112. No dividend or other moneys payable in respect of a share shall bear interest against the company unless otherwise provided by the rights attached to the share.

CAPITALISATION OF PROFITS

**Power to
capitalise**

113. The directors may with the authority of an ordinary resolution of the company:

- (a) subject as hereinafter provided, resolve to capitalise any undivided profits of the company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the company's share premium account or capital redemption reserve;
- (b) appropriate the sum resolved to be capitalised to the member who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively,

or in paying up in full unissued shares or debentures of the company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;

- (c) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this article in fractions; and
- (d) authorise any person to enter on behalf of all the members concerned into an agreement with the company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

NOTICES

**When notice
required to be
in writing**

114. Any notice to be given to or by any person pursuant to the articles shall be in writing except that a notice calling a meeting of the directors need not be in writing.

**Method of
giving notice**

115. The company may serve or deliver any notice or other document on or to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address or by sending it by facsimile transmission to the member at the last telephone number (if any) which the member has given the company for this purpose. In the case of joint holders of a share, all notices or other documents shall be served on or delivered to the joint holder whose name stands first in the register of members in respect of the joint holding. Any notice or other document so served or delivered shall be deemed for all purposes sufficient service on or delivery to all the joint holders.

Proof of notice

116. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that

the notice was given. A notice sent by post shall be deemed given:

- (a) if sent by first class post from an address in the United Kingdom or another country to another address in the United Kingdom or, as the case may be, that other country, on the day following that on which the envelope containing it was posted;
- (b) if sent by airmail from an address in the United Kingdom to an address in The Netherlands or from an address in The Netherlands to an address in the United Kingdom, on the day following that on which the envelope containing it was posted; and
- (c) in any other case, on the fifth day following that on which the envelope containing it was posted.

When other
notices deemed
given

117. A notice left at the registered address of a member or sent by facsimile transmission to a member at the last telephone number (if any) which the member has given the company for this purpose shall be deemed given at the time the notice is received.

Deemed receipt
of notice

118. A member present, either in person or by proxy, at any meeting of the company or of the holders of any class of shares in the company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

Transferees etc
bound by prior
notice

119. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been duly given to a person from whom he derives his title.

Notice to
persons entitled
by transmission

120. A notice may be given by the company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

WINDING-UP

Liquidator may
distribute in
specie

121. If the company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

Indemnity to
directors,
officers, etc.

122. Subject to the provisions of the Act, but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer of the company shall be indemnified out of the assets of the company against all costs, charges, losses, expenses and liabilities incurred by him in the execution or discharge of his duties or the exercise of his powers or otherwise in relation thereto, including (but without limitation) any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.

THE COMPANIES ACT 1985

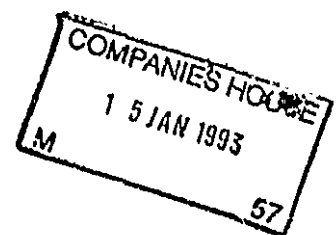
A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

REED ELSEVIER plc

(Adopted by special resolution passed on
22 December 1992, the condition to which
was satisfied on 1 January 1993)



Freshfields
65 Fleet Street
London EC4Y 1HS

(Solicitors to Reed International P.L.C.)

Linklaters & Paines
59-67 Gresham Street
London EC2V 7JA

(Solicitors to Elsevier NV)

CONTENTS

	Page
PRELIMINARY	1
Interpretation	1
Delegation	3
SHARE CAPITAL.....	3
Issue of shares.....	3
Authorised share capital.....	3
Voting rights of "G" shares.....	3
Redeemable shares.....	3
Commissions.....	3
Trusts not recognised.....	4
SHARE CERTIFICATES	4
Members' rights to certificates	4
Replacement certificates.....	4
LIEN	4
Company to have lien on shares	4
Enforcement of lien by sale	4
Giving effect to sale.....	5
Application of proceeds.....	5
CALLS ON SHARES AND FORFEITURE.....	5
Power to make calls	5
Time when call made.....	5
Liability of joint holders	5
Interest payable	6
Deemed calls.....	6
Differentiation on calls	6
Notice requiring payment of call	6
Forfeiture for non-compliance	6
Sale of forfeited shares	6
Liability following forfeiture.....	7
Evidence of forfeiture	7
TRANSFER OF SHARES	7
Form and execution of transfer.....	7
Restrictions on transfer.....	7

Notice of refusal to register	8
Suspension of registration	8
No fee payable on registration	8
Retention of transfers	8
TRANSMISSION OF SHARES	8
Transmission	8
Election by person entitled	8
Rights of persons entitled by transfer	9
ALTERATION OF SHARE CAPITAL	9
Alterations permitted by ordinary resolution	9
Fractions arising on consolidation	9
GENERAL MEETINGS	10
Types of general meeting	10
Convening general meetings	10
NOTICE OF GENERAL MEETINGS	10
Period and contents of notice	10
Accidental omission to give notice	10
PROCEEDINGS AT GENERAL MEETINGS	11
Quorum	11
If quorum not present	11
Chairman	11
If chairman not present	11
Directors entitled to speak	11
Adjournments	11
Methods of voting	12
Declaration of result	12
Withdrawal of demand for poll	12
Conduct of poll	12
When poll to be taken	12
No casting vote for chairman	12
Notice of poll	12
Resolutions in writing	12
Effectiveness of special and extraordinary resolutions	13
VOTES OF MEMBERS	13
Votes on a show of hands or poll	13
Votes of joint holders	13

Member under incapacity.....	13
Calls in arrears.....	14
Objection to voting	14
Supplementary	14
Instruments of proxy	14
Validity of form of proxy	14
Delivery of form of proxy	14
Revocation of authority	15
NUMBER OF DIRECTORS	15
Limits on number of directors	15
ALTERNATE DIRECTORS	15
Power to appoint alternates	15
Alternates entitled to receive notice but no remuneration	15
Termination of appointment.....	15
Method of appointment and revocation	16
Alternate not an agent of appointor.....	16
POWERS OF DIRECTORS	16
Business to be managed by directors	16
Agents.....	16
COMMITTEES OF THE DIRECTORS.....	16
Committees of the directors	16
Reed Elsevier Group Executive Committee.....	17
APPOINTMENT OF DIRECTORS	18
Appointment by the R shareholder	18
Appointment by the E shareholder.....	18
Appointment by the directors.....	18
Notices of Suspension	18
DISQUALIFICATION OF DIRECTORS	20
Disqualification	20
REMUNERATION OF DIRECTORS	20
Ordinary remuneration of directors.....	20
DIRECTORS' EXPENSES	21
Directors may be paid expenses	21

DIRECTORS' APPOINTMENTS AND INTERESTS	21
Appointment to executive office	21
Directors may have contract with the company	21
Information belonging to the company	22
Exercise by company of voting rights	22
DIRECTORS' GRATUITIES, PENSIONS AND INSURANCE.....	23
Gratuities and pensions.....	23
Insurance.....	23
Section 719 of the Act.....	23
PROCEEDINGS OF DIRECTORS.....	24
Notice and voting	24
Quorum.....	24
Powers of directors if number falls below quorum	24
Chairman	24
Validity of acts of directors	24
Written resolutions.....	25
Meetings by telephone, etc.	25
Directors' power to vote on contracts in which they are interested	25
SECRETARY	25
Appointment and removal of secretary	25
MINUTES.....	26
Minutes required to be kept.....	26
THE SEAL	26
Authority required for use of seal	26
Official seal for use abroad.....	26
DEEDS	26
Execution by company under hand	26
Delivery of deeds	26
CERTIFICATION	26
Certified copies	26
INCOME RIGHTS	27
Interpretation.....	27

Distribution of profit.....	38
Exchange rates	41
Dates.....	42
Failure by a shareholder to notify	43
Shareholders to notify each other	43
Power to require supporting evidence	43
If Gross Dividend Amounts not agreed.....	44
Inability to pay Target Dividend in full	45
 CAPITAL RIGHTS	 47
Interpretation	47
Capital rights.....	55
Notifications	57
Determination of shareholders requirements.....	58
Determination of Target Capital Distribution Amounts.....	59
Expert determination	59
Distributions under article 106.2(b)	60
Distributions under article 106.2(c).....	62
Distributions under article 106.2(d)	63
Distributions under article 106.2(e).....	64
Repayment	65
Exchange rates	65
Contingent liabilities	65
Requirement to notify	66
 DIVIDENDS	 66
Declaration of dividends.....	66
Interim dividends	66
Apportionment of dividends.....	66
Dividends in specie	67
Procedure for payment.....	67
Interest not payable	67
 CAPITALISATION OF PROFITS.....	 67
Power to capitalise	67
 NOTICES	 68
When notice required to be in writing.....	68
Method of giving notice.....	68
Proof of notice	69
When other notices deemed given	69
Deemed receipt of notice	69
Transferees etc bound by prior notice	69

Notice to persons entitled by transmission	69
WINDING-UP	70
Liquidator may distribute in specie	70
INDEMNITY	70
Indemnity to directors, officers, etc.	70

THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

REED ELSEVIER plc

PRELIMINARY

The regulations in Table A in the Companies (Tables A-F) Regulations 1985 as in force at the date of the company's registration shall not apply to the company.

Interpretation

1. In the articles:

the Act means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;

the articles means the articles of the company;

clear days in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

E shareholder means the holder of "E" shares;

Elsevier Reed Finance means the company incorporated in The Netherlands with Amsterdam Chamber of Commerce File Number 145.842;

Exchange Shares means shares of the series R in the capital of the E shareholder;

executed includes any mode of execution;

Finance Group means Elsevier Reed Finance BV and its subsidiaries from time to time;

Governing Agreement means the agreement with that name entered into on the date of adoption of the articles between Reed International P.L.C. and Elsevier NV, as amended from time to time;

the holder in relation to shares means the member whose name is entered in the register of members as the holder of the shares;

Implementation Agreement means the agreement with that name dated 30 October 1992 between Elsevier NV and Reed International P.L.C. relating to the merger of the businesses of Elsevier NV and Reed International P.L.C., as amended from time to time;

R shareholder means the holder of "R" shares;

Reed Elsevier Group means the company and its subsidiaries from time to time;

registered office means the registered office of the company;

RHBV means Reed Holding BV, a company incorporated in The Netherlands with file number 241.739 at the Amsterdam Chamber of Commerce, and/or any other subsidiary of the R shareholder which is for the time being a holder of Exchange Shares or of any ordinary shares in the capital of the E shareholder derived therefrom;

the seal means the common seal of the company and includes any official seal kept by the company by virtue of sections 39 or 40 of the Act;

secretary means the secretary of the company or any other person appointed to perform the duties of the secretary of the company, including a joint, assistant or deputy secretary;

the United Kingdom means Great Britain and Northern Ireland.

Unless the context otherwise requires, words or expressions contained in the articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force at the time the articles are adopted.

Headings are inserted for convenience only and do not affect the construction of the articles.

Delegation

2. In the articles (a) powers of delegation shall not be restrictively construed; (b) the word *directors* in the context of the exercise of any power contained in the articles includes (i) any committee consisting of one or more directors to which, and (ii) any director holding executive office to whom, the power in question has been delegated; (c) no power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation; and (d) except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under the articles or under another delegation of the power.

SHARE CAPITAL

Issue of shares

3. Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the company may by ordinary resolution determine, but, except with the prior approval of the R shareholder and the E shareholder, no share may be issued which is not fully paid and no share of any class may be issued to a person who does not already hold shares of that class.

Authorised share capital

4. The authorised share capital of the company upon adoption of the articles is £120,000 divided into 100,000 7.5% cumulative preference shares of £1 ("*G*" shares), 10,000 "R" Ordinary shares of £1 ("*R*" shares) and 10,000 "E" Ordinary shares of £1 ("*E*" shares). The rights as regards participation in the profits and assets of the company attaching to these shares are as set out in articles 105 and 106.

Voting rights of "G" shares

5. The "G" shares shall not carry the right to receive notice of, or to attend or vote at, general meetings.

Redeemable shares

6. Subject to the provisions of the Act, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the company or the holder on such terms and in such manner as may be provided by the articles.

Commissions

7. The company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of

the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.

Trusts not
recognised

8. Except as required by law, no person shall be recognised by the company as holding any share upon any trust and (except as otherwise provided by the articles or by law) the company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the holder.

SHARE CERTIFICATES

Members' rights to
certificates

9. Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be sealed with the seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

Replacement
certificates

10. If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

LIEN

Company to have
lien on shares

11. The company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may at any time declare any share to be wholly or in part exempt from the provisions of this article. The company's lien on a share shall extend to any amount payable in respect of it.

Enforcement of
lien by sale

12. The company may sell in such manner as the directors determine any shares on which the company has a lien if a sum in

respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.

Giving effect to sale

13. To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

Application of proceeds

14. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

Power to make calls

15. Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.

Time when call made

16. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.

Liability of joint holders

17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

- Interest payable 18. If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act), but the directors may waive payment of the interest wholly or in part.
- Deemed calls 19. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of the articles shall apply as if that amount had become due and payable by virtue of a call.
- Differentiation on calls 20. Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.
- Notice requiring payment of call 21. If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
- Forfeiture for non-compliance 22. If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.
- Sale of forfeited shares 23. Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the share to that person.

Liability following
forfeiture

24. A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the company for cancellation the certificate for the shares forfeited but shall remain liable to the company for all moneys which at the date of forfeiture were presently payable by him to the company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

Evidence of
forfeiture

25. A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

TRANSFER OF SHARES

Form and
execution of
transfer

26. The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

Restrictions on
transfer

27. The directors shall not register a transfer unless:

- (a) the transfer is in respect of only one class of shares; and
- (b) the transfer is in respect of all the issued shares of that class; and
- (c) the transfer is either accompanied by a notice in writing signed by or on behalf of all the other members consenting to the transfer or is to give effect to an offer which has been made pursuant to the City Code on Takeovers and Mergers, as in force from time to time.

The directors may refuse to register the transfer of a share on which the company has a lien. They may also refuse to register a

transfer unless it is lodged at the registered office, or at such other place as the directors may appoint, and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

Notice of refusal
to register

28. If the directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the company send to the transferee notice of the refusal.

Suspension of
registration

29. The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the directors may determine.

No fee payable on
registration

30. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

Retention of
transfers

31. The company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

TRANSMISSION OF SHARES

Transmission

32. If a member dies, the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.

Election by person
entitled

33. A person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All the articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of

transfer executed by the member and the death or bankruptcy of the member had not occurred.

Rights of persons
entitled by transfer

34. A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any meeting of the company or at any separate meeting of the holders of any class of shares in the company.

ALTERATION OF SHARE CAPITAL

Alterations
permitted by
ordinary
resolution

35. The company may by ordinary resolution:
- (a) increase its share capital by new shares of such amount as the resolution prescribes;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (c) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
 - (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Fractions arising
on consolidation

36. Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the company) and distribute the net proceeds of sale in due proportion among those members, and the directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

GENERAL MEETINGS

Types of general meeting 37. All general meetings other than annual general meetings shall be called extraordinary general meetings.

Convening general meetings 38. The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than 22 clear days after receipt of the requisition. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any member of the company may call a general meeting.

NOTICE OF GENERAL MEETINGS

Period and contents of notice 39. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed -

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.

The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

Accidental omission to give notice 40. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

- Quorum** 41. Two persons, one of whom is the R shareholder, or a proxy or duly authorised representative of such holder, and the other of whom is the E shareholder or a proxy or duly authorised representative of such holder, shall constitute a quorum. No business shall be transacted at any meeting unless such a quorum is present.
- If quorum not present** 42. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the directors may determine.
- Chairman** 43. The chairman, if any, of the board of directors, or in his absence the deputy chairman, if any, of the board of directors, or in his absence some other director nominated by the directors, shall preside as chairman of the meeting, but if neither the chairman nor the deputy chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.
- If chairman not present** 44. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
- Directors entitled to speak** 45. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the company.
- Adjournments** 46. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

Methods of voting	47. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded by the chairman or a member or proxy having the right to vote on the resolution in question.
Declaration of result	48. Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
Withdrawal of demand for poll	49. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
Conduct of poll	50. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
When poll to be taken	51. A poll shall be taken forthwith unless all the members present in person or by proxy agree otherwise. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
No casting vote for chairman	52. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to any other vote he may have.
Notice of poll	53. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
Resolutions in writing	54. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it

had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members. In the case of a corporation a resolution in writing may be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative. The provisions of this article shall apply mutatis mutandis to resolutions in writing of any class of members of the company.

Effectiveness of special and extraordinary resolutions

55. Where for any purpose an ordinary resolution of the company is required, a special or extraordinary resolution shall also be effective and where for any purpose an extraordinary resolution is required a special resolution shall also be effective.

VOTES OF MEMBERS

Votes on a show of hands or poll

56. Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person or by proxy shall have one vote, and on a poll each "R" share shall carry one vote and each "E" share shall carry one vote.

Votes of joint holders

57. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.

Member under incapacity

58. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the registered office, or at such other place as is specified in accordance with the articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

- Calls in arrears** 59. No member shall vote at any general meeting or at any separate meeting of the holders of any class of shares in the company, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.
- Objection to voting** 60. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
- Supplementary** 61. On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion.
- Instruments of proxy** 62. An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in any usual or common form or in any other form which the directors may approve.
- Validity of form of proxy** 63. The instrument of proxy shall, unless the contrary is stated in it, be deemed to confer authority to vote as the proxy thinks fit on any resolution put to the meeting for which the proxy is given, whether or not notice of the resolution was given in the notice of meeting, and on any amendment of such a resolution. The instrument of proxy shall, unless the contrary is stated in it, be valid as well for any adjournment of the meeting as for the meeting to which it relates.
- Delivery of form of proxy** 64. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may:
- (a) be deposited at the registered office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the company in relation to the meeting before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or
 - (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and before the time appointed for the taking of the poll; or

- (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

**Revocation of
authority**

65. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the company at the registered office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

NUMBER OF DIRECTORS

**Limits on number
of directors**

66. The number of directors (other than alternate directors) shall be not less than two nor more than twenty or such lesser, even, number of directors as the company may by ordinary resolution determine.

ALTERNATE DIRECTORS

**Power to appoint
alternates**

67. Any director (other than in the capacity of an alternate director) may appoint any other director to be an alternate director and may remove an alternate director so appointed by him. A director may act as the alternate for any number of directors.

**Alternates entitled
to receive notice
but no
remuneration**

68. An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and (as provided in article 97) vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence, but shall not be entitled to receive any remuneration from the company for his services as an alternate director.

**Termination of
appointment**

69. An alternate director shall cease to be an alternate director if his appointor ceases to be a director.

Method of
appointment and
revocation

70. Any appointment or removal of an alternate director shall be by notice to the company signed by the director making or revoking the appointment or in any other manner approved by the directors.

Alternate not an
agent of appointor

71. Save as otherwise provided in the articles, an alternate director shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

POWERS OF DIRECTORS

Business to be
managed by
directors

72. Subject to the provisions of the Act, the memorandum and the articles and to any directions given by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this article shall not be limited by any special power given to the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

Agents

73. The directors may, by power of attorney or otherwise, appoint any person to be the agent of the company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

COMMITTEES OF THE DIRECTORS

Committees of the
directors

74. The directors may delegate any of their powers to any committee consisting of one or more directors. The directors may also delegate to any director holding any executive office such of their powers as the directors consider desirable to be exercised by him. Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more directors (whether or not acting as a committee) or to any employee or agent of the company all or any of the powers delegated and may be made subject to such conditions as the directors may specify, and may be revoked or altered. The proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying but, save as provided in

article 75, the directors may determine a different quorum to that which applies to meetings of the directors. Notwithstanding any other provision of the articles, the directors may not delegate to any committee of the directors or any other person any of their powers in relation to articles 105 or 106, save for their powers in article 105.7, and any delegation by the directors shall be deemed not to extend to any such powers.

Reed Elsevier
Group Executive
Committee

75. There shall be a committee of the directors known as the "Reed Elsevier Group Executive Committee" which shall be subject to the specific regulations of this article and, to the extent not in conflict with the following provisions of this article, to the provisions of the articles regulating the proceedings of directors so far as they are capable of applying.

- (a) The Reed Elsevier Group Executive Committee shall have the powers delegated to it from time to time by the directors.
- (b) Until 31 December 1996:
 - (i) the Reed Elsevier Group Executive Committee shall comprise not more than four members entitled to count in the quorum and vote, each of whom shall be a director of the company;
 - (ii) the R shareholder and the E shareholder shall each be entitled to appoint up to two members of the Reed Elsevier Group Executive Committee;
 - (iii) a member of the Reed Elsevier Group Executive Committee may be removed by his appointor;
 - (iv) every such appointment or removal shall be in writing and shall take effect on receipt by the company;
 - (v) a member of the Reed Elsevier Group Executive Committee shall automatically cease to be such a member if he ceases to be a director of the company;
 - (vi) a quorum of the Reed Elsevier Group Executive Committee shall be two members, one of whom has been appointed by the R shareholder and one by the E shareholder;

- (vii) the chairman and deputy chairman of the board of directors shall be, respectively, the chairman and deputy chairman of the Reed Elsevier Group Executive Committee, unless they are not members of that Committee.
- (c) The Reed Elsevier Group Executive Committee may co-opt additional directors of the company, but such additional directors shall not count in the quorum and shall not be entitled to vote on any resolution of the Reed Elsevier Group Executive Committee.
- (d) After 31 December 1996, the members of the Reed Elsevier Group Executive Committee shall be appointed by the directors.

APPOINTMENT OF DIRECTORS

Appointment by
the R shareholder

76. The R shareholder shall from time to time be entitled to appoint any person to be a director and to remove any director so appointed, provided that not more than ten persons (or, if less, one half of the maximum number of directors determined in accordance with article 66) shall at any one time hold office by virtue of such appointment. Every such appointment or removal shall be in writing and shall take effect on receipt by the company.

Appointment by
the E shareholder

77. The E shareholder shall from time to time be entitled to appoint any person to be a director and to remove any director so appointed, provided that not more than ten persons (or, if less, one half of the maximum number of directors determined in accordance with article 66) shall at any one time hold office by virtue of such appointment. Every such appointment or removal shall be in writing and shall take effect on receipt by the company.

Appointment by
the directors

78. Unless otherwise agreed in writing by the R shareholder and the E shareholder, or pursuant to article 79, the directors shall not have power to appoint or remove directors.

Notices of
Suspension

79. For such time (if any) as a Notice of Suspension (as defined in clause 9 of the Governing Agreement) is in force:-

- (a) if the Party giving Notice (as defined in clause 9 of the Governing Agreement) is Elsevier (as defined in the Governing Agreement):

(i) the R shareholder shall not be entitled to appoint any person as a member of the Reed Elsevier Group Executive Committee pursuant to article 75(b)(ii) and shall not be entitled to exercise the rights conferred on it by article 75(b)(iii), but instead a majority of the directors appointed by the R shareholder shall be entitled to exercise those rights;

(ii) the R shareholder shall not be entitled to exercise any of the rights conferred by article 76, but instead a majority of the directors appointed by the R shareholder shall be entitled to exercise those rights. A person appointed a director pursuant to the exercise of the rights conferred by this paragraph (a)(ii) shall be deemed for the purpose of the articles (including, for the avoidance of doubt, this article) to have been appointed by the R shareholder;

(b) if the Party giving Notice (as defined in clause 9 of the Governing Agreement) is Reed (as defined in the Governing Agreement):

(i) the E shareholder shall not be entitled to appoint any person as a member of the Reed Elsevier Group Executive Committee pursuant to article 75(b)(ii) and shall not be entitled to exercise the rights conferred on it by article 75(b)(iii), but instead a majority of the directors appointed by the E shareholder shall be entitled to exercise those rights;

(ii) the E shareholder shall not be entitled to exercise any of the rights conferred by article 77, but instead a majority of the directors appointed by the E shareholder shall be entitled to exercise those rights. A person appointed a director pursuant to the exercise of the rights conferred by this paragraph (b)(ii) shall be deemed for the purpose of the articles (including, for the avoidance of doubt, this article) to have been appointed by the E shareholder;

- (c) in the case of a transfer of shares in the company by the Party giving Notice, there shall be substituted for article 27(c):

"the transfer has been approved by a resolution of the directors".

DISQUALIFICATION OF DIRECTORS

- Disqualification 80. The office of a director shall be vacated if:
- (a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
 - (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (c) he is, or may be, suffering from mental disorder and either:
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
 - (d) he resigns his office by notice to the company; or
 - (e) he is removed from office pursuant to article 76 or article 77, as the case may be.

REMUNERATION OF DIRECTORS

Ordinary
remuneration of
directors

81. Directors who do not hold executive office under the company shall be entitled to such remuneration as the company may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

DIRECTORS' EXPENSES

Directors may be paid expenses

82. The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the company or otherwise in connection with the discharge of their duties.

DIRECTORS' APPOINTMENTS AND INTERESTS

Appointment to executive office

83. Subject to the provisions of the Act, the directors may appoint one or more of their number to the office of Chief Executive, or to any other executive office under the company, and may enter into an agreement or arrangement with any director for his employment by the company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the company.

Directors may have contract with the company

84. Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the company or in which the company is otherwise interested; and
- (c) shall not, by reason of his office, be accountable to the company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

For the purposes of this article (but without prejudice to the requirements of section 317 of the Act):

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
- (c) a director shall not be required to disclose to the directors that he is a director or other officer of, or employed by, or interested in shares or other securities of, any body corporate which is a member of the company or in which such member holds shares.

Information
belonging to the
company

85. A director may communicate to any member of the company, or to any director or officer of a member of the company, any information which the director would, but for the provisions of this article, be precluded because of his fiduciary relationship with the company from using for the benefit of, or communicating to, any person other than the company (except for the purpose of the proper performance of his duties) and may authorise on behalf of that member of the company the publication of any such information which that member is required to publish by law or by the regulations of any stock exchange on which shares in that member are from time to time listed, quoted or traded.

Exercise by
company of
voting rights

86. The directors may exercise the voting power conferred by the shares in any body corporate held or owned by the company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing any or all of them directors of such body corporate, or voting or providing for the payment or giving of remuneration or other benefits to the directors of such body corporate).

DIRECTORS' GRATUITIES, PENSIONS AND INSURANCE

Gratuities and pensions

87. The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the company or with any body corporate which is or has been a subsidiary of the company or a predecessor in business of the company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

Insurance

88. Without prejudice to the provisions of article 122, the directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees of the company, or of any other company which is a member of it or in which the company or such member has any interest whether direct or indirect or which is in any way allied to or associated with the company, or of any subsidiary undertaking of the company or any such other company, or who are or were at any time trustees of any pension fund or employees' share scheme in which employees of the company or any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in relation to their duties, powers or offices in relation to the company or any such other company, subsidiary undertaking, pension fund or employees' share scheme.

Section 719 of the Act

89. Pursuant to section 719 of the Act, the directors are hereby authorised to make such provision as may seem appropriate for the benefit of any persons employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or the transfer of the whole or part of the undertaking of the company or any subsidiary. Any such provision shall be made by a resolution of the directors in accordance with the said section.

PROCEEDINGS OF DIRECTORS

- Notice and voting 90. Subject to the provisions of the articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. Notice of a meeting of the directors shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the company for this purpose. Questions arising at a meeting shall be decided by a majority of not less than two-thirds of the votes cast. A director who is also an alternate director shall be entitled to a separate vote in addition to his own vote on behalf of his appointor who is absent. Any director may waive notice of a meeting and any such waiver may be retrospective.
- Quorum 91. The quorum for the transaction of the business of the directors shall be two, one being a director (or his alternate) appointed by the R shareholder and one being a director (or his alternate) appointed by the E shareholder.
- Powers of directors if number falls below quorum 92. The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of calling a general meeting.
- Chairman 93. The directors may appoint one of their number to be the chairman, and one of their number to be the deputy chairman, of the board of directors and may at any time remove a director from such office. Unless he is unwilling to do so, the director appointed as chairman, or in his stead the director appointed as deputy chairman, shall preside at every meeting of directors at which he is present. But if there is no director holding those offices, or if neither the chairman nor the deputy chairman is willing to preside, or neither of them is present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.
- Validity of acts of directors 94. All acts done by a meeting of directors, or by a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had

been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

Written
resolutions

95. A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or to receive notice of and to vote at a committee of directors, shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director on behalf of his appointor need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

Meetings by
telephone, etc.

96. Without prejudice to the first sentence of article 90, a meeting of the directors or of a committee of the directors may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously. A director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating in the conference is assembled, or, if there is no such group, where the chairman of the meeting then is. The word "meeting" in the articles shall be construed accordingly.

Directors' power
to vote on
contracts in which
they are interested

97. A director may count in the quorum and vote at any meeting of the directors or of a committee of the directors on any resolution concerning a transaction or agreement with the company or in which the company is interested, or concerning any other matter in which the company is interested, notwithstanding that he is interested in that transaction, arrangement or matter or has in relation to it a duty which conflicts or may conflict with the interests of the company.

SECRETARY

Appointment and
removal of
secretary

98. Subject to the provisions of the Act, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

MINUTES

Minutes required
to be kept

99. The directors shall cause minutes to be made in books kept for the purpose:

- (a) of all appointments of officers made by the directors; and
- (b) of all proceedings at meetings of the company, of the holders of any class of shares in the company, and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

THE SEAL

Authority
required for use of
seal

100. The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.

Official seal for
use abroad

101. The company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad.

DEEDS

Execution by
company under
hand

102. Where the Act so permits, any instrument signed with the authority of a resolution of the directors or a committee of the directors by one director and the secretary or by two directors and expressed to be executed by the company as a deed shall have the same effect as if executed under the seal, provided that no instrument which makes it clear on its face that it is intended by the persons making it to have effect as a deed shall be signed without the authority of the directors.

Delivery of deeds

103. A document which is executed by the company as a deed shall not be deemed to be delivered by the company solely as a result of its having been executed by the company.

CERTIFICATION

Certified copies

104. Any director or the secretary or any person appointed by the directors for the purpose shall have power (a) to

authenticate any documents affecting the constitution of the company, any resolutions passed by the company, the holders of any class of shares of the company or the directors or any committee of the directors, and any books, records, documents or accounts relating to the business of the company, and (b) to certify copies thereof or extracts therefrom as true copies or extracts. A document purporting to be a copy of a resolution, or the minutes of or an extract from the minutes of a meeting of the company or the holders of any class of shares of the company or of the directors or any committee of the directors that is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

INCOME RIGHTS

Interpretation

105.1 In this article, subject to the provisions of article 105.3, 105.5 and 105.7 to 105.9:

Anticipated Distribution means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the aggregate of the dividends referred to in the definitions of Preference Share Amount and Target Dividend Amount below and the relevant shareholder's reasonable estimate of the amount of the redemption moneys in respect of any Preference Shares which it will be required to pay out during the Relevant Period (other than amounts which could lawfully be paid out of capital rather than distributable reserves);

Anticipated Distribution Time means the time at which the first part of the relevant Anticipated Distribution is expected by the relevant shareholder to be made;

Associated Tax Credit means, in relation to any dividend payable or proposed to be paid by either the R shareholder or the E shareholder, the amount of any associated tax credit (or the value of any other similar associated tax benefit) which would be available to a shareholder receiving the dividend who was an individual solely domiciled and resident and subject to tax in the country in which the company paying the dividend is within the charge to tax by reason of residence or incorporation, but excluding the amount of any such credit or benefit in respect of tax to be deducted or withheld from the dividend by the paying company;

Business Day means a day on which banks are generally open for business in both the City of London and Amsterdam;

Cash Requirement means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the amount it requires to receive by way of dividend from the company in order to be able to meet in full all its Permitted Liabilities, having regard to:

- (a) the amount, and likely timing and currency of payment of those Permitted Liabilities; and
- (b) the amount, and likely timing and currency of its Relevant Cash;

Deficit Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period, such amount (if any) as the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the amount required to be paid to it by way of dividend in order to ensure that the amount of its Distributable Reserves calculated by reference to its Relevant Accounts is not negative;

Distributable Reserves means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the aggregate of:

- (a) the amount of the reserves which, by reference to Relevant Accounts, would be lawfully available to be used in the payment of the Anticipated Distribution (which amount shall be negative for the purposes of the aggregation required by this definition if the reserves are negative);
- (b) the aggregate amount of:
 - (i) all resources that either (A) have been defrayed by the relevant shareholder at any time or are expected to be defrayed prior to the Anticipated Distribution Time in breach of the Governing Agreement or in discharge of a liability of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities" or in settlement of a claim by the other shareholder (whether or not liability is admitted) or in

discharge of expenses incurred in settlement of such a claim or (B) would have been available to it at the Anticipated Distribution Time had it observed the terms of the Implementation Agreement; and

- (ii) all liabilities expected to subsist at the Anticipated Distribution Time and which either (A) were or are expected to be incurred in breach of the Governing Agreement (B) were subsisting at the time of completion of the Implementation Agreement in breach of the terms of that Agreement or (C) are of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities";

to the extent that the defraying of such resources or subsistence of such liabilities has or will at the Anticipated Distribution Time have reduced the amount of the reserves mentioned in paragraph (a) above or to the extent that, had such resources been available or such liabilities not subsisted, those reserves would have been greater; provided that, if any dividend of the relevant shareholder has ever been reduced on account of a particular matter falling within this paragraph (b) (having regard to the Equalisation Ratio, the Governing Agreement and this article), there shall be deducted from any amount which would otherwise be taken into account under this paragraph (b) the amount by which the reserves mentioned in paragraph (a) above are greater than they would have been but for that reduction;

- (c) the amount of any additional reserves that would have been available to the relevant shareholder for the purpose of calculating the Distributable Reserves had each subsidiary of the relevant shareholder declared a dividend in favour of the relevant shareholder, immediately prior to the time as at which the Relevant Accounts are made up, of the full amount of the reserves available for distribution by that subsidiary (but this paragraph (c) shall not apply to any amount which would not be taken into account for the purposes of calculating Relevant Cash by reason of paragraph (d) of the definition thereof or for the purposes of calculating

the relevant Target Dividend Amount by reason of paragraph (b) of the definition thereof;

E, when used as a prefix to terms defined in this article, signifies the relevant amount in relation to the E shareholder;

Earliest Payment Date means, in relation to any proposed dividend payment by the company, the date notified by the Company to the R shareholder and the E shareholder as the earliest date on which any part of that dividend would be paid;

Equalisation Ratio has the meaning ascribed to it in the Governing Agreement;

Excluded Shares means, in relation to either the R shareholder or the E shareholder, any shares which either:

- (a) were in issue or allotted at the time of completion of the Implementation Agreement in breach of clause 4.2 of that Agreement;
- (b) were issued after that time pursuant to the exercise of options or conversion or subscription rights which existed at that time in breach of that clause; or
- (c) were issued in breach of the Governing Agreement;

Gross Dividend Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period (a) the amount of the dividend payable or proposed to be paid by the relevant shareholder in that Relevant Period on its ordinary share capital (or which would be payable or proposed to be paid but for the relevant shareholder's inability to do so, or intention to pay a different amount, by reason of any of the matters mentioned in paragraph 4.2 of Schedule 1 to the Governing Agreement) including, for the avoidance of doubt, the amount of any tax to be deducted or withheld from the dividend by or on behalf of the company paying the dividend, plus (b) (except to the extent already included in (a)) the amount of any Associated Tax Credit; all such amounts being expressed in the currency of payment and on a per share basis;

Notification Time means, in relation to any proposed dividend payment by the company, the time at which the proposed dividend is to be declared or recommended by the directors or such earlier time, on a date not more than five Business Days prior to the date on which the directors expect to declare or recommend a dividend, as the directors may determine, in each

case, as notified by the company to the R shareholder and the E shareholder;

Permitted Liabilities means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the aggregate amount of the liabilities and expenditure, actual or prospective, of that shareholder which will fall due for payment or will be defrayed within that Relevant Period and shall include, without limitation to the generality of the foregoing, subject as provided below:

- (a) any liability of the company to any other member of the Reed Elsevier Group or to any member of the Finance Group;
- (b) any liability to account for tax deducted or withheld from dividend or other payments; and
- (c) expenditure reasonably expected to be required to enable a subsidiary of that shareholder to discharge any liability or expenditure (provided that such funding would not be in breach of the Governing Agreement),

but shall exclude (unless otherwise agreed by the R shareholder and the E shareholder):

- (1) any liability or expenditure to the extent that (in the bona fide opinion of the relevant shareholder) it will be settled by some other person;
- (2) any liability or expenditure directly or indirectly constituting, or resulting from, or arising out of, any act of, omission by or matter concerning the relevant shareholder or any subsidiary of the relevant shareholder which has constituted, a breach of the provisions of the Governing Agreement or which would not have existed had the provisions of clause 4.2 of the Implementation Agreement been observed by that shareholder;
- (3) a liability to pay to the other shareholder damages or any other amount by way of compensation for breach of contract or other wrongful act or pursuant to the settlement of any claim by the other shareholder (whether or not liability is admitted) and any

expenditure to be incurred in settlement of such a claim or in discharge of expenses incurred in such settlement; and

- (4) a liability to pay, or payment of, the cash amount of any dividend to be paid to its shareholders by that shareholder (but so that, for the avoidance of doubt, the exclusion in this paragraph (4) shall not extend to any amount to be deducted or withheld from such payment);

Preference Share means, in relation to either the R shareholder or the E shareholder, any share in the capital of the relevant shareholder carrying a preferential right to dividend, other than any Excluded Shares (and **Preference shareholder** shall be construed accordingly);

Preference Share Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period, such amount as the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the aggregate of:

- (a) the cash amount required to be paid to it by way of dividend to enable it to pay any dividend payable during the Relevant Period to Preference shareholders in full in accordance with the terms of the relevant Preference Shares and, where relevant, to enable it to make payment of redemption moneys to holders of Preference Shares which it will be required to redeem during the Relevant Period, but in each case having regard to the Relevant Cash of the relevant shareholder available to it at the appropriate time for the purpose of paying any such dividend or redemption moneys (recognising its need to fund the payment of any Permitted Liabilities falling due within the Relevant Period); plus
- (b) the further amount, if any, required to be paid to it by way of dividend so that its Distributable Reserves, calculated by reference to its Relevant Accounts, are equal to the amount of distributable reserves necessary to enable it lawfully to make payment to Preference shareholders of any such dividend or redemption moneys;

R, when used as a prefix to terms defined in this article, signifies the relevant amount in relation to the R shareholder;

Relevant Accounts has, in relation to either the R shareholder or the E shareholder and any Relevant Period, the following meaning:

- (a) if the relevant shareholder anticipates that it will produce accounts after the Notification Time by reference to which the legality of the Anticipated Distribution (if any) will be determined (whether or not those accounts will be drawn up as at a time after the Notification Time), those accounts shall be the Relevant Accounts (whether or not such accounts are in fact drawn up) unless the Distributable Reserves of the relevant shareholder (if any) calculated by reference to those accounts would be less than the amount of the reserves which would as a matter of law be required to pay the Anticipated Distribution (if any);
- (b) subject to paragraph (a) above, the Relevant Accounts shall be the accounts existing at the Notification Time which (in the absence of any accounts prepared thereafter) would be relevant for determining the legality of the Anticipated Distribution (if any) unless as set out in paragraph (a) above;
- (c) in all other cases, the Relevant Accounts shall be accounts drawn up as at the latest possible time before the making of the first part of the Anticipated Distribution so as to take account to the fullest extent possible of any dividends declared or paid or expected to be declared or paid by any members of the Reed Elsevier Group (including the company) or any member of the Finance Group or, in relation to the R shareholder, RHBV (whether or not such accounts are in fact drawn up);

Relevant Cash means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the amount of the resources which will be available to it in that Relevant Period and:

(a) such amount shall, without prejudice to the generality of the foregoing, include (subject to paragraph (d) below):

- (i) the amount of resources which are or are expected to be available at the commencement of the Relevant Period;
- (ii) the amount of resources which are expected to be received during the Relevant Period under indemnity or other arrangements from any member of the Reed Elsevier Group or of the Finance Group or by payment of dividend from any member of the Reed Elsevier Group (other than dividends of the company pursuant to paragraphs (b), (d), (f) and (g) of article 105.2) or of the Finance Group; and
- (iii) the amount of the resources which are expected to be received during the Relevant Period upon exercise of any right to subscribe share or loan capital of the relevant shareholder;

(b) in the computation of such amount, there shall be added, except to the extent that the R shareholder and the E shareholder have agreed otherwise:

(i) the aggregate of the amounts of all resources which either:

(A) have been defrayed by the relevant shareholder at any time in breach of the Governing Agreement or in discharge of a liability of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities" or in settlement of a claim by the other shareholder (whether or not liability is admitted) or in discharge of expenses incurred in settlement of such a claim; or

(B) would have been available to it had it observed the terms of the Implementation Agreement;

less

(ii) the aggregate of the following amounts:

(A) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of cash, or a non-cash asset which was subsequently directly or indirectly wholly or in part converted into cash: the amount of the cash so acquired;

(B) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of a non-cash asset which, or an asset directly or indirectly deriving from which, is or is expected to be wholly or in part still held by the relevant shareholder at the Notification Time: the amount attributed to that non-cash asset in the calculation of the Relevant Cash pursuant to paragraphs (c) and (g) below; and

(C) if any dividend paid by the relevant shareholder to its shareholders has ever been reduced on account of a particular matter within sub-paragraph (b)(i) above (having regard to the Equalisation Ratio, the provisions of the Governing Agreement and this article 105): the amount saved by the relevant shareholder by reason of that reduction;

provided that the amount deducted pursuant to this sub-paragraph (b)(ii) in respect of a particular matter shall not exceed the amount which would otherwise be taken into account in respect of that matter pursuant to sub-paragraph (b)(i) above;

(c) such amount shall, without prejudice to the generality of the foregoing, include (subject to paragraph (d) below and to the extent not otherwise taken into account in the calculation of Relevant Cash) the amount of any resources available or which are expected to be available to subsidiaries of the relevant shareholder to the extent that, subject to compliance with applicable legal requirements, they could be made available to that shareholder (provided that this paragraph (c) shall not apply to take into account any amount treated as available to the R shareholder by

virtue of paragraph (b) in the definition of Target Dividend Amount);

- (d) such amount shall not include any amount (or the value of any asset) which the R shareholder and the E shareholder have agreed should be excluded, but if the agreement of the R shareholder and the E shareholder is that any such amount (or value) should be excluded from the calculation only for a specified period or for so long as a specified purpose requires, then such amount (or value) shall cease to be excluded from the calculation with effect from the date such period expires or such purposes cease (or may reasonably be expected to cease) to be applicable;
- (e) in the computation of such amount there shall be deducted:
 - (i) the amount of any reserve maintained by the relevant shareholder pursuant to article 105.9; and
 - (ii) unless the R shareholder and the E shareholder have agreed otherwise, any amount received by the R shareholder (or by RHBV) as a result of a disposal by the R shareholder (or by RHBV) of all or part of its interest in the Exchange Shares (net of all costs, including taxation, and other expenditure associated with the disposal) to the extent that such amount has not been reduced whether by reason of being distributed to shareholders of the R shareholder or in the payment of taxation associated with its distribution (whether by RHBV to the R shareholder, by the R shareholder to its shareholders or otherwise) or in any other way;
- (f) shall not include any amount representing dividends unclaimed by shareholders of either the R shareholder or the E shareholder, unless and until the R shareholder or E shareholder, as appropriate, ceases to be bound (in accordance with applicable law) to make payment of such sums to or for the benefit of a shareholder;
- (g) shall, without prejudice to the generality of the foregoing, be deemed to include (subject to paragraph (d) above and to the extent not taken into

account by paragraph (b) or paragraph (c) above) the fair market value of any asset of the relevant shareholder held in non-cash form (or, if higher, the value at which the asset then stands in the accounts of the relevant shareholder) but this paragraph (g) shall not apply (i) to either shareholder's holding of shares in members of the Reed Elsevier Group or of the Finance Group nor, in the case of the R shareholder, its holding of shares in RHBV, nor (ii) to any asset which the relevant shareholder is permitted to acquire under the terms of the Governing Agreement;

Relevant Period means, in relation to any proposed dividend payment by the company, the period between (a) the Notification Time in relation to that dividend and (b) the Earliest Payment Date in respect of the next dividend following the proposed dividend payment in question;

Target Dividend means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies the company by the Notification Time as the aggregate Gross Dividend Amount for the Relevant Period, based on the number of ordinary shares (not being Excluded Shares) which it expects to be entitled to participate in the relevant dividend and the extent to which such shares will be eligible to receive the relevant dividend (such notification stating the Gross Dividend Amount per share on which the calculation is based), plus in the case of the E shareholder the amount which the E shareholder notifies to the company that it proposes to pay on the Exchange Shares during the Relevant Period;

Target Dividend Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies the company by the Notification Time to be its bona fide estimate of the amount it requires to receive by way of dividend from the company in order to enable it to pay the cash amount (excluding any amount to be deducted or withheld from such payment) of its Target Dividend and:

- (a) having regard to Relevant Cash available to it at the appropriate time for the purpose of paying that Target Dividend (recognising any need to fund out of Relevant Cash the payment of any Permitted Liabilities falling due during the Relevant Period and dividends and redemption moneys payable during the Relevant Period to Preference shareholders); and

- (b) in the case of the R shareholder, having regard to the net amount which would be received by the R shareholder (after allowance for all tax costs and for any costs which would be suffered by the R shareholder or by RHBV on the assumption set out below) if RHBV were to make an immediate dividend payment to the R shareholder out of any dividend which RHBV may reasonably be expected to receive on its holding of shares in the E shareholder during the Relevant Period (on the assumption, for withholding tax purposes only, that the R shareholder takes reasonable steps to secure any available relief from obligations to withhold tax on such dividend payments), subject only to retention of an amount that is reasonable in the circumstances to meet the administrative costs of RHBV and to enable RHBV to meet its anticipated expenditure requirements (including any liability to taxation but excluding any expenditure or liability resulting from any act, omission or matter constituting a breach by RHBV of the agreement between RHBV and the E shareholder entered into on or before the date of adoption of the articles or which would involve a breach by the R shareholder of the Governing Agreement); and
- (c) including such further amount as may be required to be paid to the relevant shareholder by way of dividend so that its Distributable Reserves, calculated by reference to its Relevant Accounts and having regard to any payment of dividend or redemption moneys during the Relevant Period to Preference shareholders envisaged in the definition of Preference Share Amount above, are equal to the amount of distributable reserves necessary to enable the R shareholder lawfully to pay the R Target Dividend.

Distribution of
profit

105.2 Subject to article 105.9, the profits which the company may determine to distribute by way of dividend shall be applied:

- (a) first, in paying as a dividend on the "G" shares, a fixed cumulative dividend at the rate of 7.5 per cent. per annum on the amounts paid up on the "G" shares, such dividend to be paid half-yearly on the 1st day of June and the 1st day of December in each year in respect of the half-yearly periods ending on the days immediately preceding those dates;
- (b) second, in paying as a dividend on:

- (i) the "R" shares, an amount equal to the R Cash Requirement; and
- (ii) the "E" shares, an amount equal to the E Cash Requirement;

provided that, if the amount of the dividend to be distributed pursuant to this paragraph (b) is less than the sum of the R Cash Requirement and the E Cash Requirement, the amounts payable shall be calculated as follows:

$$R_1 = \frac{C_E L_R + A L_R - C_R L_E}{L_R + L_E}$$

$$E_1 = A - R_1$$

where:

C_E = the amount of the E Relevant Cash;

C_R = the amount of the R Relevant Cash;

L_E = the amount of the E Permitted Liabilities;

L_R = the amount of the R Permitted Liabilities;

A = the total amount of the dividend to be distributed pursuant to this paragraph (b);

R_1 = the amount of the dividend to be paid on the "R" shares pursuant to this paragraph (b);

E_1 = the amount of the dividend to be paid on the "E" shares pursuant to this paragraph (b);

provided that:

- (1) if either the R Cash Requirement or the E Cash Requirement is zero, the whole amount to be distributed pursuant to this paragraph (b) shall be payable to the shareholder the Cash Requirement of which is not zero; and

- (2) in no event shall the amount payable to either shareholder under this paragraph (b) exceed that shareholder's Cash Requirement;

(c) third:

- (i) if the R shareholder has in issue any Preference Shares on which any dividend or redemption moneys are payable during the Relevant Period, in paying as a dividend on the "R" shares an amount equal to the R Deficit Amount (if any); and
- (ii) if the E shareholder has in issue any Preference Shares on which any dividend or redemption moneys are payable during the Relevant Period, in paying as a dividend on the "E" shares an amount equal to the E Deficit Amount (if any);

provided that (unless the R shareholder and the E shareholder notify the company that they have agreed otherwise) if the amount available for distribution under this paragraph (c) is less than the sum of the R Deficit Amount and the E Deficit Amount, the amounts payable on the "R" Shares and the "E" Shares shall be reduced pro rata;

(d) fourth, in paying as a dividend:

- (i) on the "R" shares, an amount equal to the R Preference Share Amount, if any; and
- (ii) on the "E" shares, an amount equal to the E Preference Share Amount, if any;

provided that (unless the R shareholder and the E shareholder notify the company that they have agreed otherwise) if the amount available for distribution under this paragraph (d) is less than the sum of the R Preference Share Amount and the E Preference Share Amount, the amounts payable on the "R" shares and the "E" shares respectively shall reduce pro rata;

(e) fifth:

- (i) if not paid under sub-paragraph (c)(i) above, in paying as a dividend on the "R" shares the R Deficit Amount (if any); and

- (ii) if not paid under sub-paragraph (c)(ii) above, in paying as a dividend on the "E" shares the E Deficit Amount (if any);

provided that (unless the R shareholder and the E shareholder notify the Company that they have agreed otherwise) if the amount available for distribution under this paragraph (e) is less than the sum of the R Deficit Amount and the E Deficit Amount, the amounts payable on the "R" Shares and the "E" Shares shall be reduced pro rata;

- (f) sixth (subject to article 105.9(d) below), in paying as a dividend on:

- (i) the "R" shares, the R Target Dividend Amount; and

- (ii) the "E" shares, the E Target Dividend Amount;

provided that, if the amount of the dividend to be distributed pursuant to this paragraph (f) is less than the sum of the R Target Dividend Amount and the E Target Dividend Amount, the amount to be so distributed shall be divided between the R shareholder and the E shareholder in such proportion as is necessary to ensure that the ability of those shareholders to pay the cash elements of their respective Target Dividends is reduced pro rata (ignoring for this purpose any impact on that ability of any of the matters mentioned in paragraph 4.2 of Schedule 1 to the Governing Agreement);

- (g) seventh, in paying as a dividend on the "R" shares and "E" shares the balance of the profits which the company has determined to distribute by way of dividend in such proportions as the R shareholder and the E shareholder agree.

Exchange rates

- 105.3(a) Dividends payable by the company shall be declared in sterling. Dividends may, if requested by any shareholder, be paid to that shareholder in a currency other than sterling, based on such rate(s) of exchange as the shareholder may agree with the company or, in default of agreement, based on such rate(s) of exchange as the directors may consider reasonable and appropriate.

- (b) The amounts which this article contemplates being notified by each shareholder to the company may be expressed in a single currency other than sterling. However, if any amount is so notified in a currency other than sterling, it shall be translated into sterling for the purpose of any calculation required by this article at such rate(s) of exchange as the relevant shareholder may agree with the company or, failing agreement, at such rate(s) as the directors may consider reasonable and appropriate, having regard in particular to the forward rate(s) applicable to the relevant outgoings of the shareholder.
- (c) Any determination by the directors (in the absence of agreement with the relevant shareholder) of an applicable exchange rate for the purposes of paragraphs (a) or (b) above shall be conclusive and binding.

Dates

105.4(a) The directors shall:

- (i) give the R shareholder and the E shareholder not less than 15 Business Days notice of the Notification Time in relation to any dividend if it is to be other than the time at which the proposed dividend is to be declared or paid;
 - (ii) ensure that the R shareholder and the E shareholder are notified or are otherwise aware of the earliest date on which any part of a particular dividend will be paid not less than 15 Business Days prior to the Notification Time in relation to the preceding dividend.
- (b) Save as mentioned in paragraph (a) of article 105.2, each dividend shall be paid on such date or dates as the directors shall determine. In determining such dates, the directors shall have regard to the Earliest Payment Date in respect of that dividend and the dates on which Permitted Liabilities, Preference Share Amounts and Target Dividends of the relevant shareholder will be payable (to the extent that they are aware of those dates). The directors may determine different dates for payments to different shareholders. Dividends shall not carry interest pending payment.

Failure by a shareholder to notify

105.5 If, in relation to any proposed dividend payment by the company, either shareholder fails to give any notification to the company by the Notification Time of its:

- (a) Cash Requirement and Permitted Liabilities;
- (b) Deficit Amount;
- (c) Preference Share Amount; or
- (d) Target Dividend Amount;

the relevant amount for that shareholder in relation to the relevant dividend payment shall be nil.

Shareholders to notify each other

105.6 At the same time as a shareholder gives any notification contemplated by this article to the company, it shall supply a copy of that notification to the other shareholder.

Power to require supporting evidence

105.7 The directors may, and shall on being requested to do so by either the R shareholder or the E shareholder, require a shareholder to supply such supporting evidence in respect of, or confirmation of the information forming the basis of, any notification given by that shareholder for the purposes of this article (or on which any such notification should have been based had it been given or properly given), or such information as is required to calculate the Relevant Cash of a shareholder who has failed to give notification of that amount, as, in all the circumstances, is reasonable and appropriate. If:

- (a) any evidence or confirmation required pursuant to this paragraph is not provided within such reasonable time as the directors shall specify; or
- (b) in the reasonable opinion of the directors, the evidence or confirmation provided demonstrates a manifest error or absence of good faith in relation to the relevant notification; or
- (c) no notification of the amount of the Relevant Cash has been given;

the directors shall be entitled in their absolute discretion to decide that the amount specified in the relevant notification shall be deemed to be nil or such higher amount (not being more favourable to the relevant shareholder than the amount specified in the relevant notification, if any) as the directors consider to be reasonable having regard to the evidence and confirmations

requested or received by them. In such event, the amount so determined by the directors shall be deemed for all purposes of the articles to be the amount of the Cash Requirement, Permitted Liabilities, Relevant Cash, Deficit Amount, Preference Share Amount or, as the case may be, Target Dividend Amount.

If Gross Dividend
Amounts not
agreed

105.8 Without prejudice to article 105.5 if, in relation to any proposed dividend payment, either shareholder shall notify the directors that as at the Notification Time the Gross Dividend Amounts to be paid by the R shareholder and the E shareholder respectively have not been agreed by the R shareholder and the E shareholder in accordance with the terms of the Governing Agreement:

- (a) the Gross Dividend Amount per share for each shareholder shall be such amount as the directors determine to be the higher of:
 - (i) the Gross Dividend Amount notified by that shareholder; and
 - (ii) the Gross Dividend Amount per share for that shareholder which would be derived from applying to the Gross Dividend Amount per share notified by the other shareholder the Equalisation Ratio and Applicable Exchange Rate (as defined at the relevant time for the purposes of the Governing Agreement);
- (b) based on the Gross Dividend Amount so determined by them for each shareholder, the directors shall determine the Target Dividend, Target Dividend Amount, Permitted Liabilities and Cash Requirement for each shareholder, and may request such information from the shareholders as they reasonably require in order to make such determinations and, to the extent that it is impractical to request such information or such information is not obtained prior to the time at which the relevant dividend is to be declared or recommended, the directors shall be entitled to make such assumptions and estimates as to the matters required to determine the Target Dividend, Target Dividend Amount, Permitted Liabilities and Cash Requirement for each shareholder as they may consider reasonable or necessary;

- (c) the Target Dividend, Target Dividend Amount, Permitted Liabilities and Cash Requirement for each shareholder in relation to the Relevant Period shall then be deemed for all purposes of the articles to be the amount so determined by the directors.

For the avoidance of doubt, the determination of Gross Dividend Amounts by the directors in accordance with (a) above shall be without prejudice to the power of the directors to decide the portion of the profits of the company which it is appropriate to distribute.

Inability to pay
Target Dividend
in full

105.9 If, in relation to any proposed dividend payment, either the R shareholder or the E shareholder notifies the company that it will be unable, by reason of any provision having the force of law (but not solely by reason of the inadequacy of reserves or the amounts payable to it pursuant to paragraphs (a) to (e) of article 105.2 being insufficient to enable it to discharge its liabilities and to pay all preferential dividends or the existence of Excluded Shares), to make payment in full of its Target Dividend to its ordinary shareholders, the following provisions shall apply:

- (a) unless the relevant shareholder requests otherwise pursuant to paragraph (b) below, (i) the dividend payable to that shareholder under paragraph (f) of article 105.2 shall be paid to it in full, notwithstanding that it will be unable to pay the full cash element of the Target Dividend to its shareholders; and (ii) the amount of any Permitted Liabilities of the relevant shareholder and all other relevant amounts shall be computed as if such full payment were to be made; and in that event the difference between the total amount paid to the relevant shareholder under article 105.2 (together with any sum paid or due to the relevant shareholder by way of tax credit or any other similar associated tax benefit) and the total amount which would have been paid had paragraph (b) below applied (translated, in the case of the E shareholder into guilders at the rate used in the calculation of the Target Dividend Amount) shall be credited to a separate reserve in the books of the relevant shareholder;
- (b) if the relevant shareholder so requests prior to the Notification Date, the dividend payable to that shareholder under paragraph (f) of article 105.2 shall be whichever shall be the lesser of:

- (i) the amount notified by the relevant shareholder to be the amount which would have been the Target Dividend Amount had that amount reflected the maximum Target Dividend permitted by the provisions having the force of law in consequence of which this article 105.9 applies; and
- (ii) the amount which would have been payable to the relevant shareholder under the said paragraph had paragraph (a) above applied;

and, if paragraph (b)(i) applies, the reduced level of the dividend to be paid by the relevant shareholder to its shareholders shall be taken into account in computing the amount of the Permitted Liabilities of the relevant shareholder and all other relevant amounts, and the difference between the total amount paid to the relevant shareholder under article 105.2 and the amount which would have been paid had paragraph (a) above applied (in each case, including the amount of any tax that has been or would be deducted or withheld from the payment by the company) shall be credited to a separate reserve in the books of the company (the "Deferred Dividend Reserve"), to be used for the purpose of paying supplementary dividends to the relevant shareholder in future to enable it to make compensatory dividend payments to its shareholders;

- (c) where, pursuant to paragraph (b) above, any amount stands to the credit of either shareholder in a Deferred Dividend Reserve, the relevant shareholder may, at or before the Notification Time in respect of any future dividend payment by the company, request that, upon that dividend being declared or recommended or at such later date as may be agreed with the company, there is paid to it by way of further dividend all or part of the amount standing to its credit in the Deferred Dividend Reserve for the purpose of making compensatory dividend payments to its shareholders, but such arrangements shall not be taken into account for the purpose of notification of the Target Dividend or Target Dividend Amount of the relevant shareholder;
- (d) following a request by either shareholder in accordance with (c) above, the company shall make payment of the

amount requested in priority to any dividend which is, or would otherwise be, payable under paragraph (f) of article 105.2 (and in priority to such other dividend payments as the R shareholder and the E shareholder may agree and notify to the company) as part of the same distribution of profit;

(e) if and to the extent so requested by the R shareholder and the E shareholder jointly, the directors shall adjust the amount of the Deferred Dividend Reserve in such manner as the directors consider appropriate to reflect any arrangements agreed between the R shareholder and the E shareholder and notified jointly to the company in relation to:

- (i) any change in the issued share capital of the relevant shareholder (provided, in the case of an increase in the issued share capital, that the new shares are to rank for compensatory payments);
- (ii) any change in the taxation regime or rates of tax or tax credit applicable to the relevant shareholder or to payments of dividend to or by it;
- (iii) any future movements in the guilder-sterling exchange rate; or
- (iv) compensating the shareholders of the relevant shareholder for the delay in receipt of the amount represented by the Deferred Dividend Reserve.

105.10 All notifications given by either shareholder for the purposes of this article shall be prepared with due care and attention and, to the extent any notification requires any element of estimation, that estimation shall be made in good faith and based upon reasonable assumptions.

CAPITAL RIGHTS

Interpretation

106.1 Save as indicated below, words and expressions defined for the purpose of article 105 have the same meaning in this article and, subject to the other provisions of this article, in this article:

Assumptions means the following assumptions:

- (a) that each of the Liquidation Companies is wound up, commencing on the Commencement Date;
- (b) that all of the assets of the Liquidation Companies (except, in the case of the R shareholder and the E shareholder, the "R" shares, the "E" shares and shares in Elsevier Reed Finance, the R shareholder's shares in RHBV and any shares held by RHBV in the E shareholder and all rights attaching to any such shares, but including for the avoidance of doubt the E shareholders' shares in Reed Elsevier Nederland BV and Reed Elsevier Overseas BV) are disposed of on an arm's length basis in the windings-up on the Determination Date;
- (c) that the R shareholder and the E shareholder received in respect of the "R" shares and the "E" shares the amounts actually received by them prior to the making of the relevant notification pursuant to paragraph (b) of article 106.3 at the time when these amounts were actually received and that they will receive their respective due proportions of the Specified Amount on the Specified Date;
- (d) that the interest of the R shareholder and the E shareholder in the company immediately after the Specified Date is equal to the relevant Residual Value and that the interest of the R shareholder in RHBV is equal to the RHBV Residual Value;
- (e) that Elsevier Reed Finance makes a single cash distribution to its shareholders on the Determination Date of the full amount of assets available for distribution to its shareholders;
- (f) that RHBV makes a single cash distribution to its shareholders immediately following the distribution pursuant to paragraph (e) above of the full amount of assets available for distribution to its shareholders (excluding its shares in the E shareholder and any amount available as a result of a distribution by the E shareholder);
- (g) that, subject to the discharge of its liabilities (including tax liabilities which would arise if the Assumptions were fulfilled), RHBV makes immediate onward liquidation distributions to its shareholders of all moneys that would

be available to it as a result of the E shareholder making distributions on the assumption that the E shareholder makes distributions in accordance with the assumptions set out in paragraph (a) of article 106.12 (but taking account of the extent to which amounts would in fact be capable of distribution by the E shareholder having regard, amongst other things, to liabilities of the E shareholder which are not Permitted Liquidation Liabilities);

- (h) that all reliefs from tax that would be available to the Liquidation Companies in their assumed liquidations (including by virtue of any tax grouping or other fiscal unity provisions to the extent such reliefs are available from the R shareholder, the E shareholder, the company, Elsevier Reed Finance or any of their respective subsidiaries) are claimed, surrendered and used in such a manner as minimises the overall incidence of taxation on the assumed liquidations of the Liquidation Companies (in each case on the assumption that the terms of clause 4.2 of the Implementation Agreement have been observed by each shareholder and that there has been no breach by any party of the provisions of the Governing Agreement or of the agreement of even date with the Governing Agreement between RHBV and the E shareholder);

Available Assets means, in relation to either the R shareholder or the E shareholder, the amount of the assets of the relevant shareholder that would be available in a winding-up of that shareholder on the basis of the Assumptions (other than Assumptions (c) and (g), save as mentioned below) and subject to the following:

- (a) the following shall not be regarded as forming part of those assets:
 - (i) any amount which would otherwise be taken into account in respect of the "R" shares or the "E" shares and any other shares held by the relevant shareholder in the Liquidation Companies;
 - (ii) any distributions pursuant to article 106.2 other than any distribution required by paragraph (a) of that article;

(iii) any amount (to the extent it might otherwise be treated as an asset of the relevant shareholder) representing dividends unclaimed by shareholders of the relevant shareholder, to the extent that, at the Commencement Date, the relevant shareholder is or may become bound (in accordance with applicable law or regulation) to make payment of such sums to or for the benefit of a shareholder;

(b) in the computation of the amount of such assets there shall be deducted:

(i) the amount of any reserve maintained by the relevant shareholder pursuant to article 105.9; and

(ii) in the case of the R shareholder, unless the R shareholder and the E shareholder have jointly notified the company that they have agreed otherwise, an amount equal to the amount received (net of all costs, including taxation and other expenditure associated with the disposal) by the R shareholder (or by RHBV) as a result of a disposal by the R shareholder (or by RHBV) of all or any part of its interest in the Exchange Shares, to the extent such amount has not been reduced whether by reason of being distributed to shareholders of the R shareholder or in the payment of taxation associated with its distribution (whether by RHBV to the R shareholder, or by the R shareholder to its shareholders or otherwise) or in any other way;

(c) the following shall, without limitation, be regarded as forming part of those assets:

(i) any amounts which could reasonably be expected to be received from any member of the Reed Elsevier Group or of the Finance Group under any indemnity, loan or other arrangements;

(ii) any amounts that would be receivable by the relevant shareholder on a winding-up, in accordance with the Assumptions, of Elsevier Reed Finance;

(d) in the computation of the amount of such assets, there shall be added, except to the extent that the R shareholder and the E shareholder have agreed otherwise:

(i) the aggregate of the amounts of all resources that either (A) have been defrayed by the relevant shareholder at any time in breach of the Governing Agreement or in consequence of a liability or expenditure of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities" or (B) would have been available to it had it observed the terms of the Implementation Agreement; less

(ii) the aggregate of the following amounts:

(A) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of cash, or a non-cash asset, which was subsequently, directly or indirectly wholly or in part converted into cash: the amount of the cash so acquired;

(B) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of a non-cash asset which, or an asset directly or indirectly deriving from which, was wholly or in part still held by the relevant shareholder at the Commencement Date: the amount attributed to that non-cash asset in the calculation of the relevant Available Assets; and

(C) if any dividend paid by the relevant shareholder to its shareholders has ever been reduced on account of a particular matter coming within sub-paragraph (d)(i) above (having regard to the Equalisation Ratio and the provisions of the Governing Agreement and article 105): the amount saved by the relevant shareholder by reason of that reduction;

provided that the amount deducted pursuant to this sub-paragraph (d)(ii) in respect of a particular matter shall not exceed the amount which would otherwise be taken into account in respect of that matter pursuant to sub-paragraph (d)(i) above;

Commencement Date means noon (London time) on the effective date of the commencement of the winding-up of the company being, in the case of a voluntary winding-up, the date of the relevant resolution to commence winding-up and, in the case of a compulsory winding-up, the date of the presentation of the petition for winding-up to the court;

Determination Date means the date six months after the Commencement Date or such other date as the R shareholder and the E shareholder shall, prior to that date (or any other date previously agreed for the purpose of this definition), agree and notify to the company;

Excess Liabilities Requirement means, in relation to either the R shareholder or the E shareholder, the amount by which the Permitted Liquidation Liabilities of the relevant shareholder exceed its Available Assets;

Expert means such person as the R shareholder and the E shareholder shall designate by notice to the company given within 15 Business Days (or such longer period as the R shareholder, the E shareholder and the Liquidator shall agree whether before or after the expiry of that period) of, in the case of a matter falling within paragraph (b) of article 106.4, the service of the relevant Objection Notice or, in the case of a matter falling within paragraph (b) of article 106.5, the date of the relevant notification under article 106.3(d) or, in either case, any previous Expert appointed in relation to the matter in question becoming unable or unwilling to act or, in default of any such designation, such person as may be appointed for the purpose of resolving the matter in question (on the application of either shareholder or the Liquidator) by the President for the time being of the Institute of Chartered Accountants in England and Wales;

Liquidator means the liquidator of the company;

Liquidation Companies means the R shareholder, the E shareholder, Elsevier Reed Finance and RHBV;

Objection Notice means, in relation to any Proposed Distribution, a notice given by either the R shareholder or the E shareholder to the company stating that the relevant shareholder does not agree one or more of the amounts specified, or deemed to have been specified, in the relevant notification given by the other shareholder pursuant to paragraph (b) of article 106.3 as the amount of its Available Assets, Permitted Liquidation Liabilities or Preference Capital Amount;

Permitted Liquidation Liabilities means, in relation to either the R shareholder or the E shareholder, the amount of the liabilities of the relevant shareholder which would be provable in a winding-up of it commencing on the Commencement Date, (including liabilities in respect of tax) which would be liabilities of the relevant shareholder if the Assumptions were satisfied but so that such amount shall exclude:

- (a) any liability to account for the amount of any tax (other than, for the avoidance of doubt, tax on its income, profits or gains) which would be required to be deducted or withheld from payments to shareholders in the winding-up;
- (b) any liability directly or indirectly constituting, or resulting from, or arising out of, any act or omission by or matter concerning the relevant shareholder or any subsidiary of the relevant shareholder which has constituted, a breach of the Governing Agreement or which would not have existed had the terms of clause 4.2 of the Implementation Agreement been observed by the relevant shareholder;
- (c) a liability to pay to the other shareholder damages or any other amount by way of compensation for breach of contract or other wrongful act or pursuant to the settlement of any claim by the other shareholder (whether or not liability is admitted) and any expenditure to be incurred in settlement of such a claim; and
- (d) any liability to the extent it will be settled by some other person.

Preference Capital Amount means, in relation to either the R shareholder or the E shareholder, the amount required to discharge in full the sums that would be payable by the relevant shareholder to the holders of its Preference Shares, if any, in a

winding-up of the relevant shareholder commencing on the Commencement Date, less the amount (if any) by which its Available Assets exceed its Permitted Liquidation Liabilities; provided that the Preference Capital Amount shall not be less than zero;

Preference Share means a share in the capital of either the R shareholder or the E shareholder carrying a preferential right to capital distribution on a winding-up other than an Excluded Share;

Proposed Distribution means the distribution contemplated by the relevant notification pursuant to paragraph (a) of article 106.3;

Residual Amount means the Specified Amount less such amount as the Liquidator would be required to distribute pursuant to paragraphs (a) to (d) of article 106.2 prior to the making of any distribution pursuant to paragraph (e) of that article;

Residual Value means, in relation to either the R shareholder or the E shareholder and any Proposed Distribution, the value for the purpose of the taxation of capital gains of the interest of the relevant shareholder in the company as at the time immediately after the Specified Date;

RHBV Residual Value means, in relation to the R shareholder, the value for the purpose of the taxation of capital gains of the interest of the R shareholder in RHBV (having regard to the value of the interest of RHBV in the E shareholder) as at the time immediately after the Specified Date;

Specified Amount means, in relation to a Proposed Distribution the amount specified by the Liquidator in the relevant notification pursuant to paragraph (a) of article 106.3;

Specified Date means the date specified by the Liquidator in the relevant notification pursuant to paragraph (a) of article 106.3;

Target Capital Distribution Amount means in relation to either the R shareholder or the E shareholder and any Proposed Distribution, the amount which represents that proportion of the Residual Amount which is required to be paid to the relevant shareholder in order to satisfy the formulae set out in paragraph 7.1.2 of Schedule 1 to the Governing Agreement;

references to an amount being **final and binding** mean that the relevant amount shall be deemed conclusively to be the amount of the relevant Available Assets, Permitted Liquidation Liabilities,

Preference Capital Amount or, as the case may be, Target Capital Distribution Amount for the purposes of calculating the amount of all distributions made pursuant to this article 106 between the time when the relevant amount becomes final and binding and such time as another notice is given pursuant to paragraph (a) of article 106.3.

Capital rights

106.2 Subject to article 106.7 to 106.10 below, on the winding-up of the company, the assets of the company available for distribution to shareholders shall be applied in the following order:

- (a) in paying to the holder or holders of the "G" shares a sum equal to the nominal capital paid up on those shares;
- (b) in paying:
 - (i) to the R shareholder, an amount equal to the R Excess Liabilities Requirement; and
 - (ii) to the E shareholder, an amount equal to the E Excess Liabilities Requirement;

provided that, if the amount available for distribution is not sufficient to pay the sum of the R Excess Liabilities Requirement and the E Excess Liabilities Requirement in full, the amounts to be distributed pursuant to this paragraph (b) shall be calculated by reference to the following formula:

$$R = \frac{A_E L_R + D L_R - A_R L_E}{L_R + L_E}$$

$$E = D - R$$

where:

A_E = the amount of the E Available Assets;

A_R = the amount of the R Available Assets;

L_E = the amount of the E Permitted Liquidation Liabilities;

L_R = the amount of the R Permitted Liquidation Liabilities;

D = the total amount available to be distributed pursuant to this paragraph (b);

R = the amount to be paid to the R shareholder;

E = the amount to be paid to the E shareholder;

provided that:

- (1) if either the R Excess Liabilities Requirement or the E Excess Liabilities Requirement is zero, the whole amount shall be payable to the shareholder the Excess Liabilities Requirement of which is not zero; and
- (2) in no event shall the amount payable to either shareholder exceed that shareholder's Excess Liabilities Requirement;

(c) in paying to the R shareholder and the E shareholder an amount equal to the amount standing to the credit of any Deferred Dividend Reserve in the name of the relevant shareholder on the Commencement Date; provided that, if the amount to be distributed is not sufficient to pay such amounts, the amount paid to each shareholder pursuant to this paragraph (c) shall be reduced pro rata;

(d) in paying:

- (i) to the R shareholder, an amount equal to the R Preference Capital Amount;
- (ii) to the E shareholder, an amount equal to the E Preference Capital Amount;

provided that (unless the R shareholder and the E shareholder notify the company that they have agreed otherwise) if the amount available for distribution under this paragraph (d) is less than the sum of the R Preference Capital Amount and the E Preference Capital Amount, the amounts payable on the R shares and the E shares respectively shall reduce pro rata to the R Preference Capital Amount and the E Preference Capital Amount;

(e) in paying:

- (i) to the R shareholder, an amount equal to the sum of the R Target Capital Distribution Amounts in relation to all interim and final distributions pursuant to article 106.10; and
- (ii) to the E shareholder, an amount equal to the sum of the E Target Capital Distribution Amounts in relation to all interim and final distributions pursuant to article 106.10.

Notifications

106.3(a) The Liquidator may at any time and from time to time notify the R shareholder and the E shareholder of the aggregate amount which the Liquidator believes will be available to be distributed as an interim or final distribution pursuant to paragraph (b) to (e) of article 106.2 on or about a specified future date.

(b) Within one month of any notification pursuant to paragraph (a) above, each of the R shareholder and the E shareholder shall notify the Liquidator of:-

- (i) its bona fide best estimate as at the time when the notification pursuant to this paragraph (b) is made of the amount of its:-

(A) Available Assets;

(B) Permitted Liquidation Liabilities;

(C) Preference Capital Amount;

(D) Residual Value and, in the case of the R shareholder, the RHBV Residual Value; and

(E) its Target Capital Distribution Amount (if any) with respect to the relevant distribution; and

- (ii) the exchange rates it has used in arriving at the amounts referred to in paragraph (i) above.

(c) Subject to article 106.4 below, if either shareholder fails to notify any amount required by paragraph (b)(i) above (other than sub-paragraph (D)), the relevant shareholder

shall be deemed to have notified the Liquidator that the relevant amount is:

(i) in the case of its Available Assets:-

(A) if the amount of its Available Assets shall have been conclusively determined for the purposes of any distributions made immediately prior to the service of the relevant notice under paragraph (a) above, the amount so conclusively determined; or

(B) if that amount shall not have been conclusively determined, nil; and

(ii) in all other cases, nil.

(d) The company shall, as soon as is practicable, notify:

(i) the R shareholder of the details of any notifications by the E shareholder pursuant to paragraph (b) above;

(ii) the E shareholder of the details of any such notifications by the R shareholder; and

(iii) the R shareholder or, as the case may be, the E shareholder of any default by the other of the kind mentioned in paragraph (c) above.

Determination of
shareholders
requirements

106.4(a) The amount specified, or deemed to be specified, by either the R shareholder or the E shareholder as the amount of its Available Assets, Permitted Liquidation Liabilities or Preference Capital Amount pursuant to article 106.3 shall be final and binding unless, within 15 Business Days of receipt by the other shareholder of notification of the relevant amount (or of any default in specifying the relevant amount) pursuant to paragraph (d) of article 106.3, that other shareholder serves an Objection Notice on the company in respect of that amount.

(b) In any case falling within sub-paragraph (c)(i)(B) of article 106.3, an Objection Notice shall be deemed to have been served in respect of the amount of the Available Assets of the relevant shareholder unless prior to the expiry of the period specified in paragraph (a) above the other shareholder shall have served a notice

on the company stating that this paragraph (b) shall not apply to the relevant situation.

- (c) If, in respect of any amount mentioned in paragraph (a) above, an Objection Notice is served, the matter in question (the *Disputed Amount*) shall be referred to the Expert with a view to the Expert determining or estimating the amount of the Disputed Amount.

Determination of
Target Capital
Distribution
Amounts

106.5(a) If, in relation to any Proposed Distribution:-

- (i) no Objection Notice is served; and
- (ii) the sum of the Target Capital Distribution Amounts notified pursuant to paragraph (b) of article 106.3 equals the relevant Residual Amount,

those amounts shall be final and binding.

- (b) If paragraph (a) above does not apply, the issue of the amount of Target Capital Distribution Amounts shall be referred to the Expert with a view to the Expert determining or estimating the relevant amounts.

Expert
determination

106.6 The following provisions shall apply in respect of any matter which is referred to the Expert.

- (a) The R shareholder and the E shareholder shall co-operate fully with the Expert and shall promptly provide the Expert with such evidence and confirmations as he may reasonably require.
- (b) The R shareholder, the E shareholder and the Liquidator shall be entitled to make such representations to the Expert, within such period, as the Expert shall determine.
- (c) The Expert shall be entitled to obtain and rely on advice from such other persons (including without limitation lawyers, accountants, bankers, brokers and valuers) as the Expert shall consider appropriate having regard to the matter in dispute. If a matter shall previously have been referred to an Expert and either:-
 - (i) that Expert shall have stated that he has determined a particular issue arising in the course of that reference in a particular way; or

- (ii) it is implicit in that Expert's determination or estimate pursuant to this article 106 that he has done so;

then the Expert in relation to any subsequent reference pursuant to this article 106 (whether or not the same person) shall be entitled to regard that issue as having been finally determined and to rely on that determination in reaching his own determination or estimate of the matter referred to him.

- (d) The R shareholder and the E shareholder shall use all reasonable endeavours to procure that the Expert determines or estimates the amount or amounts in question by notice to those shareholders and the company as soon as is reasonably practicable. The Expert shall not be obliged to give reasons for his decision.
- (e) Subject to paragraph (f) below, the amount so determined or estimated shall be final and binding.
- (f) If a manifest error exists in the Expert's determination or estimate and either the R shareholder or the E shareholder notifies the company of it within 15 Business Days of receipt of the notice referred to in paragraph (d) above, that determination or estimate shall be a nullity and the shareholders shall procure that the matter is referred back to the Expert.
- (g) The Expert shall act as an expert and not as an arbitrator.
- (h) The Expert's fees, costs and expenses shall be borne by the company as an expense of the liquidation. These fees, costs and expenses shall be notionally divided between the R shareholder and the E shareholder in such proportions as the Expert may determine within one month of notifying the company of his determination pursuant to paragraph (d) above (or, failing which, equally) and shall, accordingly, be deducted from the amounts which are to be distributed to those shareholders pursuant to this article 106.

Distributions
under
article 106.2(b)

- 106.7(a) The Liquidator shall be entitled at any time to make an interim or final distribution pursuant to paragraph (b) of article 106.2 subject to:-

- (i) the amount referred to in paragraph (a) of article 106.2 having been paid by the Liquidator to the holder or holders of the "G" shares;
 - (ii) the determination of Available Assets and the Permitted Liquidation Liabilities of the R shareholder and the E shareholder having become final and binding for the purposes of distributions to be made at the relevant time;
 - (iii) (unless the R shareholder and the E shareholder agree otherwise) the determination of at least one of the Available Assets, Permitted Liquidation Liabilities, Preference Capital Amount or Target Capital Distribution Amount of one of the shareholders having become final and binding for the purposes of distributions to be made at the relevant time within the preceding six months; and
 - (iv) either or both of the R shareholder and the E shareholder not having been paid in full the amount of its Excess Liabilities Requirement pursuant to paragraph (b) of article 106.2.
- (b) Any amount to be distributed pursuant to paragraph (b) of article 106.2 (the "Available Amount") shall be divided between the R shareholder and the E shareholder in such proportions as secure (as far as possible) that, having regard to any previous distributions pursuant to that paragraph but assuming that no further such distributions will be made, the aggregate of the amounts paid to the R shareholder and the E shareholder pursuant to that paragraph is divided between them in accordance with the requirements of that paragraph.
- (c) If, by reason of any change in the amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder, either shareholder shall already have been paid pursuant to paragraph (b) of article 106.2 more than the amount which it would have received had the aggregate amount referred to in paragraph (b) above been divided in accordance with the requirements of paragraph (b) of article 106.2 then the whole of the Available Amount shall be paid to the other shareholder.

106.8(a) The Liquidator shall be entitled at any time to make an interim or final distribution pursuant to paragraph (c) of article 106.2 subject to:-

- (i) the matters specified in sub-paragraphs (a)(i) to (a)(iii) of article 106.7;
- (ii) payment of an amount equal to the R Excess Liabilities Amount (if any) having been made to the R shareholder and payment of an amount equal to the E Excess Liabilities Amount (if any) having been made to the E shareholder, in each case, pursuant to paragraph (b) of article 106.2; and
- (iii) either or both of the R shareholder and the E shareholder not having been paid in full pursuant to paragraph (c) of article 106.2 the amount (if any) referred to in that paragraph as standing to the credit of an account in its name.

(b) Any amount to be distributed pursuant to paragraph (c) of article 106.2 (the *Available Amount*) shall be divided between the R shareholder and the E shareholder in such proportions as secure (so far as possible) that, having regard to any previous distributions made pursuant to that paragraph but assuming that no further such distributions will be made, the aggregate of the amounts paid to the R shareholder and the E shareholder pursuant to that paragraph is divided between them in accordance with the requirements of that paragraph; provided that, for the purpose of determining the amount to be paid under this article 106.8 (and article 106.9), if by reason of any change in amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder, either shareholder shall have received more than its Excess Liabilities Requirement pursuant to paragraph (b) of article 106.2, the amount of the excess shall be deemed to have been paid to the relevant shareholder pursuant to paragraph (c) of article 106.2.

(c) If, by reason of any change in the amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder and having regard to the proviso to paragraph (b) above,

either shareholder shall already have been paid pursuant to paragraph (c) of article 106.2 more than the amount which it would have received had the aggregate amount referred to in paragraph (b) above been divided in accordance with the requirements of paragraph (c) of article 106.2 then the whole of the Available Amount shall be paid to the other shareholder.

Distributions
under
article 106.2(d)

106.9(a) The Liquidator shall be entitled to make an interim or final distribution pursuant to paragraph (d) of article 106.2 subject to:-

- (i) the matters specified in sub-paragraphs (a)(i) and (a)(ii) of article 106.8;
- (ii) the amounts referred to in paragraph (c) of article 106.2 having been paid by the Liquidator to the R shareholder and the E shareholder;
- (iii) the Preference Capital Amounts of the R shareholder and the E shareholder having been conclusively determined for the purposes of distributions to be made at the relevant time; and
- (iv) either or both of the R shareholder and the E shareholder not having been paid in full the amount of its Preference Capital Amount pursuant to paragraph (d) of article 106.2.

(b) Any amount to be distributed pursuant to paragraph (d) of article 106.2 (the "Available Amount") shall be divided between the R shareholder and the E shareholder in such proportions as secure (so far as possible) that, having regard to any previous distributions made pursuant to that paragraph but assuming that no further such distributions will be made, the aggregate of the amounts paid to the R shareholder and the E shareholder pursuant to that paragraph is divided between them in accordance with the requirements of that paragraph; provided that, for the purpose of determining the amount to be paid under this article 106.9 (and article 106.10), if by reason of any change in the amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder and having regard to the proviso to paragraph (b) of article 106.8, either shareholder shall have received more pursuant to

paragraph (c) of article 106.2 than the amount (if any) due to it under that paragraph, the amount of the excess shall be deemed to have been paid to the relevant shareholder pursuant to paragraph (d) of article 106.2.

- (c) If, by reason of any change in the amount of the Available Assets, the Permitted Liquidation Liabilities or the Preference Capital Amount of either the R shareholder or the E shareholder and having regard to the proviso to paragraph (b) above, either shareholder shall already have been paid pursuant to paragraph (d) of article 106.2 more than the amount which it would have received had the aggregate amount referred to in paragraph (b) above been divided in accordance with the requirements of paragraph (d) of article 106.2 then the whole of the Available Amount shall be paid to the other shareholder.

Distributions
under
article 106.2(e)

106.10 The Liquidator shall be entitled at any time to make an interim or final distribution pursuant to paragraph (e) of article 106.2 subject to:-

- (a) the matters specified in sub-paragraphs (a)(i) to (a)(iii) of article 106.9;
- (b) payment of an amount equal to the R Preference Capital Amount having been made to the R shareholder and payment of an amount equal to the E Preference Capital Amount having been made to the E shareholder, in each case, pursuant to paragraph (d) of article 106.2;
- (c) the Target Capital Distribution Amounts of the R shareholder and the E shareholder having been conclusively determined for the purposes of distributions made at the relevant time;
- (d) no previous distribution having been made pursuant to paragraph (e) of article 106.2 since the time when the last preceding notice was given pursuant to paragraph (a) of article 106.3;
- (e) the amount of the relevant distribution to each of the R shareholder and the E shareholder being equal to its Target Capital Distribution Amount.

Repayment

106.11 For the avoidance of doubt, it is declared that in no event shall either the R shareholder or the E shareholder be obliged to repay any amount distributed to it pursuant to this article.

Exchange rates

106.12(a) Amounts required to be calculated for the purposes of this article 106 (Capital Rights) shall be expressed in sterling. Save to the extent specified in paragraph 7.1 of Schedule 1 to the Governing Agreement, the rates of exchange used to determine such amounts shall be such rates as shall in all the circumstances be reasonable. In assessing what is reasonable, it shall be assumed that:-

(i) all assets of the R shareholder and the E shareholder are used to the extent necessary in the discharge of their respective Permitted Liquidation Liabilities or are distributed to their respective shareholders; and

(ii) all amounts distributed to the R shareholder and the E shareholder pursuant to paragraph (b) of article 106.2 are used in the discharge of their respective Permitted Liquidation Liabilities and all amounts so distributed pursuant to paragraphs (c) to (e) of article 106.2 are distributed to their respective shareholders;

in each case, as soon as would be practicable if the Assumptions were correct, if neither shareholder had any liabilities other than Permitted Liquidation Liabilities and if the aggregate amount referred to in paragraph (d) of the definition of Available Assets in respect of each shareholder were nil.

(b) Amounts distributable under this article shall be expressed and distributed in sterling.

Contingent liabilities

106.13 In calculating the Permitted Liquidation Liabilities there shall be disregarded any liability not otherwise specifically referred to in the definitions of that term if such liability is, at the time of the relevant notification pursuant to paragraph (b) of article 106.3, a contingent liability only and if, in accounts of the relevant shareholder drawn up as at that time in accordance either (a) with the accounting policies and practices of the relevant shareholder previously applied or (b) if any of these policies or practices are in breach of the Governing Agreement, policies and practices modified to the extent necessary to comply with that Agreement

and, in either case, complying with applicable law and accounting standards, no provision would properly require to be made. If, in respect of such a contingent liability, a provision would properly require to be made on the basis described above, the proper amount of such provision shall be the amount of the relevant liability taken into account for the purpose of calculating the Permitted Liquidation Liabilities.

Requirement to
notify

106.14 Articles 105.6 and 105.10 shall apply to notifications under this article.

DIVIDENDS

Declaration of
dividends

107. Subject to the provisions of the Act, the company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.

Interim dividends

108. Subject to the provisions of the Act, the directors may declare and pay interim dividends (including interim dividends intended to be in lieu of a final dividend) if it appears to them that they are justified by the profits of the company available for distribution. If the share capital is divided into different classes, the directors may declare and pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be declared or paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also declare and pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful declaration or payment of an interim dividend on any shares having deferred or non-preferred rights. An interim dividend shall become due and payable at such time as the directors declaring the same may determine.

Apportionment of
dividends

109. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as

from a particular date, that share shall rank for dividend accordingly.

Dividends in
specie

110. A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

Procedure for
payment

111. Any dividend or other moneys payable in respect of a share may be paid in any manner approved by the holder of that share or may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.

Interest not
payable

112. No dividend or other moneys payable in respect of a share shall bear interest against the company unless otherwise provided by the rights attached to the share.

CAPITALISATION OF PROFITS

Power to capitalise

113. The directors may with the authority of an ordinary resolution of the company:

- (a) subject as hereinafter provided, resolve to capitalise any undivided profits of the company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the company's share premium account or capital redemption reserve;

- (b) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;
- (c) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this article in fractions; and
- (d) authorise any person to enter on behalf of all the members concerned into an agreement with the company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

NOTICES

When notice
required to be in
writing

114. Any notice to be given to or by any person pursuant to the articles shall be in writing except that a notice calling a meeting of the directors need not be in writing.

Method of giving
notice

115. The company may serve or deliver any notice or other document on or to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address or by sending it by facsimile transmission to the member at the last telephone number (if any) which the member has given the company for this purpose. In the case of joint holders of a share, all notices or other documents shall be served on or delivered to the joint holder whose name stands first in the register of members in respect of the joint holding. Any notice or other document so

served or delivered shall be deemed for all purposes sufficient service on or delivery to all the joint holders.

Proof of notice

116. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice sent by post shall be deemed given:

- (a) if sent by first class post from an address in the United Kingdom or another country to another address in the United Kingdom or, as the case may be, that other country, on the day following that on which the envelope containing it was posted;
- (b) if sent by airmail from an address in the United Kingdom to an address in The Netherlands or from an address in The Netherlands to an address in the United Kingdom, on the day following that on which the envelope containing it was posted; and
- (c) in any other case, on the fifth day following that on which the envelope containing it was posted.

When other notices deemed given

117. A notice left at the registered address of a member or sent by facsimile transmission to a member at the last telephone number (if any) which the member has given the company for this purpose shall be deemed given at the time the notice is received.

Deemed receipt of notice

118. A member present, either in person or by proxy, at any meeting of the company or of the holders of any class of shares in the company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

Transferees etc bound by prior notice

119. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been duly given to a person from whom he derives his title.

Notice to persons entitled by transmission

120. A notice may be given by the company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that

purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

WINDING-UP

Liquidator may
distribute in specie

121. If the company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

Indemnity to
directors, officers,
etc.

122. Subject to the provisions of the Act, but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer of the company shall be indemnified out of the assets of the company against all costs, charges, losses, expenses and liabilities incurred by him in the execution or discharge of his duties or the exercise of his powers or otherwise in relation thereto, including (but without limitation) any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.

2746616

Certified a true and complete
copy of the original.

for file
27.11.93

Freshfields
Solicitors.

Freshfields,
Whitefriars,
65 Fleet Street,
London EC4Y 1HS

DATED 30 October 1992

ELSEVIER NV

- and -

PASSED FOR FILING

REED INTERNATIONAL P.L.C.

IMPLEMENTATION AGREEMENT

relating to the merger of the businesses of
Elsevier NV and Reed International P.L.C.

LINKLATERS & PAINES
Barrington House,
59-67 Gresham Street,
London EC2V 7JA.

Tel: 071 606 7080
Fax: 071 606 5113

(Solicitors to Elsevier NV)

Ref: RWG/BR

FRESHFIELDS
65 Fleet Street,
London EC4Y 1HS.

Tel: 071 936 4000
Fax: 071 832 7001

(Solicitors to Reed
International P.L.C.)

Ref: AMVS/TWJ/ECB



List of Documents in the Agreed Terms

- A : 1 Circular
2 Elsevier Shareholder Document
3 Reed Shareholder Document
- B : 1 Elsevier Due Diligence Report
2 Reed Due Diligence Report
- C : Elsevier Articles
- D : Governing Agreement
- E : New Covenant
- F : 1 Elsevier Personal Undertakings
2 Reed Personal Undertakings
- G : Press Announcement
- H : RHBV Agreement
- I : Verification Notes
- J : Articles of Association of:-
1 Reed Elsevier
2 Elsevier Reed Finance
3 New BV1
4 EBV
5 New BV2

IMPLEMENTATION AGREEMENT

THIS AGREEMENT is made on 30 October 1992 BETWEEN:-

- (1) ELSEVIER NV having its corporate seat in Amsterdam and whose principal office is at Van de Sande Bakhuyzenstraat 4, PO Box 470, 1000 AL Amsterdam, The Netherlands ("Elsevier"); and
- (2) REED INTERNATIONAL P.L.C. whose registered office is at Reed House, 6 Chesterfield Gardens, London W1A 1EJ, England ("Reed").

INTRODUCTION

Elsevier and Reed have entered into Heads of Agreement for Proposed Merger dated 17 September 1992.

IT IS AGREED as follows:-

1 INTERPRETATION

The headings shall not affect the interpretation of this Agreement and, in this Agreement, unless the context otherwise requires:-

1.1 Definitions

"agreed terms" means, in relation to any document, such document in the terms agreed between the parties and for the purposes of identification signed by (i) Elsevier's Solicitors or Elsevier's Dutch Lawyers and (ii) Reed's Solicitors or Reed's Dutch Lawyers with such amendments (if any) as the parties may agree;

"Audited Accounts" means, in the case of Reed, its audited consolidated accounts for the year ended 31 March 1992 and, in the case of Elsevier, its audited consolidated accounts for the year ended 31 December 1991;

"Business Day" means any day on which banks in the City of London and Amsterdam are open for business;

"Central Works Council" means the Central Works Council established by EBV;

"Circular" means the circular in the agreed terms (Document A1);

"Communication" means any communication or document including process in any legal action or proceedings;

"Completion" means the completion of the Merger pursuant to Clause 5;

"Conditions" means the conditions set out in Clause 3.1;

"Costs" means the sum of £8,000,000, being the agreed pre-estimate of the costs, charges, liabilities and expenses incurred or to be incurred by each party in connection with the negotiation, preparation, execution and termination of this Agreement;

"Covenant" means the agreement among Elsevier, EBV and the Central Works Council dated 23 February 1983 as supplemented on 2 April 1986;

"Disclosure Letter" means the due diligence reports in the agreed terms (Documents B1 and B2) disclosing:-

(i) information constituting exceptions to the Warranties; and

(ii) particulars of other matters in response to the due diligence questionnaire included as Appendix 1 of the Heads of Agreement;

"E Shares" means 10,000 "E" shares of one pound (£1.00) each in Reed Elsevier having the rights set out in the Reed Elsevier Articles;

"EBV" means Elsevier Nederland B.V., a company incorporated in The Netherlands (Amsterdam Chamber of Commerce File No 156.677) which will change its name to Reed Elsevier Nederland B.V. at or before Completion;

"ESrl" means the company incorporated in Italy identified at the date hereof as ESI Stampa Medica Srl;

"Elsevier Articles" means the draft articles of Elsevier in the agreed terms (Document C);

"Elsevier Listing Particulars" means listing particulars relating to the introduction of the ordinary shares of Elsevier to the Official List of the London Stock Exchange;

"Elsevier Reed Finance" means Nederlandse Uitgevers Financieringsmaatschappij B.V., a company incorporated in The Netherlands (Amsterdam Chamber of Commerce File No 145.842) which will change its name to Elsevier Reed Finance B.V. at or before Completion;

"Elsevier Reed Finance Articles" means the draft articles of Elsevier Reed Finance in the agreed terms (Document J2);

"Elsevier Shareholder Document" means the documents to be made available to shareholders of Elsevier in the agreed terms (Document A2);

"Elsevier's Dutch Lawyers" means Loeff Claey's Verbeke of Atrium Building, Strawinskylaan 3077, Toren II, 4th Floor, 1077 ZX Amsterdam, The Netherlands;

"Elsevier's Solicitors" means Linklaters & Paines of Barrington House, 59-67 Gresham Street, London EC2V 7JA;

"Exchange Shares" means 4,049,951 shares series R of one guilder (NLG 1.00) each in Elsevier having the rights set out in the Elsevier Articles;

"Frustrating Act" means doing, agreeing to do, or entering into discussions with a view to doing, any of:-

(i) acquiring or disposing of any substantial asset (including shares) or business or any interest in such an asset or business; or

(ii) entering into substantial joint ventures;

"Governing Agreement" means the form of agreement in the agreed terms (Document D) to be entered into between Reed and Elsevier at Completion;

"Group" means Elsevier and its Subsidiaries or Reed and its Subsidiary Undertakings, as the case may be;

"Heads of Agreement" means the Heads of Agreement for Proposed Merger between Elsevier and Reed dated 17 September 1992;

"London Stock Exchange" means The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited;

"Meetings Date" means the actual date on which the general meetings of the shareholders of Elsevier and Reed referred to in Clause 3.2.1(i) and (ii) are held and the resolutions referred to in Clause 3.1.1(i) and (ii) are voted upon;

"Merger" means the merger of the businesses of Elsevier and Reed (subject to certain limited exceptions) pursuant to this Agreement;

"Ministry of Justice" means the Ministry of Justice in The Netherlands;

"Net Income" means profit after interest and taxation and before minority interests, preference dividends and extraordinary items (determined by reference to UK GAAP as at 30 June 1992);

"New BV1" means Elsevier Deelneming 1 B.V., a company incorporated in The Netherlands (Amsterdam Chamber of Commerce File No 201.111) which will change its name to Reed Elsevier Holdings B.V. at or before Completion;

"New BV2" means Prosecurity (Holland) B.V., a company incorporated in The Netherlands (Amsterdam Chamber of Commerce File No 222.130) which will change its name to Reed Elsevier Overseas B.V. at or before Completion;

"New Covenant" means the agreement in the agreed terms (Document E) to be entered into between Elsevier, EBV, Reed Elsevier and the Central Works Council which is to become effective on Completion;

"Newco 1" means Reed International (UK) Limited, a company incorporated in England (No 2746621) which will change its name to Reed Elsevier (UK) Limited at or before Completion;

"Personal Undertakings" means personal undertakings with regard to the appointment of Directors of Reed and members of the Supervisory Board of Elsevier in the agreed terms (Documents F1 and F2);

"Press Announcement" means the press announcement in the agreed terms (Document G) to be released following signature of this Agreement;

"Priority Shareholder" means the holder of the Priority Shares;;

"Priority Shares" means the ten outstanding priority shares of twenty guilders (NLG 20) each in Elsevier;

"R Shares" means 10,000 "R" shares of one pound (£1.00) each in Reed Elsevier having the rights set out in the Reed Elsevier Articles;

"Reed Elsevier" means the company incorporated in England with Registered No 2746616 which will change its name to Reed Elsevier plc at or before Completion;

"Reed Elsevier Articles" means the draft articles of association of Reed Elsevier in the agreed terms (Document J1);

"Reed Listing Particulars" means listing particulars relating to the introduction of the ordinary shares of Reed to the Amsterdam Stock Exchange;

"Reed Shareholder Document" means the letter from the Chairman of Reed and accompanying documents in the agreed terms (Document A3);

"Reed's Dutch Lawyers" means De Brauw Blackstone Westbroek;

"Reed's Solicitors" means Freshfields of Whitefriars, 65 Fleet Street, London EC4Y 1HS;

"RHBV" means Reed Holding B.V., a company incorporated in The Netherlands (Amsterdam Chamber of Commerce File No 241.739);

"ROBV" means Reed Overseas B.V., a company incorporated in The Netherlands (Amsterdam Chamber of Commerce File No 240,702);

"RHBV Agreement" means the agreement in the agreed terms (Document H) to be entered into between Elsevier and RHBV and concerning, inter alia, the contribution of ROBV to Elsevier;

"RPN" means Reed Publishing (Nederland) BV, a company incorporated in The Netherlands (Amsterdam Chamber of Commerce File No 210641);

"Stanspak" means Reed Stanspak BV, a company incorporated in The Netherlands (Amsterdam Chamber of Commerce File No 226402);

"Subsidiaries" has the meaning ascribed to it in the Companies Act 1985 (as amended prior to the date hereof);

"Subsidiary Undertakings" has the meaning ascribed to it in the Companies Act 1985 (as amended prior to the date hereof);

"Verification Notes" means the verification questions in the agreed terms (Document I) incorporating the answers thereto and relating to the information contained in the Circular;

"Warranties" means the warranties and representations set out in Clause 6 and Schedule 1;

1.2 Accounts Any reference to "accounts" shall include the directors' and auditors' reports, relevant balance sheets and profit and loss accounts and related notes together with all documents which are or would be required by law to be annexed to the accounts of the company concerned to be laid before that company in general meeting for the financial period in question;

1.3 Time All references to time are to Greenwich Mean Time;

1.4 Interpretation Act 1978 The Interpretation Act 1978 shall apply to this Agreement in the same way as it applies to an enactment; and

1.5 This Agreement References to this Agreement shall include the Schedules to it and references to Clauses and Schedules are to Clauses of, and Schedules to, this Agreement.

2 AGREEMENT TO MERGE

2.1 Agreement to Merge The parties hereby agree to merge their respective businesses on the basis set out in this Agreement and, without prejudice to any other provision of this Agreement, with a view to achieving the objectives described in the Circular, the parties shall each, acting in good faith, do or procure to be done all such acts and things as may be necessary or desirable to ensure, so far as practicable, the complete and punctual fulfilment, observance and performance of the provisions of this Agreement and shall each exercise all voting and other rights and powers, direct or indirect, available to them to ensure generally that full effect is given to this Agreement.

2.2 Exchange of Shares At Completion, in each case, subject to the Conditions:-

2.2.1 Elsevier shall, and Reed shall procure that RHBV shall, enter into the RHBV Agreement pursuant to which RHBV shall contribute the beneficial and legal title to all the issued share capital of ROBV to Elsevier as payment on the Exchange Shares to be issued by Elsevier to RHBV;

2.2.2 Elsevier shall then contribute the beneficial and legal title to all the issued share capital of ROBV to New BVI, and shall procure that New BVI accepts such title as payment on ten (10) shares of one thousand guilders (NLG 1,000) each to be issued by New BVI to Elsevier;

2.2.3 Reed shall sell as beneficial owner all the issued share capital of Newco 1 to Reed Elsevier, and the parties shall procure that Reed Elsevier purchases that capital, in consideration of the issue to Reed of shares in Reed Elsevier on the terms set out in Clause 5.2.3;

2.2.4 Elsevier shall transfer the beneficial and legal title to all the issued share capital of New BV1 and ESrl to Reed Elsevier and Reed shall procure that Reed Elsevier accepts such title as payment in exchange for the issue to Elsevier of shares in Reed Elsevier on the terms set out in Clause 5.2.4;

2.2.5 Reed shall contribute the beneficial and legal title to all the issued share capital of Stanspak and RPN to Elsevier Reed Finance and Elsevier shall procure that Elsevier Reed Finance accepts such title as payment on one hundred and one (101) shares R of one thousand guilders (NLG 1,000) each to be issued by Elsevier Reed Finance to Reed; and

2.2.6 the parties shall procure that New BV1 shall contribute the beneficial and legal title to all the issued share capital of ROBV to New BV2 and shall procure that New BV2 accepts such title as payment on nineteen (19) shares RE of one thousand guilders (NLG 1,000) each to be issued by New BV2 to New BV1;

and all such transfers, contributions and issues shall be free from all claims, charges, liens, equities, encumbrances and other third party rights, all shares transferred or contributed shall be transferred or contributed together with all rights attaching thereto at Completion and all shares issued shall be credited as fully paid. Insofar as the value of the shares which are transferred or contributed shall exceed the nominal amounts thereof, the difference will, except where Reed Elsevier is the issuing company, be reflected in the books of the relevant issuing company as share premium.

3. CONDITIONS

3.1 Conditions Precedent Completion of this Agreement is conditional upon:-

3.1.1 Corporate Approvals

(i) the passing at a general meeting of Elsevier of all necessary resolutions to approve the Merger and to adopt the Elsevier Articles in substitution for the existing articles of association of Elsevier, notices of which are set out in the Elsevier Shareholder Document; and

(ii) the passing at a general meeting of Reed of a resolution to approve the Merger, notice of which is set out in the Reed Shareholder Document.

3.1.2 Governmental and Similar Consents

(i) the Office of Fair Trading indicating, in terms satisfactory to both parties, that the Secretary of State for Trade and Industry does not intend to refer the Merger or any matter relating thereto to the Monopolies and Mergers Commission; and

(ii) any applicable waiting period under the US Hart-Scott-Rodino Antitrust Improvements Act of 1976 relating to the Merger having expired or been terminated.

3.2 Corporate Approvals

3.2.1 With a view to the fulfilment of the Conditions in Clause 3.1.1:-

(i) Elsevier shall convene a general meeting of its shareholders; and

(ii) Reed shall convene a general meeting of its shareholders;

for 11:00 a.m. (noon in Amsterdam) on 17 November 1992 for the purpose of considering and, if thought fit, passing the resolutions referred to in Clause 3.1.1.

Each party shall use all reasonable endeavours to ensure that the resolutions necessary to fulfil those Conditions are put to those meetings; Provided that:-

(a) if the parties agree before the time at which those meetings are due to take place (whether pursuant to the original notice calling the meeting or following any adjournment), that it is appropriate to adjourn those meetings the parties shall use all reasonable endeavours to adjourn such meetings and procure that the meetings are reconvened so as to take place at the same time on another day agreed by them;

(b) if one party has given notice to terminate this Agreement pursuant to Clause 7.3.1(i) that party may decide that the proposed meeting of its shareholders be cancelled or that the relevant resolutions should not be considered by its shareholders; and

(c) nothing in this Clause 3.2. shall restrict the freedom of the Board of Reed to change the recommendation given to Reed's shareholders (as set out in the Circular) if such Board considers that it is required in good faith to do so and, in such circumstances, to exercise proxy rights to vote upon a proposed adjournment of the relevant meeting to enable shareholders to re-submit forms of proxy having regard to the changed recommendation of such Board.

3.2.2 As soon as reasonably practicable, Reed shall distribute a copy of the Circular and the Reed Shareholder Document to its shareholders and Elsevier shall make available to its shareholders and to holders of bearer depositary receipts for Elsevier shares copies of the Circular and the Elsevier Shareholder Document.

3.3 Responsibility for Satisfaction Each of the parties shall promptly provide such information as is reasonably requested by any government, governmental supra-national or trade agency or regulatory body in connection with the Conditions set out in Clause 3.1.2. Without prejudice to the foregoing, it is agreed that all requests and enquiries from any such agency or body (whether or not consent of such agency or body is required in order to fulfil those Conditions) shall be dealt with by the parties in consultation with each other.

3.4 Satisfaction Each of the parties shall promptly give notice to the other of the satisfaction of each Condition specified in Clause 3.1 and, in any event, within two Business Days of becoming aware or determining that each Condition is satisfied. If any Condition is not satisfied on or before 31 December 1992, or such later date as the parties may agree, this Agreement shall lapse and neither party shall have any claim against the other under it, except that if this Agreement lapses and either party shall have breached Clauses 3.2 or 3.3 in any material respect, that party shall pay Costs to the other party promptly on first demand.

4 ACTION PENDING COMPLETION

4.1 Conduct of Business Pending Completion, each party shall continue to operate independently but:-

4.1.1 shall consult with the other party with respect to any action which may materially affect the business of its Group taken as a whole; and

4.1.2 shall not, and shall procure that its Subsidiaries shall not, without the prior written consent of the other party, allot or issue any share capital or grant any options or warrants to subscribe or rights of subscription for or conversion or exchange into any such share capital, other than to companies in the same Group, or as contemplated by this Agreement, or pursuant to options or rights of subscription existing immediately prior to the date of this Agreement.

4.2 Facilitation of the Merger

4.2.1 Elsevier shall procure that, immediately prior to Completion, Schedule 2 shall be true and accurate.

4.2.2 Reed shall procure that, immediately prior to Completion, Schedule 3 shall be true and accurate.

4.2.3 Pending Completion, each party shall co-operate with the other in taking such action as may be necessary or desirable with a view to the implementation of the Merger in an efficient manner, including without limitation, the obtaining of such waivers, consents and other agreements in respect of existing loan agreements as may be appropriate.

4.3 Employees At or prior to Completion or as soon as practicable thereafter, the parties shall procure that all their employees shall be employed by Reed Elsevier or its Subsidiaries or Elsevier Reed Finance or its Subsidiaries.

4.4 Covenant Reed shall procure that Reed Elsevier executes the New Covenant before Completion and Elsevier shall procure that the Covenant terminates on Completion and that the New Covenant becomes effective on Completion.

4.5 London Stock Exchange Listing Elsevier shall, at such time prior to Completion as shall be appropriate, apply for admission of its ordinary shares to the Official List of the London Stock Exchange by way of introduction (conditional upon the Merger becoming effective) and take such other action as may be necessary or desirable with a view to such admission becoming effective on Completion or as soon as practicable thereafter.

4.6 Amsterdam Stock Exchange Listing Reed shall, at such time prior to Completion as shall be appropriate, apply for admission of its ordinary shares to the Amsterdam Stock Exchange (conditional upon the Merger becoming effective) and take such other action as may be necessary or desirable with a view to such admission becoming effective on Completion or as soon as practicable thereafter.

4.7 Listing Particulars Pending Completion each party shall co-operate with the other in the preparation and publication at an appropriate time of the Elsevier Listing Particulars and the Reed Listing Particulars.

4.8 Accounting Matters Reed shall change its accounting reference date to 31 December so that its current accounting reference period expires on 31 December 1992.

4.9 Appointment of Directors

4.9.1 Elsevier shall procure the appointment of P. Davis and I. Irvine to its Supervisory Board with effect from a time no later than Completion.

4.9.2 P. Vinken and L. van Vollenhoven shall be appointed as non-executive Directors of Reed with effect from a time no later than Completion.

4.10 No Frustrating Action Prior to Completion, without prejudice to any obligations they, their Subsidiaries, or any of their

respective officers may have at law, the parties shall not and shall procure, so far as they are able, that their Subsidiaries shall not (without the prior consent of the other party) do any Frustrating Act or (except as contemplated by this Agreement) authorise, approve, execute or do any document, deed, act or thing which will involve or require a resolution being put to the shareholders of either party.

4.11 Standstill Each party undertakes to the other that prior to Completion, it shall not and shall, so far it is able, procure that persons acting in concert with it in relation to the other do not, without the consent of the other:

4.11.1 acquire or dispose of any interest in the share capital of the other;

4.11.2 announce or make any offer (including a partial or tender offer) for shares in the capital of the other or take any step which might give rise to an obligation (under the City Code on Takeovers and Mergers or otherwise) to announce or make such an offer; or

4.11.3 solicit or encourage any other person, or enter into any agreement or arrangement with any other person for that other person, to do any of the foregoing or any other act or thing which could result in that or any other person acquiring control of either Reed or Elsevier.

For the purposes of this Clause "interest in shares" shall have the meaning conferred by section 212(5) Companies Act 1985 and "acting in concert" and "control" shall have the meaning conferred by the City Code on Takeovers and Mergers (as in force from time to time).

4.12 Priority Shares and Bearer Depositary Receipts

4.12.1 Elsevier will procure that prior to Completion the Priority Shareholder shall have authorised the sale of the

Priority Shares to Elsevier and prior to Completion Elsevier, acting pursuant to its existing authority to purchase shares, shall have purchased the Priority Shares and such shares shall be converted into two hundred (200) ordinary shares in Elsevier at Completion.

4.12.2 Prior to the Meetings Date a resolution shall have been passed by the board of the Stichting Administratiekantoor van Aandelen Elsevier NV to terminate the Administratie and enable the conversion of bearer depositary receipts into ordinary shares in Elsevier.

4.12.3 Elsevier shall use its reasonable efforts to encourage the holders of its bearer depositary receipts to convert such holdings into holdings of ordinary shares in Elsevier.

5 COMPLETION

5.1 Date and Place Subject as hereinafter provided, Completion shall take place at the office of Elsevier's Dutch Lawyers on 1 January 1993 at 00:01 a.m. (1.01 a.m. Amsterdam time) or, if later, at 10.00 a.m. on the fifth Business Day after the Conditions are satisfied or at such other place or at such other time as may be agreed between the parties.

5.2 Completion Events On Completion, the parties shall procure that the following events, but not some only of them, shall take place in the order specified where applicable:-

5.2.1 Elsevier shall, and Reed shall procure that RHBV shall, enter into and complete the RHBV Agreement and to this end Reed, on behalf of RHBV, and Elsevier shall procure the delivery of a duly executed deed of issuance, subscription and contribution in respect of the issuance of the Exchange Shares to RHBV against the contribution by RHBV of all the issued share capital of ROBV to Elsevier;

5.2.2 Immediately thereafter, Elsevier on its own behalf and on behalf of New BV1 shall procure the delivery of a duly executed deed of issuance, subscription and contribution in respect of the issuance of ten (10) shares of one thousand guilders (NLG 1,000) each in New BV1 to Elsevier against the contribution by Elsevier of all the issued share capital of ROBV to New BV1;

5.2.3 Immediately thereafter, Reed shall deliver to Reed Elsevier share certificates in respect of all the issued share capital of Newco 1 together with duly executed share transfers in respect of that capital in favour of Reed Elsevier or as it shall direct, and Reed shall procure that further shares are issued by Reed Elsevier to Reed in such numbers, on such terms and carrying such rights that upon the adoption of the Reed Elsevier Articles (as referred to in Clause 5.4.2) Reed shall be the holder of the R Shares, and that share certificates in respect of those shares are delivered to Reed;

5.2.4 Immediately thereafter Elsevier shall deliver duly executed deeds of transfer (or other document having a similar effect) in respect of all the issued share capital of New BV1 and ESr1 in exchange for the issue of shares in Reed Elsevier to Elsevier in such numbers, on such terms and carrying such rights that upon the adoption of the Reed Elsevier Articles (as referred to in Clause 5.4.2) Elsevier shall be the holder of the E Shares and Reed will procure that share certificates in respect of those shares are delivered to Elsevier;

5.2.5 Simultaneously with the actions required by Clause 5.2.4, Reed and Elsevier, on behalf of Elsevier Reed Finance, shall procure the delivery of duly executed deeds of issuance, subscription and contribution in respect of the issuance of one hundred and one (101) shares R in Elsevier Reed Finance to Reed against the contribution by Reed of all the issued share capital in Stanspak and RPN to Elsevier Reed Finance; and

5.2.6 Immediately thereafter, Elsevier and Reed shall procure the delivery of a duly executed deed of issuance, subscription and contribution in respect of the issuance of nineteen (19) shares RE of one thousand guilders (NLG 1,000) each in New BV2 to New BV1 against the contribution by New BV1 of all the issued share capital of ROBV to New BV2.

5.3 Board Resolutions On or before Completion, the parties shall procure the passing of board resolutions of:-

5.3.1 Reed Elsevier, inter alia allotting the R Shares and the E Shares in accordance with this Agreement and directing the taking of such other steps as may be necessary to procure the registration of Reed and Elsevier, respectively, as the holders of those shares; and

5.3.2 Elsevier Reed Finance, inter alia, allotting the one hundred and one (101) shares R to Reed in accordance with Clause 5.2.5 and directing the taking of such other steps as may be necessary to procure the registration of Reed as the holder of those shares.

5.4 Adoption of Articles

5.4.1 At or before Completion the parties shall procure that New BV1, EBV and New BV2 shall each adopt the relevant articles of association in the agreed terms (Documents J3, J4 and J5 respectively).

5.4.2 Simultaneously with the actions required by Clause 5.2.4 Elsevier shall procure that Elsevier Reed Finance adopts the Elsevier Reed Finance Articles.

5.5 Board Appointments

5.5.1 At or before Completion Reed and Elsevier shall each serve a notice (which notices shall be expressed to take effect at Completion) on Reed Elsevier exercising their rights pursuant to article 76 and article 77 respectively of the Reed Elsevier Articles pursuant to which Reed appoints as directors of Reed Elsevier the ten persons listed in paragraph G of Appendix 5 to the Circular who are directors of Reed and Elsevier appoints the remaining ten persons so listed and Reed shall procure that any directors of Reed Elsevier at Completion who are not appointed by Reed or Elsevier as set out above shall resign at Completion.

5.5.2 At Completion Reed shall nominate Nigel Stapleton as a management board member of Elsevier Reed Finance and Elsevier shall nominate Pierre Vinken and Kees Alberti as management board members of Elsevier Reed Finance and Reed and Elsevier shall forthwith adopt a resolution in writing in accordance with article 34 paragraph 1 of the Elsevier Reed Finance Articles. Elsevier shall procure that any directors of Elsevier Reed Finance at Completion who are not nominated by Reed or Elsevier as set out above shall resign at Completion.

5.6 Governing Agreement Simultaneously with the actions described in Clause 5.2.4, each party shall execute and deliver to the other party a counterpart of the Governing Agreement and each party shall use all reasonable endeavours to procure the simultaneous delivery to the other party of Personal Undertakings duly executed by, in the case of Reed, each of its Directors and, in the case of Elsevier, each member of its Supervisory Board.

5.7 Ministry of Justice At Completion, Elsevier shall deliver to Reed evidence that the Ministry of Justice has approved the Elsevier Articles and that the Elsevier Articles have become effective.

6 WARRANTIES

6.1 Incorporation of Schedule 1 Each party hereby warrants and represents to the other party in the terms set out in Schedule 1 subject only to:-

(i) any matter which is fairly disclosed in or pursuant to the relevant Disclosure Letter and any matter expressly referred to in the relevant Audited Accounts, the Circular, the Reed Shareholder Document or the Elsevier Shareholder Document or expressly provided for under the terms of this Agreement; and

(ii) any matter or thing hereafter done or omitted to be done pursuant to this Agreement or otherwise at the request in writing or with the approval in writing of such other party.

6.2 RHBV Reed hereby warrants and represents that it is, and will remain at all times prior to Completion, the direct legal and beneficial owner of all the issued share capital of RHBV and that such capital is not subject to any charges, liens, equities, encumbrances or other third party rights and no-one has, or will at any time to Completion have, any right (whether actual or contingent) to subscribe or otherwise acquire, or require that RHBV issue, any shares.

6.3 Undertaking to Notify Material Matters Each party undertakes to and with the other party that if, after the signing of this Agreement and prior to Completion, it becomes aware that any of the Warranties:-

6.3.1 was untrue or inaccurate in a very substantial respect (which shall be determined in accordance with Clause 7.4.2) at the date of this Agreement; or

6.3.2 would have been untrue or inaccurate in a very substantial respect (which shall be determined in accordance

with Clause 7.4.2) were they to have been repeated on a daily basis up until the Meetings Date;

the party becoming so aware shall immediately notify the other party in writing fully thereof and shall promptly make any investigation concerning the event or matter which the other party may reasonably require.

6.4 Intentions of Parties Each party confirms that the interests which it is acquiring in the other's Group are not being acquired with a view to their disposal and will not at Completion be so acquired.

7 BREACH AND TERMINATION

7.1 Breach of Clause 4 (Action Pending Completion) If:-

7.1.1 either party breaches the undertakings contained in Clauses 4.9, 4.10, 4.11 or 4.12; or

7.1.2 either party breaches the undertakings contained in Clauses 4.1 or 4.2 in any material respect;

the other party shall be entitled, by notice to the defaulting party given prior to Completion, to terminate this Agreement whereupon this Agreement shall lapse and neither party shall have any claim against the other under it, except that the defaulting party shall, subject to Clause 7.6, pay Costs to the other party promptly on first demand.

7.2 Breach of Clause 5 (Completion) If the provisions of Clause 5 are not complied with by one party in all material respects the other party shall be entitled:-

7.2.1 to elect to terminate this Agreement; or

7.2.2 to fix a new date for Completion (not being more than 28 days after the agreed date for Completion) in which case the foregoing provisions of this sub-clause 7.2 shall apply to Completion as so deferred.

If the non-compliance with the foregoing provisions of Clause 5 is due to a failure on the part of the defaulting party to use all reasonable endeavours to ensure compliance and the non-defaulting party elects to terminate this Agreement, the defaulting party shall, subject to Clause 7.6, pay Costs to the other party promptly on first demand.

7.3 Breach of Clause 6 (Warranties)

7.3.1 If:-

(a) prior to the Meetings Date it shall be found that the Warranties were untrue or inaccurate in a very substantial respect (which shall be determined in accordance with Clause 7.4.1) at the date of this Agreement; or

(b) prior to Completion it shall be found that either party failed to comply with an obligation under Clause 6.3 to notify a matter falling within Clause 6.3.1 or 6.3.2;

the non-defaulting party shall be entitled, by notice to the other party given (i) at any time prior to the Meetings Date in the case of a right of termination arising under Clause 7.3.1(a) and (ii) at any time prior to Completion in the case of a right of termination arising under Clause 7.3.1(b), to terminate this Agreement. In the event of termination pursuant to this Clause 7.3.1 the defaulting party shall, subject to Clause 7.6, pay Costs to the other party promptly on first demand.

7.4 "Very Substantial Effect" - Clauses 6.3 and 7.3

7.4.1 For the purpose of Clause 7.3.1(a), the Warranties shall be deemed to have been untrue or inaccurate in a very substantial respect if, but only if, the matter in respect of which a Warranty is untrue or inaccurate is of such a nature that, had the matter constituting the breach of Warranty occurred either before or during the financial year in respect of which the Audited Accounts of the defaulting party were prepared and if such matter had accordingly been appropriately reflected within such party's Audited Accounts:-

(a) the amount of consolidated net tangible assets of the defaulting party shown in its Audited Accounts would have been, as a result of the matter constituting the breach of Warranty, at least £100,000,000 (or the equivalent in a foreign currency translated at the rates used in the preparation of the defaulting party's Audited Accounts) less than the amount which the consolidated net tangible assets would have been had the Warranties been true and accurate; or

(b) the amount of the consolidated net income of the defaulting party shown in its Audited Accounts would have been, as a result of the matter constituting the breach of Warranty, less than 90 per cent. of that which the consolidated net income would have been had the matter constituting the breach of Warranty not occurred.

7.4.2 The criteria set out in Clause 7.4.1 for determining whether any of the Warranties were untrue or inaccurate in a very substantial respect shall apply mutatis mutandis for the purpose of determining:-

(a) whether a Warranty was untrue or inaccurate in a very substantial respect for the purpose of Clause 6.3.1

so as to give rise to an obligation to notify a matter under Clause 6.3; and

(b) whether a Warranty would have been untrue or inaccurate in a very substantial respect for the purpose of Clause 6.3.2 so as to give rise to an obligation to notify a matter under Clause 6.3 (assuming, in applying the provisions of Clause 7.4.1, that the Warranties were to be repeated on the basis set out in Clause 6.3.2).

7.5 Wrongful Termination If either party terminates this Agreement other than in accordance with the rights set out in this Clause the other party shall be entitled to be paid Costs by the terminating party.

7.6 Limitation on Right to Costs A party shall not be obliged to pay all or any part of Costs to the other party if under the terms of this Agreement the other party is then entitled to recover Costs against the first party.

8 OTHER PROVISIONS

8.1 Press Announcement Immediately following the entering into of this Agreement, the parties shall issue the Press Announcement.

8.2 Further Announcements Prior to Completion, except for the Press Announcement and except as may be agreed by the parties, no announcement or statement shall be made regarding the Merger except on a joint basis or on terms agreed in advance by the parties; Provided that this shall not apply to any information which is provided by either party and which is consistent with the information contained in the Press Announcement, the Circulars, the Elsevier Shareholder Document or the Reed Shareholder Document or any other document or statement approved by the parties and provided further that, should any form of announcement be required by applicable law, regulation, court order, regulatory authority or any

stock exchange on which the shares of Elsevier or Reed are listed, the above restrictions shall not apply but the party required to make an announcement will, if practicable, consult with the other party as to the content of such announcement.

8.3 Confidentiality The terms of the Confidentiality Letter dated 4 August 1992 (other than the provisions of Clauses 4 and 5) shall continue to apply until Completion.

8.4 Remedies Neither party shall seek to recover, pursue any claim for, or enforce any judgment for, damages against the other in respect of any dispute arising out of or in connection with this Agreement provided that this Clause shall not prevent either party from:-

8.4.1 seeking to recover, pursuing any claim for, or enforcing any judgment for, the payment of Costs; or

8.4.2 exercising or enforcing any other rights or obligations (including, but not limited to, rights to termination and/or in relation to the payment of Costs) arising under this Agreement; or

8.4.3 seeking or pursuing such other remedies (including, but not limited to, specific performance and injunctive or declaratory relief) as may be available in respect of any such dispute.

8.5 Consequences of Termination If this Agreement does not become unconditional or is terminated, the parties shall forthwith hand over or procure the handing over of all accounts, records, documents and papers of or relating to the other party which shall have been made available to it and all copies or other records derived from such materials including notes made by one party in relation to the other, and expunge any information derived from such materials or otherwise concerning the subject-matter of this Agreement from any

computer, word processor or other device containing information; Provided that this shall not apply to information available from public records or information acquired by one party otherwise than from the other party or its agents or information that is reasonably required in connection with a bona fide claim arising out of this Agreement.

8.6 Successors and Assigns This Agreement shall be personal to the parties to it and the benefit of any of its provisions shall not be capable of assignment to any other party.

8.7 Whole Agreement and Variation This Agreement (including all documents to be executed pursuant to Clause 5) and the Disclosure Letters contain the whole agreement between the parties relating to the subject matter of this Agreement and no variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the parties. This Agreement supersedes the provisions of the Heads of Agreement, which shall cease to have effect.

8.8 Further Assurance At any time after the date of this Agreement, each party shall, and shall use its best endeavours to procure that any necessary third party shall, execute such documents and do such acts and things as the other party may reasonably require for the purpose of giving to the other party the full benefit of all the provisions of this Agreement. Without limitation, if any action which should be taken on or prior to Completion pursuant to Clauses 4.2 and 5 is not taken, the defaulting party shall following Completion, in consultation with the other party, use its best endeavours to place the parties in the same position as they would have been in had the breach of this Agreement not occurred.

8.9 Re-structuring

8.9.1 If implementation of the Merger (or any aspect of it) on the terms of this Agreement requires that any regulatory approvals or consents be obtained (other than those referred to in Clause 3.1.2) and it becomes apparent that such approvals or consents will not have been obtained prior to the proposed date of Completion the parties will discuss in good faith whether it is appropriate to amend any of the terms of this Agreement having regard to the consequences of such approval or consent not having been obtained by such date. Any such amendment would be on terms which preserve the essential commercial agreement and objectives of the parties.

8.9.2 If prior to Completion it becomes apparent that between the date of this Agreement and the Meetings Date (or the date on which the last of the Conditions are satisfied, if later) there has occurred a change in the values used by the parties in determining the most efficient means of structuring the Merger and the consequence of such change may be materially prejudicial to either party or the merged group the parties shall consult in good faith with a view to amending the arrangements contemplated for effecting the Merger in a manner which is as efficient as possible whilst preserving the essential commercial agreement and objectives of the parties.

8.10 Costs Except as provided herein, each party shall bear all legal, accountancy and other costs and expenses incurred by it in connection with this Agreement.

8.11 Notices

8.11.1 Form of Notice Any Communication which either party may desire to give or deliver in connection with this Agreement shall be:-

(i) in writing;

(ii) delivered by hand or sent by prepaid first class post (in the case of communications within the same country) or by airmail post (in the case of communications being sent from one country to another) or by fax to the addressee at its address or fax number set out in Clause 8.11.3; and

(iii) marked in the manner described in Clause 8.11.3.

8.11.2 Time of Service A Communication shall be deemed to have been given, if delivered by hand, at the time of delivery, if sent by post, on the second business day after the envelope or package containing the same shall have been put into the post or, if sent by fax, on the business day following the day on which the same shall have been transmitted (provided that a copy of the Communication is delivered by another means permitted by this Clause as soon as practicable).

In this Clause "business day" means a day, other than a Saturday or Sunday, on which banks are generally open for business (a) in the case of delivery by hand or transmission by facsimile, in the country of the recipient, and (b) in the case of postal delivery, also in the country where the envelope containing the notice was posted.

8.11.3 Addresses The current addresses and fax numbers of and exterior markings required by the parties for purposes of Communications are as follows:-

Elsevier NV

Address: Van de Sande Bakhuyzenstraat 4, P O Box
470, 1000 AL Amsterdam, The Netherlands

Fax Number: 3120 683 2617

Requisite Marking: "Urgent" - For attention of the
Secretariat of the Management Board"

Reed International P.L.C.

Address: Reed House
6 Chesterfield Gardens
London W1A 1EJ

Fax Number: 071 491 8215

Requisite Marking: "Urgent - For the attention of the
Company Secretary"

The parties may change their address, fax number or the requisite marking for the purpose of receipt of Communications by serving notice on the other party in accordance with this Clause.

8.11.4 Proof of service In proving service of a Communication it shall be sufficient to prove that the envelope containing such Communication was properly addressed and delivered either to the address shown thereon or into the custody of the postal authorities as a prepaid first class or airmail letter, or that facsimile transmission of the Communication was made after obtaining in person or by telephone appropriate evidence of the capacity of the addressee to receive the same, as the case may be.

8.12 No Partnership or Agency Nothing in this Agreement (or in any of the arrangements contemplated hereby) shall be deemed to constitute a partnership between the parties, nor constitute either party the agent of the other for any purpose.

8.13 Counterparts This Agreement may be entered into in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

8.14 Restrictive Trade Practices Notwithstanding any other provision of this Agreement, no provision of this Agreement which is of such a nature as to make the Agreement liable to registration under the Restrictive Trade Practices Act 1976 shall take effect until the day after that on which particulars thereof have been duly

furnished to the Director General of Fair Trading pursuant to the said Act. For the purposes of this Clause 8.14 "Agreement" shall include any agreement forming part of the same arrangement for the Merger.

8.15 Governing Law This Agreement and, except as expressly referred to therein, the documents to be entered into pursuant to it shall be governed by and construed in accordance with English law.

8.16 Jurisdiction Subject to Articles 21 and 22 of the Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters signed on 27 September 1968 (as in force from time to time), the parties hereby irrevocably agree to submit to the exclusive jurisdiction of the Courts of England and The Netherlands in respect of any dispute which may arise in connection with the validity, effect, interpretation or performance of, or the legal relationships established by this Agreement or otherwise arising in connection with this Agreement.

8.17 Forum Non Conveniens The parties hereby irrevocably waive any objections on the grounds of venue or forum non conveniens to the jurisdiction of the Courts of England or The Netherlands in the event that any proceedings are brought in either jurisdiction in accordance with Clause 8.16.

8.18 Agent for Process

8.18.1 Elsevier shall at all times maintain an agent for service of process and any other documents in proceedings in England. Such agent shall be Hackwood Secretaries Limited of Barrington House, 59-67 Gresham Street, London EC2V 7JA and any writ, judgment or other notice of legal process shall be sufficiently served on Elsevier if delivered to such agent at its address for the time being. Elsevier irrevocably undertakes not to revoke the authority of the said agent and if, for any reason, Reed requests Elsevier to do so, Elsevier

shall promptly appoint another such agent with an address in England and shall advise Reed. If, following such a request, Elsevier fails to appoint another agent, Reed shall be entitled to appoint one on behalf of Elsevier.

8.18.2 Reed shall at all times maintain an agent for service of process and any other documents in proceedings in The Netherlands. Such agent shall be De Brauw, Blackstone Westbroek, Zuid Hollandlaan 7, 2596 AL The Hague (Attention Mr S E Eisma) and any writ, judgment or other notice of legal process shall be sufficiently served on Reed if delivered to such agent at its address for the time being. Reed irrevocably undertakes not to revoke the authority of the said agent and if, for any reason, Elsevier requests Reed to do so, Reed shall promptly appoint another such agent with an address in The Netherlands and shall advise Elsevier. If, following such a request, Reed fails to appoint another agent, Elsevier shall be entitled to appoint one on behalf of Reed.

Nothing contained in this Agreement shall affect the right to serve process in England or The Netherlands in any other manner permitted by law or the right to bring proceedings in any other jurisdiction for the purposes of the enforcement or execution of any judgment or other settlement in any other courts.

SCHEDULE 1

Warranties

1 In the case of Elsevier, its Audited Accounts have been properly extracted from the statutory accounts of Elsevier for the year ended 31 December 1991 and such statutory accounts give a true and fair view of Elsevier's equity as at the date to which such accounts were prepared and of its results for the year to that date, and are in other respects in accordance with legal requirements relating to statutory accounts, and, in the case of Reed, its Audited Accounts have been prepared in accordance with the Companies Act 1985 (as amended prior to the date hereof) and (except to the extent (if any) disclosed therein) UK generally accepted accounting principles and give a true and fair view of the state of affairs of the Group of Reed as at the date to which such accounts were prepared and the profit or loss of that Group for the year to that date.

2 The financial information contained in the interim unaudited statement of the results of its Group for the six months ended 30 June 1992, in the case of Elsevier, and 30 September 1992, in the case of Reed, has been prepared with all due care and attention and in accordance with standards generally accepted in The Netherlands, in the case of Elsevier, and UK generally accepted accounting principles in the case of Reed, consistent with those used in the preparation of its Audited Accounts insofar as appropriate in the preparation of an interim unaudited statement.

3 Since the date of its Audited Accounts, its Group has carried on business in the ordinary and usual course and, so far as the relevant party is aware having made due and careful enquiries, there has been no material adverse change in its financial or trading position except for actions taken with a view to implementation of the Merger.

4 So far as the relevant party is aware having made due and careful enquiries, neither it nor any of its Subsidiaries is engaged in any

litigation, arbitration, prosecution or other legal or regulatory proceeding, nor is any such proceeding pending or threatened against such party or any of its Subsidiaries, nor is there any claim or any fact likely to give rise to a claim, which (in any such case) may have or has had during the 12 months preceding the date of this Agreement a significant effect on the financial position of the Group taken as a whole.

5 So far as the relevant party is aware having made due and careful enquiries, there are no liabilities (including contingent liabilities) which are outstanding on the part of any company in its Group and are material to the financial position of the Group taken as a whole, other than those provided for in the preparation of its Audited Accounts or mentioned in a note to those accounts or which have arisen in the ordinary course of business since the date to which such accounts were prepared.

6 So far as the relevant party is aware having made due and careful enquiries, the entering into, and compliance with, this Agreement does not, will not and is not likely to, conflict with or result in the breach of or constitute a default under any material agreement, arrangement or instrument to which any company in its Group is now a party (including any material loan to or mortgage created by any company in its Group) or relieve any other party to a material agreement, arrangement or instrument with any company in its Group of any of its material obligations under such agreement, arrangement or instrument or entitle such party to terminate, or otherwise exercise a material right under or in relation to, such agreement, arrangement or instrument, whether summarily or by notice or give rise to any other material adverse consequences under any such agreement, arrangement or instrument.

7 So far as the relevant party is aware having made due and careful enquiries, the entering into, and compliance with, this Agreement does not, will not and is not likely to, result in any member of its Group being required to dispose of any assets or business material to the financial or trading position or prospects of its Group except for disposals which a government, governmental, supra-national or trade agency or regulatory body may require as a result of anti-trust concerns.

8 So far as the relevant party is aware having made due and careful enquiries, all statements of fact for which it is solely or jointly responsible (on the basis described below) (which shall be deemed not to include financial information which comprises or is extracted from the financial information referred to in Warranties 1 or 2 above) contained in the Circular, the Reed Shareholder Document or the Elsevier Shareholder Document are true and accurate in all material respects and not misleading in any material respect and no material fact has been omitted, such responsibility being allocated in accordance with the allocation of responsibility set out in the Verification Notes and, to the extent not so allocated, on the basis set out in the Circular.

SCHEDULE 2

(Clause 4.2.1)

Facilitation of the Merger : Elsevier

1 The corporate structure of the Group of Elsevier shall be as set out in Schedule 2A and, except as indicated therein, the issued shares of each company named in such Schedule shall be beneficially owned by Elsevier (or a wholly-owned subsidiary of Elsevier) free from all claims, charges, liens, equities, encumbrances and other third party rights (except such as may arise pursuant to this Agreement).

2 The share capital of Elsevier, New BV1, EBV, New BV2 and Elsevier Reed Finance shall be as follows*:-

	<u>Total</u>	<u>Issued</u>	<u>Shares under option</u>	<u>Interests under Convertible Debentures</u>
Elsevier	65,814,744	65,222,929	343,250	248,565
New BV1	176,000	176,000	-	-
EBV	500,000	500,000	-	-
- RE shares (NLG 1,000 each)	(250,000)	(250,000)		
- E shares (NLG 1,000 each)	(250,000)	(250,000)		
New BV2	1,581,000	1,581,000	-	-
- RE shares	1,501,000	1,501,000		
- E shares	80,000	80,000		
Elsevier Reed Finance**	101,100	101,100	-	-
- E shares (NLG 1,000 each)	(101,000)	(101,000)		
- R shares	-	-		

* The parties agree that notwithstanding that (i) the fully diluted share capital of Elsevier immediately prior to Completion may be lower

than stated by reason of lapse of outstanding options or interests under convertible debentures or (ii) the issued share capital may increase and the shares under option or interests under convertible debentures may decrease by reason of exercise of such options or conversion of such interests or (iii) the number of interests under convertible debentures may be up to 40,955 less if the full amount of convertible debentures that are available for subscription during 1992 are not subscribed for, it shall be assumed for the purpose of determining whether Clause 4.2.1 is complied with that no options outstanding at the date of this Agreement are capable of lapsing or exercise and all interests under convertible debentures are subscribed for in 1992 and such interests are not capable of lapsing or conversion.

** It is agreed that Elsevier Reed Finance shall not be a dependent company of Elsevier and to the extent necessary the parties shall agree alterations to its capital structure with a view to achieving this objective without prejudicing its tax status.

3 The constituent documents of Elsevier, Elsevier Reed Finance, New BV1, EBV and New BV2 shall be as set out in the documents in the agreed terms (Documents C and K2 to K5).

4 The only assets and liabilities known at the date hereof of Elsevier shall be as follows:-

Assets

(i) shares in the following companies:-

1. 176 shares of one thousand guilders (NLG 1,000) each in New BV1 (representing the entire issued share capital of New BV1)
2. 250 income access shares (E shares) of one thousand guilders (NLG 1,000) each in EBV
3. 80 income access shares (E shares) of one thousand guilders (NLG 1,000) each in New BV2
4. 101 shares E of one thousand guilders (NLG 1,000) each in Elsevier Reed Finance

5. 1,800,000,000 quotas of 1 lire each of ESr1 (representing 90% of the issued share capital) (except that if Elsevier owns 100% of the issued share capital prior to Completion this number shall be 2,000,000,000)

6. 2 "W" shares of one pound (£1) each in Reed Elsevier

(ii) ownership of the "Elsevier" name and "Non Solus" device in various jurisdictions; and

(iii) the benefit of a current account with and loan to EBV of an aggregate principal amount of NLG 372.7 million and interest accruals thereon.

Liabilities

(i) long term deferred tax provision (of an amount it is estimated will not exceed NLG 35 million);

(ii) obligations relating to seven convertible debenture loans issued to Elsevier by employees and interest accruals thereon (of an amount it is estimated will not exceed NLG 14 million);

(iii) the liability to pay costs, including audit fees, Chamber of Commerce fees and those associated with payment of dividends, and accruals for bonuses, withholding tax on salaries, pension premiums, social security premiums and other employee related costs (of an amount it is estimated will not exceed NLG 5 million);

(iv) past service provision (of an amount it is estimated will not exceed NLG 3 million);

(v) the liability to pay costs related to the Merger (of an amount it is estimated will not exceed £18 million);

(vi) joint and several liability for debts of certain Dutch Subsidiaries;

(vii) various guarantees with respect to existing obligations of certain Dutch Subsidiaries;

(viii) any liabilities to the holders or former holders of Elsevier's shares and bearer depositary receipts, in their capacity as such (the dividends expected to be paid to such holders in respect of Elsevier's current financial year being treated as liabilities for this purpose) (of an amount it is estimated will not exceed NLG 172 million); and

(ix) any liabilities arising out of any ongoing, pending or threatened legal proceedings, arbitrations, prosecutions or investigations that have been disclosed in Elsevier's Due Diligence Report in the agreed terms (Document B1).

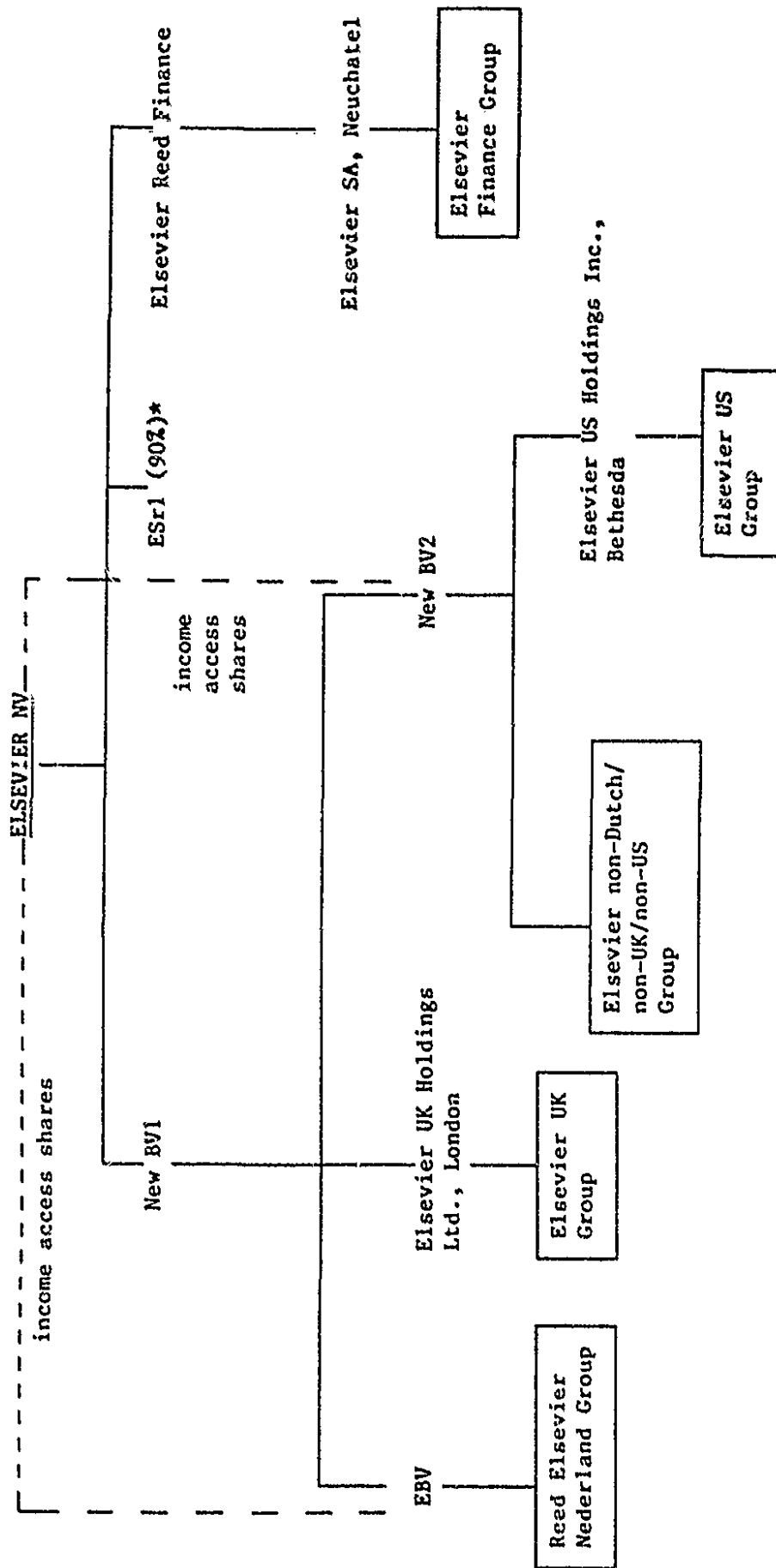
Contracts

(i) directors' service agreements; and

(ii) directors' pension agreements.

SCHEDULE 2A

[see following pages]



* Elsevier may own 100% of ESr1 prior to Completion.

Reed Elsevier Nederland Group

Elsevier Services bv, Amsterdam

Elsevier Science Publishers BV, Amsterdam

- Excerpta Medica BV, i.l.*, Amsterdam

- Adonis BV, Amsterdam (29,7%)

Northprint BV, Meppel

Excerpta Medica Medical Communications BV Amsterdam

- ESI Stampa Medica S.r.l., Milan (10%)**

Krips Repro BV, Meppel

Nederlandse Dagbladunie BV, Rotterdam

- Dagblad van Rijn & Gouwe BV, Alphen a/d Rijn

- Veta B.V., Waddinxveen

- BV De Dordtenaar, Dordrecht

- Brabants Nieuwsblad BV, Roosendaal

- Het Vrije Volk Bestuur BV, Rotterdam

- Het Vrije Volk CV, Rotterdam

- Media Combinatie Rotterdam Bestuur BV, Rotterdam (50%)

- Rotterdams Dagblad CV, Rotterdam (50%)

Koninklijke PBNA BV, Arnhem

Elsevier Opleidingen BV, Zwijndrecht

- C.B.B.M. BV, Zwijndrecht

BV International Study Centre ISC, Vlaardingen

- BV Het Nederlands Studie Centrum NSC, Vlaardingen

Uitgevermaatschappij C. Misset BV, Doetinchem

- Audet Tijdschriften BV, Nijmegen

- Horeca Business School v.o.f. (BV i.o.*) (50%)

- Toeristiek Holding BV, Oostwoud

- Toeristiek BV, Oostwoud

- TSO Productions BV, Hoorn (20%)

- P.R. Bebeer Uden BV, Uden

- Multisell Media BV, Uden

Bureau Horticom BV, De Lier

BV Uitgeversmaatschappij Bonaventura, Amsterdam

- Vrouw en Bedrijf BV, Amsterdam (50%)

Uitgeversmaatschappij Argus BV, Amsterdam

Perac Information Technology BV, Amsterdam

Elsevier Participaties BV, Amsterdam

- Elslux Holding SA, Neuchatel

- Maasrecht BV, Amsterdam (50%) (dormant)

- Elsevier Vendex Film Beheer BV, Amsterdam (33 1/3%)

- Elsevier Vendex Film CV, Amsterdam (50%)

- Uvema BV, De Meern (26%)

- Exploitatiemaatschappij Misset BV, Doetinchem

- Stockdata Research BV, Bunnik (55%) i.l.

- Stockdata Nederland BV, Bunnik i.l.

- Stockdata Iberica SA, i.l.

- Stockdata Belgium Holding NV i.l.

- Stockdata Belgium NV (55%) i.l.

- HBA BVBA (55%) i.l.

- Stockdata Belgium NV (20%) i.l.

- Stockdata Belgium NV (30%) i.l.

- HBA BVBA (1%) i.l.

- Maasrecht BV, Amsterdam (50%) (dormant)

Reserveplank BV, Amsterdam (dormant)

Elsevier Boeken BV, Amsterdam (dormant)

Literair Bockhuis BV, Amsterdam (dormant)

* "i.l." means "in liquidation" and "i.o." means "being formed".

** This interest may be transferred to Elsevier prior to Completion.

Elsevier UK Group

Pergamon Press Ltd, Oxford

- Adonis BV, Amsterdam (25.76%)

Elsevier Science Publishers Ltd., London

- Trade & Technical Press Ltd., London (dormant)

- Matsel Systems Ltd., Liverpool (dormant)

- Elsevier Editorial Services Ltd., Oxford (dormant)

The Lancet Ltd., London

BEP Data Services Ltd., Edinburgh (dormant)

Geo Abstracts Ltd., Norwich (dormant)

il SA, Bilbao

Excerpta Medica (Australia) PTY, Ltd, Sydney

Elsevier Training NV, Brussels

Werk-Verlag Dr. Edmund Banaschewski GmbH, Munchen

Elsevier US Group

Gordon Publications, Inc., Morris Plains

- Delta Communications, Inc., Chicago
- Springhouse Corp., Springhouse
- Excerpta Medica, Inc., Belle Mead
- Instructional Techniques Ltd., Consultants in Medical Education (ITL/CME) Manhasset

Pan European Publishing Comp., Inc., New York

Congressional Information Service, Inc., Bethesda

- Elsevier Realty Information, Inc., Bethesda
- TRW Redi Property Data, Anaheim (40%) (joint venture)
- Greenwood Publishing Comp., Inc., Westport

Elsevier Science Publishing Comp., Inc., New York

Pergamon Press Inc., Terrytown, NY

Elsevier Finance Group

Elsevier Scientific Publishers (Ireland) Ltd., Shannon

Excerpta Medica Kabushiki Kaisha, Tokyo

Excerpta Medica Asia Ltd., Hong Kong

Elsevier Librico NV, Brussels

- International Equipment News Europe NV, Brussels (50%)

- Elsevier Thomas Fachverlag GmbH, Mainz

- Editions Elsevier Thomas SA, Paris

- Arte y Cemento SA, Bilbao (51%)

- Ediciones Alfíl SA, Bilbao

- Elsevier Prensa SA, Barcelona

Editora Campus Ltda, Rio de Janeiro (51%)

Elsevier Sequoia SA, Lausanne

- Continuing Education Institute Europe AB, Finspang (dormant)

SCHEDULE 3

(Clause 4.2.2)

Facilitation of the Merger : Reed

1 The corporate structure of the Group of Reed shall be as set out in Schedule 3A and, except as indicated therein, the issued shares of each company named in such Schedule shall be beneficially owned by Reed (or a wholly-owned subsidiary of Reed) free from all claims, charges, liens, equities, encumbrances and other third party rights (except such as may arise pursuant to this Agreement).

2 The share capital of Reed, Reed Elsevier and Newco 1 shall be as follows*:-

	<u>Total</u>	<u>Issued</u>	<u>Shares under option</u>
Reed:	568,403,622	558,162,772	10,240,850
Reed Elsevier:	1,000	1,000	-
Newco 1:	1,000,000	1,000,000	-

* The parties agree that notwithstanding that (i) the fully diluted share capital of Reed immediately prior to Completion may be lower than stated by reason of lapse of outstanding options or (ii) the issued share capital may increase and the shares under option may decrease by reason of exercise of such options, it shall be assumed for the purpose of determining whether Clause 4.2.2 is complied with that no options outstanding at the date of this Agreement are capable of lapsing or of exercise.

3 Resolutions of Reed Elsevier shall have been passed in a form and manner such that, immediately after Completion, the Reed Elsevier Articles shall be as set out in the document in the agreed terms (Document J1).

4 The only assets and liabilities known at the date hereof of Reed shall be as follows (and reference to the values of any assets and liabilities below are to their respective values as stated in the accounting records of Reed):-

Assets

(i) shares in the following companies (to be contributed to the Merger):-

1. Reed Elsevier
2. Newco 1
3. RHBV
4. RPN
5. Stanspak

(ii) shares in the following companies (not to be contributed to the Merger):-

1. Skillslot Limited
2. Scaletime Limited
3. Marktile Limited
4. Officeshine Limited

It is estimated that these shares will have a value which will not exceed £25 million.

(iii) the Trade Marks as defined in the asset transfer agreement between Reed and Newco 1 dated 29 October 1992 (the "Hivedown Agreement");

(iv) cash (howsoever held) and indebtedness of its Subsidiaries to Reed (of an amount it is estimated will not exceed £191 million);

(v) any rights to repayment by HM Customs & Excise in respect of value added tax and to payments of and in respect of tax on income, profits or chargeable gains (of an aggregate amount it is estimated will not exceed £3 million);

(vi) rights under certificates of tax deposit (of an amount it is estimated will not exceed £4 million); and

(vii) rights under:-

- the Hivedown Agreement; and

- the Excluded Contracts as defined in the Hivedown Agreement.

Liabilities

(i) obligations in respect of the loan instruments specified in Schedule 1, Part 2, paragraph A of the Hivedown Agreement (of an aggregate amount it is estimated will not exceed £5 million);

(ii) indebtedness to RPH Limited pursuant to a 10.5% subordinated loan from RPH Limited to Reed (of an amount it is estimated will not exceed £37 million);

(iii) liability for tax on income, profits or chargeable gains and to HM Customs & Excise for value added tax;

(iv) any liabilities to the holders or former holders of Reed's shares, in their capacity as such (the dividends expected to be paid to Reed's shareholders in respect of its current financial year being treated as liabilities for this purpose) (of an amount it is estimated will not exceed £72 million);

(v) liabilities in respect of the costs described in Schedule 1, Part 2, paragraphs E and F of the Hivedown Agreement (of an aggregate amount it is estimated will not exceed £5 million);

(vi) obligations under the following contracts:-

- the Hivedown Agreement;
- the Excluded Contracts as described in the Hivedown Agreement to the extent provided therein;
- any guarantees and indemnities given or borrowings incurred by Reed as contemplated by clause 6.3 of the Hivedown Agreement.

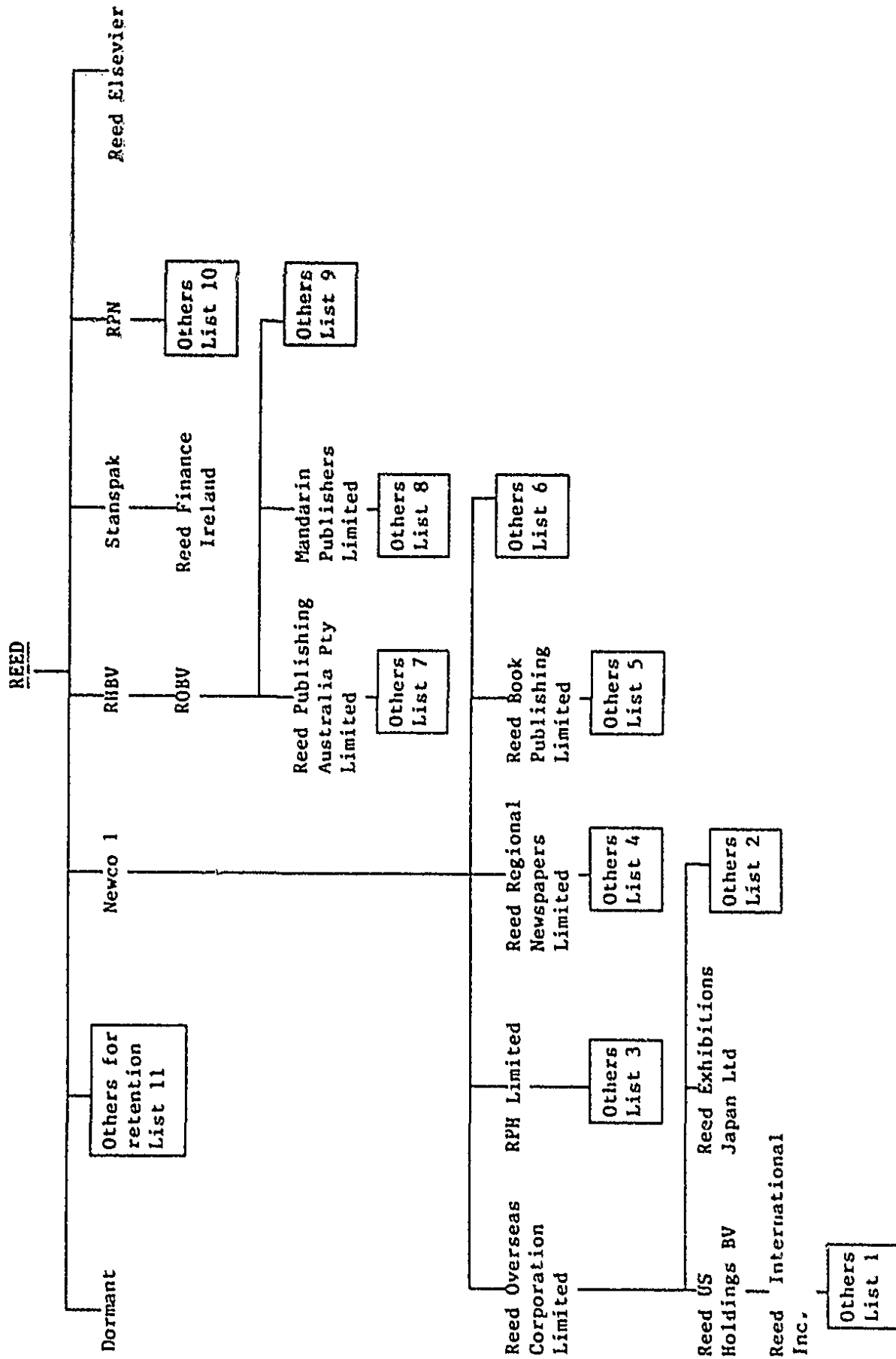
(of an aggregate amount it is estimated will not exceed £26 million); and

(vii) any liabilities arising out of any ongoing, pending or threatened legal proceedings, arbitrations, prosecutions or investigations that have been disclosed in Reed's Due Diligence Report in the agreed form (Document B2).

It is estimated that the aggregate value of the assets described in (ii), (iii), (iv), (v) and (vi) will not exceed the aggregate value of the liabilities described in (i), (ii), (iv), (v) and (vi) by more than £78 million.

SCHEDULE 3A

{see following pages}



LIST 1

Reed International Inc

Reed Finance Inc (note 1)

- Reed Properties Inc
- Reed Publishing (USA) Inc (note 1)
- - International Computaprint Corporation (notes 1 and 2)
 - Dormants
- The Tracom Corporation
- Simat, Hellieson & Eichner Inc
- Online Computer Systems Inc
- Reed Electronic Publishing Inc
- Reed Products Inc
- Communications/Today Ltd (note 1)
- Mitchell Beazley (USA) Inc
- William Heinemann Inc (note 3)
- Heinemann Educational Books Inc
 - Boynton/Cook Publishers Inc
- Butterworth of Puerto Rico Inc
- Tradeshow Week Inc
- Reed Books Inc (note 3)
- Horton Publishing Company
 - Variety Inc (note 1)
 - Variety SARL
 - Variety Italia Srl (note 4)
 - Daily Variety Ltd
 - Variety International Ltd (note 5)
- Andover Medical Publishers Inc
- Cahners Publishing Associates (Limited Partnership)

Notes

- 1 Reed Finance Inc is 88.64% owned by Reed International Inc, the remaining 11.36% being owned by:
 - Reed Publishing (USA) Inc (10.06%)
 - International Computaprint Corp (0.64%)
 - Communications/Today Ltd (0.34%)
 - Variety Inc (0.32%)
- 2 International Computaprint Corporation is also a partner in the Cahners Publishing Associates Limited Partnership.
- 3 William Heinemann Inc and Reed Books Inc each have a 25% interest in Mimosa Publications (a General Partnership).
- 4 Variety Italia Srl is 90% owned by Variety Inc and 10% owned by Daily Variety Ltd.
- 5 Variety International Ltd is 50% owned by Variety Inc and 50% owned by Walter Roger Watkins.

LIST 2

Reed Overseas Corporation Ltd

Reed Exhibitions Group Sdn Bhd (70%)

Reed Tradex Ltd (61%)

IWPM Holdings Ltd

- Dormant

Reedqit BV

Reed Exhibitions Group SRL

Reed Telepublishing AG

Dormant

LIST 3

RPH Limited

International Publishing Corporation Ltd

- IPC Holdings Ltd
- The Publishers & General Insurances Company Ltd (45.45%)(note 1)
- Scripta Technica Ltd
- Dormants

IPC Europe Holdings Ltd

- Ferme de Vimer SCEA

IPC Printers Ltd

Kings Reach Investments Ltd (43.1%)

Reed Publishing Ltd

- World Construction Publications Ltd
- Butterworth & Co (Publishers) Ltd
 - Butterworth (Eurolex) Ltd (Dormant)
 - Common Law Reports Ltd
 - Itelis Ltd (50%)
 - Bowker - Saur Ltd
 - Butterworths (Europe) Ltd
 - Butterworths (India) Ltd
 - Butterworths (Ireland) Ltd
 - RR Bowker (UK) Ltd
 - KG Saur & Verlag GmbH & Co KG (98.5%)(note 3)
 - A Francke Verlag AG
 - Butterworth & Co (Overseas) Ltd
 - Butterworth & Co (Asia) Pte Ltd
 - Butterworth & Co (Nigeria) Ltd (40%)
 - Dormants
- Reed Information Services Ltd
- Newpoint Publishing Co Ltd
 - Dormants
- Datacross Services Ltd (75.1%)
- Inquiry Management Systems Ltd
- Reed Business Publishing Ltd
 - Accounting Technician (Publications) Ltd (49%)
 - Certified Accountant (Publications) Ltd (50%)
 - The Estates Gazette Ltd (Dormant)
 - Digital Graphics Ltd
 - What to Buy PLC (Dormant)
 - What to Buy (International) Ltd
 - What to Buy Inc

IPC Magazines Ltd

- IPC Telemarketing (International) Ltd (74%)
 - IPC Audiotex (Espana) SA (note 2)
- European Magazines Ltd (50%)
- Independent Television Publications Ltd
 - Independent Television Books Ltd
 - Publishing Developments Ltd
 - Pitchgrange Ltd
 - Purselynn Ltd
 - Dormants
- IPC Magazines (Overseas Ltd)
 - Advantage SA (50%)
- Dormants

Carlton Magazines Ltd

- Dormants

Notes

- 1 The Publishers & General Insurance Company Ltd is 54.55% owned by Newco 1 (see List 6).
- 2 IPC Audiotex (Espana) SA is 99.98% owned by IPC Telemarketing (International) Ltd, the remaining 0.02% being owned by IPC Magazines Ltd (0.01%) and IPC Magazines (Overseas) Ltd (0.01%).
- 3 KG Saur & Verlag GmbH & Co KG is 98.5% owned by RR Bowker (UK) Ltd, the remaining 1.5% being owned by KG Saur GmbH (1%) and Butterworth (Europe) Ltd (0.5%).

LIST 4

Reed Regional Newspapers Limited

Reed Southern Newspapers Ltd

- Dormants

Reed Midland Newspapers Ltd

- Dormants

Reed Northern Newspapers Ltd

- Dormants

Dormants

LIST 5

Reed Book Publishing Limited

Reed International Books Ltd
Book Club Associates (Partnership)(50%)
Book Club Associates Pension Trust Ltd (50%)
Conran Octopus Ltd (97%)
Sinclair-Stevenson Holdings Ltd
- Sinclair Stephenson Ltd
Marvelprint Ltd
Dormants
George Philip Holdings Ltd
- Dormants
Mitchell Beazley Ltd (Dormant)
- Mitchell Beazley London Ltd
- Mitchell Beazley Television Ltd
- Mitchell Beazley International Ltd
- Mitchell Beazley Netherlands BV
- Millers Publications Ltd
- Dormants
Heinemann Publishers (Oxford) Ltd
- Heinemann Publishers international Ltd
- Octopus Publishing Asia Pte Ltd
- Heinemann Holdings Australia Pty Ltd (Dormant)
- Octopus Publishing Group (Australia) Pty Ltd
- Chessebb Pty Ltd
- Text Publishing Pty Ltd (50%)
- Budget Books Pty Ltd
- Heinemann - Centaur Pty Ltd (50%)
- Heinemann Iberia SA
- Heinemann International Publishers Hellas LLC
- Heinemann Educational Publishers Boleswa Pty Ltd
- Heinemann Educational Books (Caribbean) Ltd (49%)
- East Africa Educational Publishers Ltd (26%)
- Heinemann Distribution Ltd
- Heinemann Educational Books (Nigeria) Ltd (28.9%)
- Dormants
- Dormants
Dormants

LIST 6

Newco 1 (Others)

ABC France Limited
ABC Italy Limited
Cahners Publishing Limited
The Publishers & General Insurance Company Limited (54.55%) (note 1)
Reed International (Aylesford) Limited
Reed International (Properties) Limited
Reed Pension Investment Management Limited
Reed (International Services) Limited
The Reed Exhibition Companies Limited
- Associated Trade Exhibition Consultants Ltd
- ITF/Tony Davis Expositions Ltd (50%)
- BCC Exhibitions Ltd (50%)
- BED Exhibitions Ltd
- Dormant
- Neptune Exhibitions Ltd
- International Exhibition Organisation Ltd
- Industrial Seminars Ltd
- Microwave Exhibitions & Publishers Ltd
- Naidex Conventions Ltd
- The Emperors Warriors Exhibition Ltd (note 2)
- The Button Group Ltd (75%) (note 2)
- Button Enventares Ltd
- Button Design Company Ltd
- Button Design Contracts (France) SARL
- Dormant
- Dormants
Utell International Group Limited
- Reed Telepublishing Ltd
- Addison Publishing Ltd
- ABC Distribution Services Ltd
- ABC Travelbank Ltd (50%)
- Reed Telepublishing GmbH
- Dormants
- Utell International Ltd
- Utell International (UK) Ltd
- Utell International (Chile) LTDA
- Reservasiones Internacionales Utell SADECV (50%)
- Utell International Do Brasil Servicos SC LTDA
- Utell International (Ireland) Ltd
- Utell International SRL
Ashcrofts (Isle of Man) Limited
Aylesford Paper Mills Limited
Bookset Systems Limited (88.57%) (note 3)
Bradfield Brett Holdings Limited
Bradfield Brett & Co Limited
Cahners Exposition Group (Maritime) Limited
Chapter Three Publications Limited
Cliveden Holdings Limited (note 4)
Congleton Express Limited
Endrick Leisure Limited
Formpart (No 2) Limited
Formpart (No 3) Limited

Intinco Limited
 Kervit Ceramics Limited
 Messenger Newspapers Group Limited
 Millberry's Limited
 Pitch Fibre Pipes Limited
 Reed Business Magazines plc
 Reed Decorative & Building Products Limited
 Reed International Executive Pension Trustee Limited (49%)
 Reed Nominees Limited
 Reed Pension Trusts Limited (49%)
 Reed Pension Trusts (No 2) Limited (49%)
 Reflex Insurance Services Limited
 Rinmed
 Scientechica (Publishers) Limited
 St James Press Distribution Limited (80%) (note 4)
 St James Press Limited (note 5)
 St James Press Publications Limited (50%) (note 5)
 St James Press Studios Limited (90%) (note 5)
 Texales (Jefrey) Limited
 Texales (Plant) Limited
 The Coupon Book Company Limited
 Today on Prestel Limited (note 3)
 Update Educational Projects Limited
 Update Hospital Publications Limited
 Update Leisure Limited
 Update Medical Newspapers Limited
 Update Nursing Publications Limited
 Update Postgraduate Medical Publications Limited
 Update Publications Limited
 Warrington Guardian Series Limited
 World Group Newspapers (North West) Limited
 WPM Finance (Bermuda) Limited

Notes

- 1 The Publishers & General Insurance Company Limited is 45.45% owned by International Publishing Corporation Limited (see List 3).
- 2 The Emperors Warriors Exhibition Ltd is 60% owned by The Reed Exhibition Company Ltd and 40% owned by The Button Group Ltd.
- 3 Bookset Systems Ltd is 11.43% owned by Today on Prestel Ltd.
- 4 St James Press Distribution Limited is 20% owned by Cliveden Holdings Limited.
- 5 St James Press Limited owns 50% of St James Press Publications Limited and 10% of St James Press Studios Limited.

LIST 7

Reed Publishing Australia Pty Limited

Reed Travel Group Pty Ltd

Reed Business Publishing Pty Ltd

- The Medicine Group Pty Ltd

- BPI Exhibitions Pty Ltd

Reed International Books Australia Pty Ltd

Hamlyn Publishing Group Pty Ltd

LIST 8

Mandarin Publishers Limited

Norscan Paper Limited
Dormants

LIST 9

ROBV

Reed Travel Group Ltd
Reed Business Publishing France Sarl
- Ferme de Vimer SCEA
Butterworths Canada Ltd
- Les Editions Yvon Blais Inc (40%)
- Bottom Wine Publications Inc (49%)
Butterworths of New Zealand Ltd
- Medical Books New Zealand (1987) Ltd
Cahners Expositions Group SA (dormant)
KG Saur GmbH
Reed Asian Publishing Pte Ltd
Reed Data Services Ltd
Reed Exhibitions Companies Inc
Reed Exhibitions Ltd
Reed Exhibitions Pte Ltd
- Asia Aerospace Pte Ltd (50%)
Reed France SA
- Société Francais Pour le Developement de la Communication
Interactionale
- Miden Organisation SA
- Marketing France SA (96.69%)
- Marketing Investissement SA (99.76%)
- Marketing Services SA (99.97%)
- Publications Professionelles Francais SA (99.82%)
- Festival Francais du Film Publicitaire
Organisation SA (note 1)
- Marketing Mix SA (note 2)
- Marketing Finance Development SA (20%)
- Sepel Com SA (34%)
Reed Healthcare Communications BV (97.8%)
Reed International Risks Ltd
Reed Travel Group SA
Reed (Nederland) NV
Reed International (Singapore) Pte Ltd

Notes

- 1 Festival Francais du Film Publicitaire Organisation SA is 34% owned by Marketing Services SA and 17.23% owned by Publications Professionelles Francais SA.
- 2 Marketing Mix SA is 55.28% owned by Marketing Services SA and 44.44% owned by Publications Professionelles Francais SA.

LIST 10

RPN

Agifa Fachmessen AG
Agifa GmbH
Agifa Veriag AG
Butterworth Publishers (Pty) Ltd
- Digma Publications (Pty) Ltd
Mardev BV
Reed Belgium SA
- Promex bvba
- In-media SA (76%)
- Nid SA (note 1)
- TPD SA
- Tournai Antiquities SA
- Antexpo SA
- Foire des Antiquaires de Namur SA
- Batisud SA
- Foire des Antiquaires de Liege SC
Reed Messe Salzburg GmbH
Reed Publishing Italia Srl
Reed Publishing (Germany) GmbH

Notes

1 Nid SA is 38% owned by Reed Belgium SA and 38% owned by In-Media SA.

LIST 11

Others for Retention

Skillslot Ltd

- BSE Holdings Ltd (20.91% fully diluted)
- British Sky Broadcasting Ltd (17.5%)

I N W I T N E S S whereof this Agreement has been duly executed.

SIGNED by P. V. A. H. A. N
for and on behalf of ELSEVIER NV
in the presence of:-

Jacques Williams

London

Schuster

SIGNED by
for and on behalf of REED
INTERNATIONAL P.L.C. in the
presence of:-

2746616

Certified a true and complete
copy of the original.

DATED 23 December 1992

Freshfields
27.1.93

Freshfields
Solicitors,

Freshfields,
Whitefriars,
65 Fleet Street,
London EC4Y 1HS

ELSEVIER NV

PASSED FOR FILING

- and -

REED INTERNATIONAL P.L.C.

SUPPLEMENTAL AGREEMENT
to the Implementation Agreement
dated 30 October 1992

LINKLATERS & PAINES
Barrington House
59-67 Gresham Street
London EC2V 7JA
Tel: 071-606 7080

Ref: BR



SUPPLEMENTAL AGREEMENT

THIS AGREEMENT is made on 23 December 1992 BETWEEN:-

- (1) ELSEVIER NV having its corporate seat in Amsterdam and whose principal office is at Van de Sande Bakhuyzenstraat 4, PO Box 470, 1000 AL Amsterdam, The Netherlands ("Elsevier"); and
- (2) REED INTERNATIONAL P.L.C. whose registered office is at Reed House, 6 Chenterfield Gardens, London W1A 1EJ ("Reed").

Elsevier and Reed have entered into an implementation agreement regarding the merger of substantially all of their businesses dated 30 October 1992 (the "Implementation Agreement"). This Agreement is supplemental to the Implementation Agreement.

1 Definitions

Terms used in this Agreement and not defined herein shall have the meanings given to them in the Implementation Agreement.

2 Clause 1


It is agreed that the Amsterdam Chamber of Commerce File No. included in the definition of "ROBV" shall be replaced by 241.702.

3 Clauses 2 and 5

It is agreed that ~~Clauses 2 and 5 shall be amended by the deletion of~~ subclauses 2.2.6 and 5.2.6, respectively. *shall be deleted and that subclauses 2.2.2 and 5.2.4 shall be amended to refer to the transfer by Elsevier of 90% (rather than 100%) of the issued share capital*
4 Schedules 2, 2A, 3 and 3A of ESRL.

It is agreed that Schedules 2, 2A, 3 and 3A, which refer to the situation immediately prior to Completion, shall be replaced in their entirety with the following:-

* The parties agree that notwithstanding that (i) the fully diluted share capital of Elsevier immediately prior to Completion may be lower than stated by reason of lapse of outstanding options or interests under convertible debentures or (ii) the issued share capital may increase and the shares under option or interests under convertible debentures may decrease by reason of exercise of such options or conversion of such interests or (iii) the number of interests under convertible debentures may be up to 37,360 less if the full amount of convertible debentures that are available for subscription during 1992 are not subscribed for, it shall be assumed for the purpose of determining whether Clause 4.2.1 is complied with that no options outstanding at the date of this Agreement are capable of lapsing or exercise and all interests under convertible debentures are subscribed for in 1992 and such interests are not capable of lapsing or conversion.

** The preference shares in Elsevier Reed Finance will be held by Stichting Prioriteitsaandelen Elsevier which at Completion will adopt new articles in the form agreed between Elsevier and Reed and will change its name to Stichting ~~Prioriteitsaandelen~~ Elsevier Reed Finance. 

3 The constituent documents of Elsevier (upon Completion), Elsevier Reed Finance, New BV1, EBV and New BV2 shall be as set out in the documents in the agreed terms (Documents C and K2 to K5).

4 The only known assets and liabilities of Elsevier shall be as follows:-

Assets

(i) shares in the following companies:-

1. 176 shares of one thousand guilders (NLG 1,000) each in New BV1 (representing the entire issued share capital of New BV1)
2. 250 income access shares (E shares) of one thousand guilders (NLG 1,000) each in EBV

(vi) joint and several liability for debts of certain Dutch Subsidiaries;

(vii) various guarantees with respect to existing obligations of certain Dutch Subsidiaries;

(viii) any liabilities to the holders or former holders of Elsevier's shares and bearer depositary receipts, in their capacity as such (the dividends expected to be paid to such holders in respect of Elsevier's current financial year being treated as liabilities for this purpose);

(ix) any liabilities arising out of any ongoing, pending or threatened litigation, legal or regulatory proceedings, arbitrations, prosecutions or investigations, provided that (in the case only of any such matter which may have or has had during the 12 months preceeding the date of this Agreement a significant effect on the financial position of the Elsevier Group taken as a whole) such matter has been disclosed in Elsevier's Due Diligence Report in the agreed terms (Document B1) or in writing subsequently to Reed;

(x) liabilities arising out of this Agreement and the contracts arising out of it; and

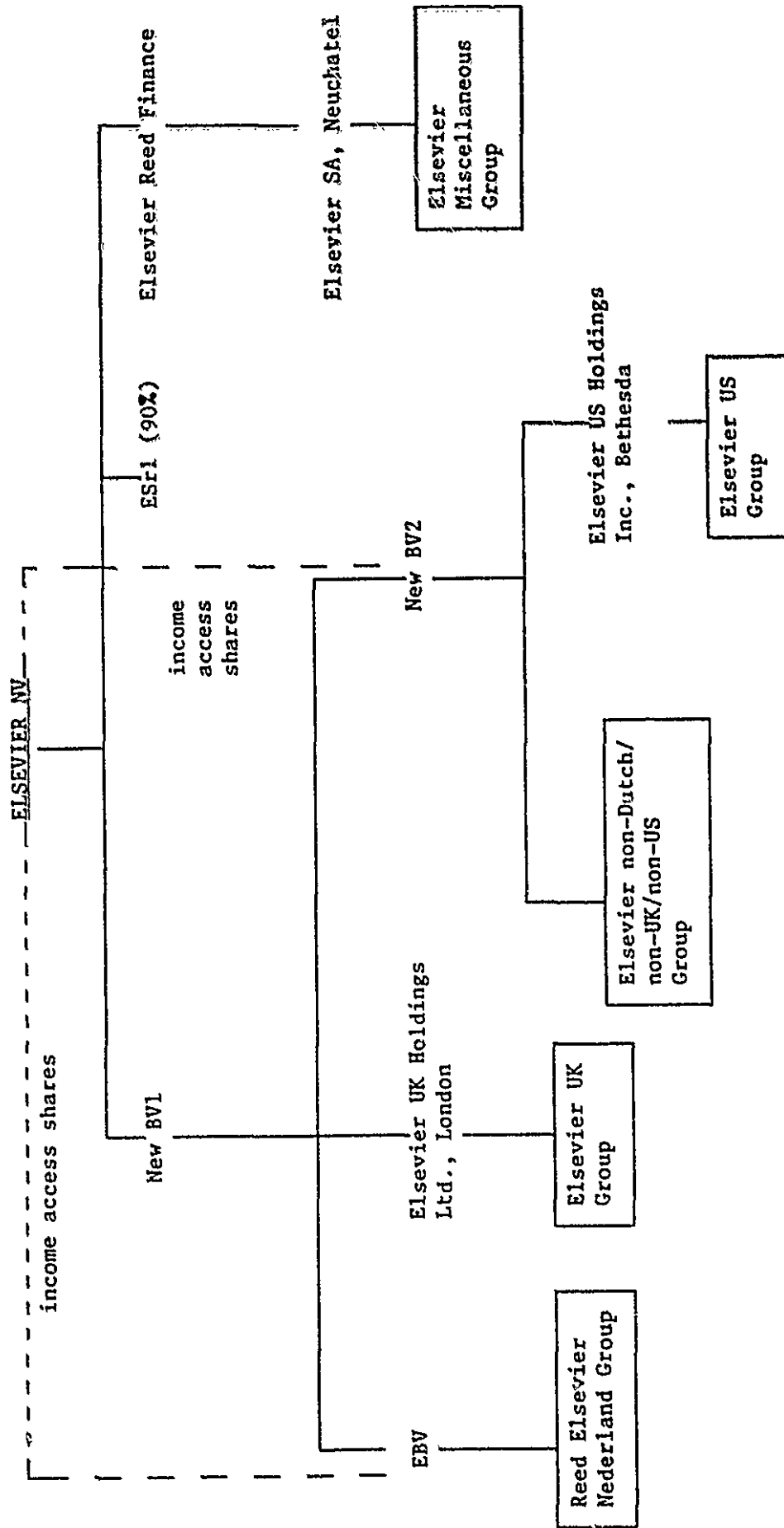
(xi) any liabilities arising out of or in connection with Elsevier's ownership of, or interest in, the assets described in this Schedule.

Provided that the estimated aggregate market value of the assets described above will not exceed the estimated aggregate market value of the liabilities described above by more than NLG 213 million after contribution by Elsevier to the Merger of such cash amount as it is agreed should be so contributed.

In addition, Elsevier shall have rights under and liabilities arising out of its directors' service and pension agreements.

SCHEDULE 2A

[see following pages]



Reed Elsevier Nederland Group

Elsevier Services bv, Amsterdam

Elsevier Science Publishers BV, Amsterdam

- Excerpta Medica BV, i.l.*, Amsterdam
- Adonis BV, Amsterdam (29.7%)

Northprint BV, Meppel

Excerpta Medica Medical Communications BV Amsterdam

- ESI Stampa Medica S.r.l., Milan (10%)

Krips Repro BV, Meppel

Nederlandse Dagbladunie BV, Rotterdam

- Dagblad van Rijn & Gouwe BV, Alphen a/d Rijn
- Veta B.V., Maddinxveen
- BV De Dordtenaar, Dordrecht
- Brabants Nieuwsblad BV, Roosendaal
- Het Vrije Volk Bestuur BV, Rotterdam
- Het Vrije Volk CV, Rotterdam
- Media Combinatie Rotterdam Bestuur BV, Rotterdam (50%)
- Rotterdams Dagblad CV, Rotterdam (50%)

Koninklijke PBNA BV, Arnhem

Elsevier Opleidingen BV, Zwijndrecht

- C.B.B.H. BV, Zwijndrecht

BV International Study Centre ISC, Vlaardingen

- BV Het Nederlands Studie Centrum NSC, Vlaardingen

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- Toeristiek BV, Oostwoud
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- Multisell Media BV, Uden

Bureau Horticom BV, De Lier

BV Uitgeversmaatschappij Bonaventura, Amsterdam

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Uitgeversmaatschappij Argus BV, Amsterdam

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- Haasrecht BV, Amsterdam (50%) (dormant)
- Elsevier Vendex Film Beheer BV, Amsterdam (33 1/3%)
- Elsevier Vendex Film CV, Amsterdam (50%)
- Uvema BV, De Meern (26%)
- Exploitiemaatschappij Misset BV, Doetinchem
- Stockdata Research BV, Bunnik (55%) i.l.
- Stockdata Nederland BV, Bunnik i.l.
- Stockdata Iberica SA, i.l.
- Stockdata Belgium Holding NV i.l.
- Stockdata Belgium NV (55%) i.l.
- HBA BVBA (55%) i.l.
- Stockdata Belgium NV (20%) i.l.
- Stockdata Belgium NV (30%) i.l.
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- Hatzel Systems Ltd., Liverpool (dormant)
- Elsevier Editorial Services Ltd., Oxford (dormant)

The Lancet Ltd., London

BEP Data Services Ltd., Edinburgh (dormant)

Geo Abstracts Ltd., Norwich (dormant)

Elsevier non-Dutch/non-UK/non-US Group

Arte y Cemento SA, Bilbao (49%)

- Ediciones Alfíl SA, Bilbao

Excerpta Medica (Australia) PTY, Ltd, Sydney

Elsevier Training NV, Brussels

Werk-Verlag Dr. Edmund Banaschewski GmbH, München

Elsevier US Group

Gordon Publications, Inc., Morris Plains

- Delta Communications, Inc., Chicago
- Springhouse Corp., Springhouse
- Excerpta Medica, Inc., Belle Mead
- Instructional Techniques Ltd., Consultants in Medical Education (ITL/CME) Manhasset

Pan European Publishing Comp., Inc., New York

Congressional Information Service, Inc., Bethesda

- Elsevier Realty Information, Inc., Bethesda
- IRW Redi Property Data, Anaheim (40%) (joint venture)
- Greenwood Publishing Group, Inc., Westport

Elsevier Science Publishing Comp., Inc., New York

Pergamon Press Inc., Terrytown, NY

Elsevier Miscellaneous Group

Elsevier Scientific Publishers (Ireland) Ltd., Shannon

Excerpta Medica Kabushiki Kaisha, Tokyo

Excerpta Medica Asia Ltd., Hong Kong

Elsevier Librico NV, Brussels

- International Equipment News Europe NV, Brussels (50%)
 - Elsevier Thomas Fachverlag GmbH, Mainz
 - Editions Elsevier Thomas SA, Paris
- Arte y Cemento SA, Bilbao (51%)
 - Ediciones Alfíl SA, Bilbao
- Elsevier Prensa SA, Barcelona

Editora Campus Ltda, Rio de Janeiro (51%)

Elsevier Sequoia SA, Lausanne

- Continuing Education Institute Europe AB, Finspang (dormant)

SCHEDULE 3

(Clause 4.2.2)

Facilitation of the Merger : Reed

1 The corporate structure of the Group of Reed shall be as set out in Schedule 3A and, except as indicated therein, the issued shares of each company named in such Schedule shall be beneficially owned by Reed (or a wholly-owned subsidiary of Reed) free from all claims, charges, liens, equities, encumbrances and other third party rights (except such as may arise pursuant to this Agreement).

2 The share capital of Reed, Reed Elsevier and Newco 1 shall be as follows:-

	<u>Issued</u>	<u>Shares under option</u>
Reed*		
- ordinary shares	558,730,555	9,620,071
- 3.15% preference shares	1,500,000	-
- 3.85% preference shares	1,200,000	-
- 3.5% preference shares	317,766	-
- 4.9% preference shares	1,050,587	-
- unclassified shares	-	-
 Reed Elsevier	 100,002	 -
- R shares	2	-
- E shares	-	-
- G shares	100,000	-
 Newco 1	 1,115,544	 -

* The parties agree that notwithstanding that (i) the fully diluted share capital of Reed immediately prior to Completion may be lower than stated by reason of lapse of outstanding options or (ii) the issued share capital may increase and the shares under option may decrease by reason of exercise of such options, it shall be assumed for the purpose of determining whether Clause 4.2.2 is complied with that no options outstanding at the date of this Agreement are capable of lapsing or of exercise.

3 Resolutions of Reed Elsevier shall have been passed in a form and manner such that, immediately after Completion, the Reed Elsevier Articles shall be as set out in the document in the agreed terms (Document J1).

4 The only known assets and liabilities of Reed shall be as follows:-

Assets

(i) shares in the following companies:-

1. Reed Elsevier
2. Newco 1
3. RHBV
4. RPN
5. Stanspak

(ii) shares in the following companies (not to be contributed to the Merger):-

1. Skillslot Limited
2. Scaletime Limited
3. Marktile Limited
4. Officeshine Limited

(iii) the Trade Marks as defined in the asset transfer agreement between Reed and Newco 1 dated 29 October 1992 (the "Hivedown Agreement");

(iv) cash (howsoever held) and indebtedness (including, without limitation, accrued interest) of its Subsidiaries to Reed;

(v) rights to repayment by HM Customs & Excise in respect of value added tax and to payments of and in respect of tax on income, profits or chargeable gains;

(vi) rights under certificates of tax deposit;

(vii) rights under:-

(a) the Hivedown Agreement;

(b) the Excluded Contracts as defined in the Hivedown Agreement;

(c) those Contracts as defined in the Hivedown Agreement the benefit of which is held on trust by Reed for Newco 1 or its assignee;

(d) this Agreement and the contracts contemplated by it;

(e) any and all contracts, agreements and arrangements entered into by Reed with any other party before 1 January 1993 relating to, or otherwise pertaining to (whether directly or indirectly) BSB Holdings Limited ("BSBH") or BSBH's interest in British Sky Broadcasting Limited ("BSkyB") including, without limitation, any contracts with, relating to, or otherwise pertaining to, Skillslot Limited, Scaletime Limited and Marktile Limited and including, without limitation, in relation to the refinancing of various financing agreements relating to BSBH and/or BSkyB (the "Financing Agreements");

(f) any and all contracts, agreements or arrangements entered into by Reed, as agent for Newco 1, before 1 January 1993 as a result of or in connection with the arrangements contemplated by the Hivedown Agreement and the transfer of the Assets and Shares as defined therein; and

(viii) the interests held by Reed as trustee for Newco 1 or its assignee in those Assets and Shares as defined in the Hivedown Agreement whose transfer has not been completed and as trustee for Stanapak in the shares of Reed Finance Ireland.

Liabilities

(i) obligations in respect of the loan instruments specified in Schedule 1, Part 2, paragraph A of the Hivedown Agreement;

(ii) indebtedness to RPH Limited pursuant to a 10.5% subordinated loan from RPH Limited to Reed;

(iii) liability for tax on income, profits or chargeable gains and to HM Customs & Excise for value added tax;

(iv) any liabilities to the holders or former holders of Reed's shares, in their capacity as such (the dividends expected to be paid to Reed's shareholders in respect of its current financial year being treated as liabilities for this purpose);

(v) liabilities in respect of the costs described in Schedule 1, Part 2, paragraphs E and F of the Hivedown Agreement;

(vi) liabilities arising out of:-

(a) the Hivedown Agreement;

(b) the Excluded Contracts (as amended prior to 1 January 1993) as defined in the Hivedown Agreement; and

(c) those contracts and commitments in respect of which under the Hivedown Agreement Newco 1 has agreed to indemnify Reed but from which Reed has not been released;

(vii) liabilities arising out of the following contracts entered into or borrowings incurred by Reed after the date of the Hivedown Agreement:-

- (a) this Agreement and the contracts contemplated by it;
- (b) guarantees given by Reed in support of the borrowings of its Subsidiaries;
- (c) guarantees and indemnities given or borrowings incurred by Reed as contemplated by clause 6.3 of the Hivedown Agreement;
- (d) any borrowings incurred by Reed under its Elm overdraft facility with Lloyds Bank plc or under its \$400m National Westminster Bank PLC syndicated Multiple Option Facility;
- (e) any and all contracts, agreements and arrangements (including without limitation all guarantees and indemnities and other contracts and commitments in the nature of guarantees or indemnities) entered into by Reed with any other party before 1 January 1993 relating to, or otherwise pertaining to (whether directly or indirectly) BSBH or BSBH's interest in BSKyB including, without limitation, any contracts with, relating to, or otherwise pertaining to, Skillslot Limited, Scaletime Limited and Marktile Limited and including, without limitation, in relation to the refinancing of the Financing Agreements; and
- (f) any and all contracts, agreements or arrangements (including without limitation all guarantees and

indemnities and other contracts and commitments in the nature of guarantees or indemnities) entered into by Reed, as agent for Newco 1, before 1 January 1993 as a result of or in connection with the arrangements contemplated by the Hivedown Agreement and the transfer of the Assets and Shares as defined therein;

(viii) any liabilities arising out of or in connection with Reed's ownership of, or interest in, the assets described in this Schedule; and

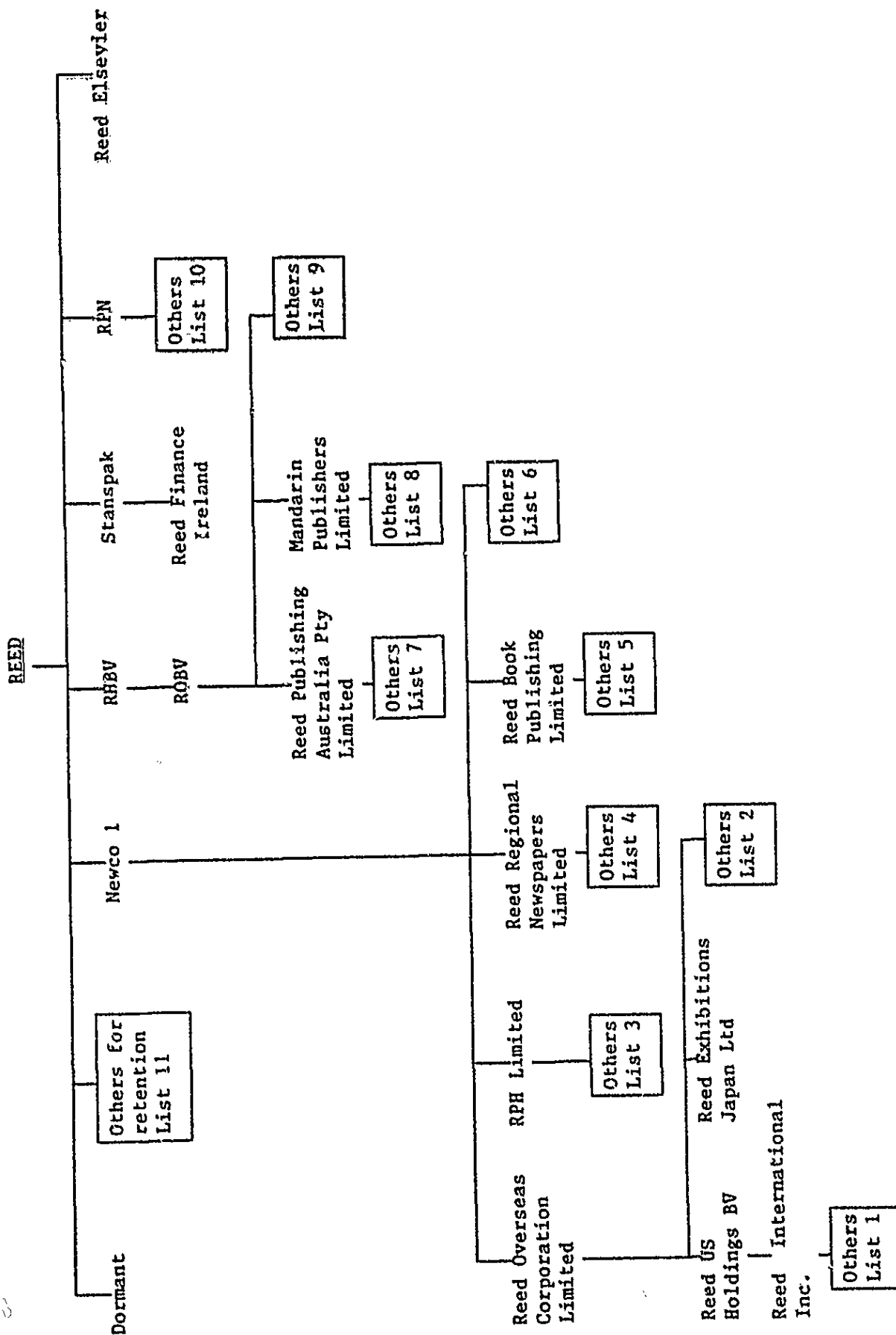
(ix) any liabilities arising out of any ongoing, pending or threatened litigation, legal or regulatory proceedings, arbitrations, prosecutions or investigations, provided that (in the case only of any such matter which may have or has had during the 12 months preceding the date of this Agreement a significant effect on the financial position of its Group taken as a whole) such matter has been disclosed in Reed's Due Diligence Report in the agreed form (Document B2) or in writing subsequently to Elsevier.

Provided that the estimated aggregate market value of the assets described above excluding those described in (i) will not exceed the estimated aggregate market value of the liabilities described above by more than £78 million after contribution by Reed to the Merger of such cash amount it is agreed should be so contributed.

For the avoidance of doubt, the assets described in (vii) and the liabilities described in (vi) include without limitation Reed's rights, obligations and liabilities in respect of all contracts relating to the employment and remuneration of directors and employees.

SCHEDULE 3A

[see following pages]



LIST 1

Reed International Inc

Reed Finance Inc (note 1)

- Reed Properties Inc
- Reed Publishing (USA) Inc (note 1)
- International Computaprint Corporation (notes 1 and 2)
 - Dormants
- The Tracom Corporation
- Simat, Hellieson & Eichner Inc
- Online Computer Systems Inc
- Reed Electronic Publishing Inc
- Reed Products Inc
- Communications/Today Ltd (note 1)
- Mitchell Beazley (USA) Inc
- William Heinemann Inc (note 3)
- Heinemann Educational Books Inc
 - Boynton/Cook Publishers Inc
- Butterworth of Puerto Rico Inc
- Tradeshow Week Inc
- Reed Books Inc (note 3)
- Horton Publishing Company
 - Variety Inc (note 1)
 - Variety SARL
 - Variety Italia Srl (note 4)
 - Daily Variety Ltd
 - Variety International Ltd (note 5)
- Andover Medical Publishers Inc
- Cahners Publishing Associates (Limited Partnership)

Notes

- 1 Reed Finance Inc is 88.64% owned by Reed International Inc, the remaining 11.36% being owned by:
 - Reed Publishing (USA) Inc (10.06%)
 - International Computaprint Corp (0.64%)
 - Communications/Today Ltd (0.34%)
 - Variety Inc (0.32%)
- 2 International Computaprint Corporation is also a partner in the Cahners Publishing Associates Limited Partnership.
- 3 William Heinemann Inc and Reed Books Inc each have a 25% interest in Mimosa Publications (a General Partnership).
- 4 Variety Italia Srl is 90% owned by Variety Inc and 10% owned by Daily Variety Ltd.
- 5 Variety International Ltd is 50% owned by Variety Inc and 50% owned by Walter Roger Watkins.

LIST 2

Reed Overseas Corporation Ltd

Reed Exhibitions Group Sdn Bhd (70%)

Reed Tradex Ltd (61%)

IWPM Holdings Ltd

- Dormant

Reedoft BV

Reed Exhibitions Group SRL

Reed Telepublishing AG

Dormant

LIST 3

RPH Limited

International Publishing Corporation Ltd

- IPC Holdings Ltd
- The Publishers & General Insurances Company Ltd (45.45%)(note 1)
- Scripta Technica Ltd
- Dormants

IPC Europe Holdings Ltd

- Ferme de Vimer SCEA

IPC Printers Ltd

Kings Reach Investments Ltd (43.1%)

Reed Publishing Ltd

- World Construction Publications Ltd
- Butterworth & Co (Publishers) Ltd
 - Butterworth (Eurolex) Ltd (Dormant)
 - Common Law Reports Ltd
 - Itelis Ltd (50%)
 - Bowker - Saur Ltd
 - Butterworths (Europe) Ltd
 - Butterworths (India) Ltd
 - Butterworths (Ireland) Ltd
 - RR Bowker (UK) Ltd
 - KG Saur & Verlag GmbH & Co KG (98.5%)(note 3)
 - A Francke Verlag AG
 - Butterworth & Co (Overseas) Ltd
 - Butterworth & Co (Asia) Pte Ltd
 - Butterworth & Co (Nigeria) Ltd (40%)
 - Dormants
- Reed Information Services Ltd
 - Newpoint Publishing Co Ltd
 - Dormants
- Datacross Services Ltd (75.1%)
- Inquiry Management Systems Ltd
- Reed Business Publishing Ltd
 - Accounting Technician (Publications) Ltd (49%)
 - Certified Accountant (Publications) Ltd (50%)
 - The Estates Gazette Ltd (Dormant)
 - Digital Graphics Ltd
 - What to Buy PLC (Dormant)
 - What to Buy (International) Ltd
 - What to Buy Inc

IPC Magazines Ltd

- IPC Telemarketing (International) Ltd (74%)
 - IPC Audiotex (Espana) SA (note 2)
- European Magazines Ltd (50%)
- Independent Television Publications Ltd
 - Independent Television Books Ltd
 - Publishing Developments Ltd
 - Pitchgrange Ltd
 - Furselynn Ltd
 - Dormants
- IPC Magazines (Overseas) Ltd

- Advantage SA (50%)
- Dormants
Carlton Magazines Ltd
- Dormants

Notes

- 1 The Publishers & General Insurance Company Ltd is 54.55% owned by Newco 1 (see List 6).
- 2 IPC Audiotex (Espana) SA is 99.98% owned by IPC Telemarketing (International) Ltd, the remaining 0.02% being owned by IPC Magazines Ltd (0.01%) and IPC Magazines (Overseas) Ltd (0.01%).
- 3 KG Saur & Verlag GmbH & Co KG is 98.5% owned by RR Bowker (UK) Ltd, the remaining 1.5% being owned by KG Saur GmbH (1%) and Butterworth (Europe) Ltd (0.5%).

LIST 4

Reed Regional Newspapers Limited

Reed Southern Newspapers Ltd

- Dormants

Reed Midland Newspapers Ltd

- Dormants

Reed Northern Newspapers Ltd

- Dormants

Dormants

LIST 5

Reed Book Publishing Limited

Reed International Books Ltd

Book Club Associates (Partnership)(50%)

Book Club Associates Pension Trust Ltd (50%)

Conran Octopus Ltd (97%)

Sinclair-Stevenson Holdings Ltd

- Sinclair Stephenson Ltd

Marvelprint Ltd

Dormants

George Philip Holdings Ltd

- Dormants

Mitchell Beazley Ltd (Dormant)

- Mitchell Beazley London Ltd

- Mitchell Beazley Television Ltd

- Mitchell Beazley International Ltd

- Mitchell Beazley Netherlands BV

- Millers Publications Ltd

- Dormants

Heinemann Publishers (Oxford) Ltd

- Heinemann Publishers international Ltd

- Octopus Publishing Asia Pte Ltd

- Heinemann Holdings Australia Pty Ltd (Dormant)

- Octopus Publishing Group (Australia) Pty Ltd

- Chessebb Pty Ltd

- Text Publishing Pty Ltd (50%)

- Budget Books Pty Ltd

- Heinemann - Centaur Pty Ltd (50%)

- Heinemann Iberia SA

- Heinemann International Publishers Hellas LLC

- Heinemann Educational Publishers Boleswa Pty Ltd

- Heinemann Educational Books (Caribbean) Ltd (49%)

- East Africa Educational Publishers Ltd (26%)

- Heinemann Distribution Ltd

- Heinemann Educational Books (Nigeria) Ltd (28.9%)

- Dormants

- Dormants

Dormants

LIST 6

Newco 1 (Others)

ABC France Limited
ABC Italy Limited
Cahners Publishing Limited
The Publishers & General Insurance Company Limited (54.55%) (note 1)
Reed International (Aylesford) Limited
Reed International (Properties) Limited
Reed Pension Investment Management Limited
Reed (International Services) Limited
The Reed Exhibition Companies Limited

- Associated Trade Exhibition Consultants Ltd
- ITF/Tony Davis Expositions Ltd (50%)
- BCC Exhibitions Ltd (50%)
- BED Exhibitions Ltd
- Dormant
- Neptune Exhibitions Ltd
- International Exhibition Organisation Ltd
- Industrial Seminars Ltd
- Microwave Exhibitions & Publishers Ltd
- Naidex Conventions Ltd
- The Emperors Warriors Exhibition Ltd (note 2)
- The Button Group Ltd (75%) (note 2)
 - Button Enventares Ltd
 - Button Design Company Ltd
 - Button Design Contracts (France) SARL
 - Dormant
- Dormants

Utell International Group Limited

- Reed Telepublishing Ltd
 - Addison Publishing Ltd
 - ABC Distribution Services Ltd
 - ABC Travelbank Ltd (50%)
 - Reed Telepublishing GmbH
 - Dormants
- Utell International Ltd
 - Utell International (UK) Ltd
 - Utell International (Chile) LTDA
 - Reservasiones Internacionales Utell SADECV (50%)
 - Utell International Do Brasil Servicos SC LTDA
 - Utell International (Ireland) Ltd
- Utell Intenrational SRL

Ashcrofts (Isle of Man) Limited
Aylesford Paper Mills Limited
Bookset Systems Limited (88.57%) (note 3)
Bradfield Brett Holdings Limited
Bradfield Brett & Co Limited
Cahners Exposition Group (Maritime) Limited
Chapter Three Publications Limited
Cliveden Holdings Limited (note 4)
Congleton Express Limited
Endrick Leisure Limited

Formpart (No 2) Limited
 Formpart (No 3) Limited
 Intinco Limited
 Kervit Ceramics Limited
 Messenger Newspapers Group Limited
 Millberry's Limited
 Pitch Fibre Pipes Limited
 Reed Business Magazines plc
 Reed Decorative & Building Products Limited
 Reed International Executive Pension Trustee Limited (49%)
 Reed Nominees Limited
 Reed Pension Trusts Limited (49%)
 Reed Pension Trusts (No 2) Limited (49%)
 Reflex Insurance Services Limited
 Rinmed
 Scient Technica (Publishers) Limited
 St James Press Distribution Limited (80%) (note 4)
 St James Press Limited (note 5)
 St James Press Publications Limited (50%) (note 5)
 St James Press Studios Limited (90%) (note 5)
 Texales (Jefrey) Limited
 Texales (Plant) Limited
 The Coupon Book Company Limited
 Today on Prestel Limited (note 3)
 Update Educational Projects Limited
 Update Hospital Publications Limited
 Update Leisure Limited
 Update Medical Newspapers Limited
 Update Nursing Publications Limited
 Update Postgraduate Medical Publications Limited
 Update Publications Limited
 Warrington Guardian Series Limited
 World Group Newspapers (North West) Limited
 WPM Finance (Bermuda) Limited

Notes

- 1 The Publishers & General Insurance Company Limited is 45.45% owned by International Publishing Corporation Limited (see List 3).
- 2 The Emperors Warriors Exhibition Ltd is 60% owned by The Reed Exhibition Company Ltd and 40% owned by The Button Group Ltd.
- 3 Bookset Systems Ltd is 11.43% owned by Today on Prestel Ltd.
- 4 St James Press Distribution Limited is 20% owned by Cliveden Holdings Limited.
- 5 St James Press Limited owns 50% of St James Press Publications Limited and 10% of St James Press Studios Limited.

LIST 7

Reed Publishing Australia Pty Limited (note 1)

Reed Travel Group Pty Ltd
Reed Business Publishing Pty Ltd
- The Medicine Group Pty Ltd
- BPI Exhibitions Pty Ltd
Reed International Books Australia Pty Ltd
Hamlyn Publishing Group Pty Ltd

Note

- 1 The beneficial ownership of Reed Publishing Australia Pty Limited is held by ROBV but the legal title is held by Reed Overseas Corporation Limited.

LIST 8

Mandarin Publishers Limited

Norscan Paper Limited
Dormants

LIST 9

ROBV

Reed Travel Group Ltd
Reed Business Publishing France Sarl
- Ferme de Vimar SCEA
Butterworths Canada Ltd
- Les Editions Yvon Blais Inc (40%)
- Bottom Wine Publications Inc (49%)
Butterworths of New Zealand Ltd
- Medical Books New Zealand (1987) Ltd
Cahners Expositions Group SA (dormant)
KG Saur GmbH
Reed Asian Publishing Pte Ltd
Reed Data Services Ltd
Reed Exhibitions Companies Inc
Reed Exhibitions Ltd
Reed Exhibitions Pte Ltd
- Asia Aerospace Pte Ltd (50%)
Reed France SA
- Société Française Pour le Développement de la Communication
Interactionnelle
- Miden Organisation SA
- Marketing France SA (96.69%)
- Marketing Investissement SA (99.76%)
- Marketing Services SA (99.97%)
- Publications Professionnelles Françaises SA (99.82%)
- Festival Français du Film Publicitaire
Organisation SA (note 1)
- Marketing Mix SA (note 2)
- Marketing Finance Development SA (20%)
- Sepel Com SA (34%)
Reed Healthcare Communications BV (97.8%)
Reed International Risks Ltd
Reed Travel Group SA
Reed (Nederland) NV
Reed International (Singapore) Pte Ltd

Notes

- 1 Festival Français du Film Publicitaire Organisation SA is 34% owned by Marketing Services SA and 17.23% owned by Publications Professionnelles Françaises SA.
- 2 Marketing Mix SA is 55.28% owned by Marketing Services SA and 44.44% owned by Publications Professionnelles Françaises SA.

LIST 10

RPN

Agifa Fachmessen AG
Agifa GmbH
Agifa Verlag AG
Butterworth Publishers (Pty) Ltd
- Digma Publications (Pty) Ltd
Mardev BV
Reed Belgium SA
- Promex bvba
- In-media SA (76%)
- Nid SA (note 1)
- IPD SA
- Tournai Antiquities SA
- Antexpo SA
- Foire des Antiquaires de Namur SA
- Batisud SA
- Foire des Antiquaires de Liege SC
Reed Messe Salzburg GmbH
Reed Publishing Italia Srl
Reed Publishing (Germany) GmbH

Notes

- 1 Nid SA is 38% owned by Reed Belgium SA and 38% owned by In-Media SA.

LIST 11

Others for Retention

Skillslot Ltd

- BSB Holdings Ltd (20.91% fully diluted)
- British Sky Broadcasting Ltd (17.5%)

5 Other Provisions

5.1 Counterparts This Agreement may be entered into in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

5.2 Governing Law and Submission to Jurisdiction This Agreement shall be governed by and construed in accordance with English law. Subject to Articles 21 and 22 of the Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters signed on 27 September 1968 (as in force from time to time), the parties hereby irrevocably agree to submit to the exclusive jurisdiction of the Courts of England and The Netherlands in respect of any dispute which may arise in connection with the validity, effect, interpretation or performance of, or the legal relationships established by this Agreement or otherwise arising in connection with this Agreement.

5.3 Other Amendments Except as specifically amended pursuant to Clauses 2, 3 and 4 hereof, the Implementation Agreement is hereby ratified and affirmed in all other respects.

IN WITNESS whereof this Agreement has been duly executed.

SIGNED by CH. EKKER)
for and on behalf of ELSEVIER NV)
in the presence of:-)

SIGNED by RICHARD BAKER)
for and on behalf of REED)
INTERNATIONAL P.L.C.)
in the presence of:-)

Edward Graham
(Solely)
65 Fleet Street
London EC4Y 1HS

G

COMPANIES FORM No. 224

224

Notice of accounting reference date
(to be delivered within 9 months of
incorporation)

Please do not
write in
this margin.

Pursuant to section 224 of the Companies Act 1995
as inserted by section 3 of the Companies Act 1989

Please complete
legibly, preferably
in black type, or
bold block
lettering.

To the Registrar of Companies
(Address overleaf)

Company number

2746616

Name of company

* Reed Elsevier plc

*insert full name
of company

gives notice that the date on which the company's accounting reference period is to be
treated as coming to an end in each successive year is as shown below:

Important

The accounting
reference date to
be entered along-
side should be
completed as in the
following examples:

Day Month

3/1/12

5 April

Day Month

05/04

30 June

Day Month

30/06

31 December

Day Month

31/12

+ Insert
Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriate

Signed

L. Lina

Designation

Deputy Secretary

Date

23/4/93

Presentor's name address and
reference (if any):

For official use

D.E.B.

Post room

COMPANY'S HOUSE
26 APR 1993
M 62

J51

(COPY)

(1)

resolution

Company Number

2746616

of Reed Elsevier plc

Passed the 27th day of September 19⁹³

At an Extraordinary General Meeting of the members of the above-named company, duly convened and held at ...Van de Sande Bakhuyzenstraat 4, P.O. Box 470, ... 1000 AL Amsterdam

on the 27th day of September 1993

the following (1) SPECIAL RESOLUTION was duly passed:—

(2)

THAT the Articles of Association of the Company be and they are hereby amended as follows with effect from the end of the meeting:

(a) by deleting the existing article 43 and replacing it with the following:

"43. Save as provided below, the chairman, if any, of the board of directors, or in his absence the deputy chairman, if any, of the board of directors, or in his absence some other director nominated by the directors, shall preside as chairman of the meeting, but if neither the chairman nor the deputy chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman. If there are joint chairmen of the board of directors, both of whom are present at the meeting within fifteen minutes after the time appointed for holding the meeting and both of whom are willing to act, they shall decide which of them is to preside at the meeting, failing which one of them shall be selected by lot."

(b) by deleting the existing article 75(b)(vii) and replacing it with the following:

"(vii) the chairman and deputy chairman of the board of directors or, if there are joint chairmen of the board of directors, the joint chairmen, shall be joint chairmen of the Reed Elsevier Group Executive Committee, unless they are not members of that Committee."

(c) by deleting the existing article 93 and replacing it with the following:

"93. The directors may either appoint one of their number to be the chairman of the board of directors and one of their number to be the deputy

THE COMPANIES ACT 1985

COMPANY NUMBER 2746616

REED ELSEVIER plc

Continuation Sheet No 1

chairman, or may appoint two of their number to be joint chairmen of the board of directors, and may at any time remove a director from such office. Where there is only one chairman of the board of directors, that director shall preside at every meeting of directors at which he is present unless he is unwilling to do so, when the deputy chairman shall preside unless he is unwilling to do so. When there are joint chairmen, the joint chairmen shall decide which of them is to preside at a particular meeting, failing which one of them shall be selected by lot. But if there is no director holding those offices, or if there is no chairman or deputy chairman present within five minutes after the time appointed for the meeting and willing to preside, the directors present may appoint one of their number to be chairman of the meeting."



Deputy Secretary

THE COMPANIES ACT 1985

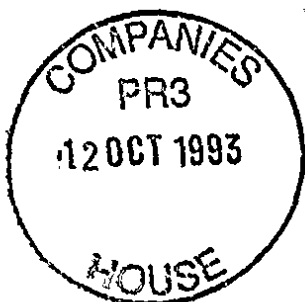
A PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION
OF

REED ELSEVIER plc

(As at 1 December 1992)

1. The Company's name is "Reed Elsevier plc".
2. The Company is to be a public company.
3. The Company's registered office is to be situated in England and Wales.
4. The objects for which the Company is established are:-
 - (a) To carry on business as a holding company and to acquire and hold shares, stocks, debenture stocks, bonds, mortgages, obligations and other securities of any kind issued or guaranteed by any company, corporation, government, public body or authority or undertaking of whatever nature and wherever constituted or carrying on business.
 - (b) To carry on all or any of the businesses of publishers, producers, distributors, proprietors, wholesalers or retailers of books, periodicals, magazines, newspapers, journals, circulars, works of reference, advertising literature and any other forms of publication, in any medium whatsoever; to own, organise, operate and manage exhibitions, trade shows, conferences and seminars and to conduct any related activities; to manage, develop and market information and transactional databases and services held in hard copy, electronically processed or any other form; to produce, direct and distribute radio and television programmes and performances and any other form of public or private



entertainment, to rent, operate or manage radio and television stations and to transmit and relay programmes of all kinds therefrom by any means (including without limitation by satellite, cable, micro-wave or any technology which may be developed); to act as advertising agents, literary agents and manufacturers and dealers in any materials used in connection with any businesses referred to in this Clause; and to acquire, sell, hold, license and otherwise deal in copyright and any other rights in artistic, literary or musical or other works of any kind whatsoever.

- (c) To co-ordinate the administration, policies, management, research, trading and any and all other activities of and to act as financial advisers and consultants to any company or group of companies now or hereafter formed or incorporated or acquired and to perform any services or undertake any duties to or on behalf of and in any other manner assist any such company or group and either without remuneration or on such terms as to remuneration as may be agreed.
- (d) To carry on any business by means, or through the agency, of any subsidiary company or companies, and to enter into any arrangement with any such subsidiary company for taking the profits and bearing the losses of any such business, or for financing any such subsidiary company.
- (e) To carry on business as importers, exporters, manufacturers and merchants of, dealers in, brokers of and agents for any materials or products manufactured, processed or dealt in in any business carried on by the Company or any of its subsidiary companies or required or used for the purposes of any such business including plant, machinery and tools of all kinds and to carry on the business of general merchants and dealers.
- (f) To carry on business as concessionaires and to undertake, carry on and execute all kinds of financial, commercial, trading, trust, exploitation, agency and other operations, and to advance or provide money with or without security to concessionaires, inventors, patentees and others for the purpose of improving and developing or assisting to improve and develop any concessions, lands or rights of experimenting in regard to or testing or developing any invention, design or process, industrial or otherwise.
- (g) To carry on the business of carriers by air, sea, road, railway, canal or otherwise and to own transport facilities of every kind.

- (h) To act as managing agents for and as management and technical consultants to any business and to execute, carry out, improve, work, develop, administer, maintain, manage or control works and conveniences of all kinds and to contribute or render technical assistance to or assist in the carrying out or establishment, maintenance, improvement, management, working, control or superintendence of any such business.
- (i) To carry on either in connection with any of the businesses aforesaid or independently thereof any trade or business which, in the opinion of the board of directors, is, or may be, capable of being conveniently or advantageously carried on in connection therewith or ancillary to any of the above named businesses or calculated directly or indirectly to enhance the value of or render more profitable any part of the Company's undertaking or property, or to further the objects of the Company.
- (j) To acquire, construct, carry out, maintain and use railways, tramways, docks, harbours, piers, wharves, canals, reservoirs, embankments and irrigations, reclamations, improvements, sewage, drainage, sanitary, water, gas, electric light, telephonic and electrical power works, warehouses and all other works which may be conducive to the interests of the Company.
- (k) To purchase or otherwise acquire estates, lands, forests, timber licences, mines, quarries or interests in the same in any part of the world, and to work and develop the same.
- (l) To purchase or otherwise acquire for any estate or interest any property or assets or any concessions, licences, grants, patents, knowhow, trade marks or other exclusive or non-exclusive rights of any kind which may appear to be necessary or convenient for any business of the Company, and to develop and turn to account and deal with the same in such manner as may be thought expedient, and to make experiments and tests and to carry on all kinds of research work.
- (m) To subscribe for, underwrite, purchase or otherwise acquire, and to accept, take, hold, charge, mortgage, sell, dispose of and deal with shares, stock, securities and evidences of indebtedness or of the right to participate in profits or assets or other similar documents issued by any government, authority, corporation or body, or by any company or body of persons, and any options or rights in respect thereof; and to buy, sell, deal in and invest in foreign currencies and exchange.

- (n) To borrow or raise money or to secure or discharge any debt or obligation (whether of the Company or of any other person) in such manner as the board of directors may think fit and in particular (but without prejudice to the generality of the foregoing) to mortgage, charge, pledge or give liens or other security upon the whole or any part of the Company's undertaking and all or any of the property and assets (present and future), including the uncalled capital of the Company, or by the creation and issue on such terms and conditions as may be thought expedient of debentures, debenture stock or other securities of any description, and to receive money on deposit and advance payments with or without allowance of interest thereon.
- (o) To draw, make, accept, endorse, discount, negotiate, execute and issue, and to buy, sell and deal in bills of exchange, bills of lading, warrants, debentures, promissory notes and other negotiable or transferable instruments.
- (p) To amalgamate or enter into partnership or any profit-sharing arrangement with and to co-operate in any way with or assist or subsidise any company, firm or person, and to purchase or otherwise acquire and undertake all or any part of the business, property and liabilities of any person, body or company carrying on any business which the Company is authorised to carry on or possessed of any property suitable for the purposes of the Company.
- (q) To establish or promote, or concur or participate in establishing or promoting, any company, the promotion of which shall be considered desirable.
- (r) To advance, lend or deposit money, and to give credit or financial accommodation to any person with or without taking any security therefor and upon such other terms as may be thought fit by the Company; and to enter into any guarantee, contract of indemnity or suretyship and in particular (without prejudice to the generality of the foregoing) to guarantee, support or secure, with or without consideration, whether by personal obligation or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company or by both such methods or in any other manner, the performance of any contracts, obligations or commitments of and the repayment or payment of the principal amounts of and any premiums, interest, dividends and other moneys payable on or in respect of any securities or liabilities of any person, including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary or a member of the Company or

subsidiary of a member of the Company or otherwise associated with the Company and whether or not any consideration or advantage is received by the Company.

- (s) To sell, lease, grant licences, easements and other rights over, and in any other manner deal with or dispose of, the undertaking, property, assets, rights and effects of the Company or any part thereof for such consideration as may be thought fit, and in particular for stocks, shares or securities of any other company whether fully or partly paid up.
- (t) To procure the registration or incorporation of the Company in or under the laws of any place outside England.
- (u) To subscribe or guarantee money for any national, charitable, political, benevolent, public, general or useful object or for any exhibition, or for any purpose which may be considered likely directly or indirectly to further the objects of the Company or other interests of its members.
- (v) To grant pensions or gratuities to any employees or ex-employees and to officers and ex-officers (including directors and ex-directors) of the Company or its predecessors in business, or the relations, connections or dependants of any such persons, and to establish or support associations, institutions, clubs, funds and trusts which may be considered calculated to benefit any such persons or otherwise advance the interests of the Company or of its members, and to establish and contribute to any scheme for the purchase by trustees of shares in the Company to be held for the benefit of the Company's employees (including directors holding a salaried employment or office in the Company or any subsidiary company), and to lend money to the Company's employees (other than directors) to enable them to purchase shares of the Company and to formulate and carry into effect any scheme for sharing the profits of the Company with its employees or any of them.
- (w) To do all or any of the things and matters aforesaid in any part of the world, and either as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents or otherwise, and either alone or in conjunction with others.
- (x) To do all such other things as may be considered to be incidental or conducive to the attainment of the above objects, or any of them, and the exercise of the powers (whether express or implied) of the Company.

And it is hereby declared that the objects of the Company as specified in each of the foregoing paragraphs of this Clause (except only if and so far as otherwise expressly provided in any paragraph) shall be separate and distinct objects of the Company and shall not be in anywise limited by reference to any other paragraph or the order in which the same occur or the name of the Company.

5. The liability of the Members is limited.

6. The Company's share capital is £1,000 divided into 1,000 shares of £1 each.¹

¹ At 1 December 1992 the share capital is £101,000 divided into 1,000 ordinary shares of £1 each and 100,000 7.5% cumulative preference shares of £1 each

WE, the subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names.

Names and addresses of Subscribers	Number of shares taken by each Subscriber
1. Instant Companies Limited 2 Baches Street London N1 6UB	- One
2. Swift Incorporations Limited 2 Baches Street London N1 6UB	- One

Total shares taken	- Two

Dated this 4th day of August, 1992

Witness to the above Signatures:-

Mark Anderson
2 Baches Street
London N1 6UB

Company No. 2746616

THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

REED ELSEVIER plc

(Adopted by special resolution passed on
22 December 1992, the condition to which
was satisfied on 1 January 1993, and
amended by special resolution passed on
27 September 1993)

Freshfields
65 Fleet Street
London EC4Y 1HS

(Solicitors to Reed International P.L.C.)
Ref: AMVS/TWJ/ECB

Linklaters & Paines
59-67 Gresham Street
London EC2V 7JA

(Solicitors to Elsevier NV)
Ref: RWG/JGP

CONTENTS

	Page
PRELIMINARY	1
Interpretation	1
Delegation.....	2
SHARE CAPITAL.....	3
Issue of shares	3
Authorised share capital	3
Voting rights of "G" shares	3
Redeemable shares	3
Commissions	3
Trusts not recognised.....	3
SHARE CERTIFICATES	3
Members' rights to certificates.....	3
Replacement certificates	4
LIEN	4
Company to have lien on shares	4
Enforcement of lien by sale.....	4
Giving effect to sale	4
Application of proceeds	4
CALLS ON SHARES AND FORFEITURE.....	5
Power to make calls.....	5
Time when call made	5
Liability of joint holders.....	5
Interest payable.....	5
Deemed calls	5
Differentiation on calls.....	5
Notice requiring payment of call	5
Forfeiture for non-compliance	5
Sale of forfeited shares.....	6
Liability following forfeiture	6
Evidence of forfeiture	6
TRANSFER OF SHARES	6
Form and execution of transfer	6
Restrictions on transfer.....	6
Notice of refusal to register.....	7
Suspension of registration	7
No fee payable on registration	7
Retention of transfers	7

TRANSMISSION OF SHARES	7
Transmission	7
Election by person entitled	7
Rights of persons entitled by transfer	8
ALTERATION OF SHARE CAPITAL.....	8
Alterations permitted by ordinary resolution	8
Fractions arising on consolidation	8
GENERAL MEETINGS	8
Types of general meeting.....	8
Convening general meetings.....	8
NOTICE OF GENERAL MEETINGS.....	9
Period and contents of notice	9
Accidental omission to give notice.....	9
PROCEEDINGS AT GENERAL MEETINGS.....	9
Quorum.....	9
If quorum not present.....	9
Chairman	10
If chairman not present.....	10
Directors entitled to speak	10
Adjournments.....	10
Methods of voting.....	10
Declaration of result	10
Withdrawal of demand for poll.....	11
Conduct of poll.....	11
When poll to be taken.....	11
No casting vote for chairman.....	11
Notice of poll.....	11
Resolutions in writing.....	11
Effectiveness of special and extraordinary resolutions.....	11
VOTES OF MEMBERS.....	11
Votes on a show of hands or poll.....	11
Votes of joint holders	12
Member under incapacity	12
Calls in arrears	12
Objection to voting.....	12
Supplementary.....	12
Instruments of proxy	12
Validity of form of proxy.....	12
Delivery of form of proxy.....	13
Revocation of authority	13

NUMBER OF DIRECTORS.....	13
Limits on number of directors	13
ALTERNATE DIRECTORS	13
Power to appoint alternates	13
Alternates entitled to receive notice but no remuneration	13
Termination of appointment.....	14
Method of appointment and revocation.....	14
Alternate not an agent of appointor	14
POWERS OF DIRECTORS	14
Business to be managed by directors	14
Agents	14
COMMITTEES OF THE DIRECTORS.....	14
Committees of the directors	14
Reed Elsevier Group Executive Committee	15
APPOINTMENT OF DIRECTORS	16
Appointment by the R shareholder	16
Appointment by the E shareholder	16
Appointment by the directors	16
Notices of Suspension.....	16
DISQUALIFICATION OF DIRECTORS	17
Disqualification.....	17
REMUNERATION OF DIRECTORS	18
Ordinary remuneration of directors	18
DIRECTORS' EXPENSES	18
Directors may be paid expenses	18
DIRECTORS' APPOINTMENTS AND INTERESTS.....	18
Appointment to executive office.....	18
Directors may have contract with the company	18
Information belonging to the company	19
Exercise by company of voting rights	19
DIRECTORS' GRATUITIES, PENSIONS AND INSURANCE	20
Gratuities and pensions	20
Insurance	20
Section 719 of the Act.....	20
PROCEEDINGS OF DIRECTORS	20
Notice and voting	20
Quorum	21

Powers of directors if number falls below quorum	21
Chairman	21
Validity of acts of directors	21
Written resolutions	21
Meetings by telephone, etc.	22
Directors' power to vote on contracts in which they are interested	22
SECRETARY	22
Appointment and removal of secretary	22
MINUTES	22
Minutes required to be kept	22
THE SEAL	22
Authority required for use of seal	22
Official seal for use abroad	23
DEEDS	23
Execution by company under hand	23
Delivery of deeds	23
CERTIFICATION	23
Certified copies	23
INCOME RIGHTS	23
Interpretation	23
Distribution of profit	33
Exchange rates	35
Dates	36
Failure by a shareholder to notify	36
Shareholders to notify each other	37
Power to require supporting evidence	37
If Gross Dividend Amounts not agreed	37
Inability to pay Target Dividend in full	38
CAPITAL RIGHTS	40
Interpretation	40
Capital rights	47
Notifications	48
Determination of shareholders requirements	50
Determination of Target Capital Distribution Amounts	50
Expert determination	50
Distributions under article 106.2(b)	52
Distributions under article 106.2(c)	52
Distributions under article 106.2(d)	53
Distributions under article 106.2(e)	54
Repayment	55

Exchange rates.....	55
Contingent liabilities	56
Requirement to notify.....	56
DIVIDENDS	56
Declaration of dividends	56
Interim dividends	56
Apportionment of dividends	57
Dividends in specie.....	57
Procedure for payment	57
Interest not payable	57
CAPITALISATION OF PROFITS.....	57
Power to capitalise.....	57
NOTICES	58
When notice required to be in writing	58
Method of giving notice	58
Proof of notice	58
When other notices deemed given.....	59
Deemed receipt of notice	59
Transferees etc bound by prior notice	59
Notice to persons entitled by transmission	59
WINDING-UP	59
Liquidator may distribute in specie	59
INDEMNITY	60
Indemnity to directors, officers, etc.....	60

THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

REED ELSEVIER plc

PRELIMINARY

The regulations in Table A in the Companies (Tables A-F) Regulations 1985 as in force at the date of the company's registration shall not apply to the company.

1. In the articles:

Interpretation

the Act means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;

the articles means the articles of the company;

clear days in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

E shareholder means the holder of "E" shares;

Elsevier Reed Finance means the company incorporated in The Netherlands with Amsterdam Chamber of Commerce File Number 145.842;

Exchange Shares means shares of the series R in the capital of the E shareholder;

executed includes any mode of execution;

Finance Group means Elsevier Reed Finance BV and its subsidiaries from time to time;

Governing Agreement means the agreement with that name entered into on the date of adoption of the articles between Reed International P.L.C. and Elsevier NV, as amended from time to time;

the holder in relation to shares means the member whose name is entered in the register of members as the holder of the shares;

Implementation Agreement means the agreement with that name dated 30 October 1992 between Elsevier NV and Reed International P.L.C. relating to the merger of the businesses of Elsevier NV and Reed International P.L.C., as amended from time to time;

R shareholder means the holder of "R" shares;

Reed Elsevier Group means the company and its subsidiaries from time to time;

registered office means the registered office of the company;

RHBV means Reed Holding BV, a company incorporated in The Netherlands with file number 241.739 at the Amsterdam Chamber of Commerce, and/or any other subsidiary of the R shareholder which is for the time being a holder of Exchange Shares or of any ordinary shares in the capital of the E shareholder derived therefrom;

the seal means the common seal of the company and includes any official seal kept by the company by virtue of sections 39 or 40 of the Act;

secretary means the secretary of the company or any other person appointed to perform the duties of the secretary of the company, including a joint, assistant or deputy secretary;

the United Kingdom means Great Britain and Northern Ireland.

Unless the context otherwise requires, words or expressions contained in the articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force at the time the articles are adopted.

Headings are inserted for convenience only and do not affect the construction of the articles.

Delegation

2. In the articles (a) powers of delegation shall not be restrictively construed; (b) the word *directors* in the context of the exercise of any power contained in the articles includes (i) any committee consisting of one or more directors to which, and (ii) any director holding executive office to whom,

the power in question has been delegated; (c) no power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation; and (d) except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under the articles or under another delegation of the power.

SHARE CAPITAL

3. Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the company may by ordinary resolution determine, but, except with the prior approval of the R shareholder and the E shareholder, no share may be issued which is not fully paid and no share of any class may be issued to a person who does not already hold shares of that class. Issue of shares

4. The authorised share capital of the company upon adoption of the articles is £120,000 divided into 100,000 7.5% cumulative preference shares of £1 ("G" shares), 10,000 "R" Ordinary shares of £1 ("R" shares) and 10,000 "E" Ordinary shares of £1 ("E" shares). The rights as regards participation in the profits and assets of the company attaching to these shares are as set out in articles 105 and 106. Authorised share capital

5. The "G" shares shall not carry the right to receive notice of, or to attend or vote at, general meetings. Voting rights of "G" shares

6. Subject to the provisions of the Act, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the company or the holder on such terms and in such manner as may be provided by the articles. Redeemable shares

7. The company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. Commissions

8. Except as required by law, no person shall be recognised by the company as holding any share upon any trust and (except as otherwise provided by the articles or by law) the company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the holder. Trusts not recognised

SHARE CERTIFICATES

9. Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a Members' rights to certificates

certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be sealed with the seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

**Replacement
certificates**

10. If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

LIEN

**Company to
have lien on
shares**

11. The company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may at any time declare any share to be wholly or in part exempt from the provisions of this article. The company's lien on a share shall extend to any amount payable in respect of it.

**Enforcement of
lien by sale**

12. The company may sell in such manner as the directors determine any shares on which the company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.

**Giving effect to
sale**

13. To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

**Application of
proceeds**

14. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

15. Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.

Power to make calls

16. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.

Time when call made

17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Liability of joint holders

18. If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act), but the directors may waive payment of the interest wholly or in part.

Interest payable

19. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of the articles shall apply as if that amount had become due and payable by virtue of a call.

Deemed calls

20. Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.

Differentiation on calls

21. If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

Notice requiring payment of call

22. If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all

Forfeiture for non-compliance

dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

Sale of forfeited shares

23. Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the share to that person.

Liability following forfeiture

24. A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the company for cancellation the certificate for the shares forfeited but shall remain liable to the company for all moneys which at the date of forfeiture were presently payable by him to the company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

Evidence of forfeiture

25. A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

TRANSFER OF SHARES

Form and execution of transfer

26. The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

Restrictions on transfer

27. The directors shall not register a transfer unless:

- (a) the transfer is in respect of only one class of shares; and
- (b) the transfer is in respect of all the issued shares of that class; and

- (c) the transfer is either accompanied by a notice in writing signed by or on behalf of all the other members consenting to the transfer or is to give effect to an offer which has been made pursuant to the City Code on Takeovers and Mergers, as in force from time to time.

The directors may refuse to register the transfer of a share on which the company has a lien. They may also refuse to register a transfer unless it is lodged at the registered office, or at such other place as the directors may appoint, and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

28. If the directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the company send to the transferee notice of the refusal. Notice of refusal to register

29. The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the directors may determine. Suspension of registration

30. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share. No fee payable on registration

31. The company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given. Retention of transfers

TRANSMISSION OF SHARES

32. If a member dies, the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him. Transmission

33. A person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All the articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred. Election by person entitled

Rights of persons
entitled by
transfer

34. A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any meeting of the company or at any separate meeting of the holders of any class of shares in the company.

ALTERATION OF SHARE CAPITAL

Alterations
permitted by
ordinary
resolution

35. The company may by ordinary resolution:
- (a) increase its share capital by new shares of such amount as the resolution prescribes;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (c) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
 - (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Fractions arising
on consolidation

36. Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the company) and distribute the net proceeds of sale in due proportion among those members, and the directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

GENERAL MEETINGS

Types of general
meeting

37. All general meetings other than annual general meetings shall be called extraordinary general meetings.

Convening
general meetings

38. The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than 22 clear days after receipt of the requisition. If there are not within the United

Kingdom sufficient directors to call a general meeting, any director or any member of the company may call a general meeting.

NOTICE OF GENERAL MEETINGS

39. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed -

Period and
contents of
notice

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.

The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

40. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Accidental
omission to give
notice

PROCEEDINGS AT GENERAL MEETINGS

41. Two persons, one of whom is the R shareholder, or a proxy or duly authorised representative of such holder, and the other of whom is the E shareholder or a proxy or duly authorised representative of such holder, shall constitute a quorum. No business shall be transacted at any meeting unless such a quorum is present.

Quorum

42. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the directors may determine.

If quorum not
present

Chairman

43. Save as provided below, the chairman, if any, of the board of directors, or in his absence the deputy chairman, if any, of the board of directors, or in his absence some other director nominated by the directors, shall preside as chairman of the meeting, but if neither the chairman nor the deputy chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman. If there are joint chairmen of the board of directors, both of whom are present at the meeting within fifteen minutes after the time appointed for holding the meeting and both of whom are willing to act, they shall decide which of them is to preside at the meeting, failing which one of them shall be selected by lot.

If chairman not present

44. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.

Directors entitled to speak

45. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the company.

Adjournments

46. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

Methods of voting

47. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded by the chairman or a member or proxy having the right to vote on the resolution in question.

Declaration of result

48. Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

49. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

Withdrawal of
demand for poll

50. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Conduct of poll

51. A poll shall be taken forthwith unless all the members present in person or by proxy agree otherwise. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

When poll to be
taken

52. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to any other vote he may have.

No casting vote
for chairman

53. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

Notice of poll

54. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members. In the case of a corporation a resolution in writing may be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative. The provisions of this article shall apply mutatis mutandis to resolutions in writing of any class of members of the company.

Resolutions in
writing

55. Where for any purpose an ordinary resolution of the company is required, a special or extraordinary resolution shall also be effective and where for any purpose an extraordinary resolution is required a special resolution shall also be effective.

Effectiveness of
special and
extraordinary
resolutions

VOTES OF MEMBERS

56. Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person or by proxy shall have one

Votes on a show
of hands or poll

vote, and on a poll each "R" share shall carry one vote and each "E" share shall carry one vote.

Votes of joint holders

57. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.

Member under incapacity

58. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the registered office, or at such other place as is specified in accordance with the articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

Calls in arrears

59. No member shall vote at any general meeting or at any separate meeting of the holders of any class of shares in the company, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.

Objection to voting

60. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

Supplementary

61. On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion.

Instruments of proxy

62. An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in any usual or common form or in any other form which the directors may approve.

Validity of form of proxy

63. The instrument of proxy shall, unless the contrary is stated in it, be deemed to confer authority to vote as the proxy thinks fit on any resolution put to the meeting for which the proxy is given, whether or not notice of the resolution was given in the notice of meeting, and on any amendment of such a resolution. The instrument of proxy shall, unless the contrary is stated in it, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

64. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notari- ally or in some other way approved by the directors may:

Delivery of form of proxy

- (a) be deposited at the registered office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the company in relation to the meeting before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and before the time appointed for the taking of the poll; or
- (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

65. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the company at the registered office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

Revocation of authority

NUMBER OF DIRECTORS

66. The number of directors (other than alternate directors) shall be not less than two nor more than twenty or such lesser, even, number of directors as the company may by ordinary resolution determine.

Limits on number of directors

ALTERNATE DIRECTORS

67. Any director (other than in the capacity of an alternate director) may appoint any other director to be an alternate director and may remove an alternate director so appointed by him. A director may act as the alternate for any number of directors.

Power to appoint alternates

68. An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his

Alternates entitled to receive notice but no remuneration

appointor is a member, to attend and (as provided in article 97) vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence, but shall not be entitled to receive any remuneration from the company for his services as an alternate director.

Termination of appointment

69. An alternate director shall cease to be an alternate director if his appointor ceases to be a director.

Method of appointment and revocation

70. Any appointment or removal of an alternate director shall be by notice to the company signed by the director making or revoking the appointment or in any other manner approved by the directors.

Alternate not an agent of appointor

71. Save as otherwise provided in the articles, an alternate director shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

POWERS OF DIRECTORS

Business to be managed by directors

72. Subject to the provisions of the Act, the memorandum and the articles and to any directions given by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this article shall not be limited by any special power given to the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

Agents

73. The directors may, by power of attorney or otherwise, appoint any person to be the agent of the company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

COMMITTEES OF THE DIRECTORS

Committees of the directors

74. The directors may delegate any of their powers to any committee consisting of one or more directors. The directors may also delegate to any director holding any executive office such of their powers as the directors consider desirable to be exercised by him. Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more directors (whether or not acting as a committee) or to any employee or agent of the company all or any of the powers delegated and may be made subject to such conditions as the directors may specify, and may be revoked or altered. The proceedings of a committee with two or more members shall be governed by

the articles regulating the proceedings of directors so far as they are capable of applying but, save as provided in article 75, the directors may determine a different quorum to that which applies to meetings of the directors. Notwithstanding any other provision of the articles, the directors may not delegate to any committee of the directors or any other person any of their powers in relation to articles 105 or 106, save for their powers in article 105.7, and any delegation by the directors shall be deemed not to extend to any such powers.

75 There shall be a committee of the directors known as the "Reed Elsevier Group Executive Committee" which shall be subject to the specific regulations of this article and, to the extent not in conflict with the following provisions of this article, to the provisions of the articles regulating the proceedings of directors so far as they are capable of applying.

Reed Elsevier
Group Executive
Committee

- (a) The Reed Elsevier Group Executive Committee shall have the powers delegated to it from time to time by the directors.
- (b) Until 31 December 1996:
 - (i) the Reed Elsevier Group Executive Committee shall comprise not more than four members entitled to count in the quorum and vote, each of whom shall be a director of the company;
 - (ii) the R shareholder and the E shareholder shall each be entitled to appoint up to two members of the Reed Elsevier Group Executive Committee;
 - (iii) a member of the Reed Elsevier Group Executive Committee may be removed by his appointor;
 - (iv) every such appointment or removal shall be in writing and shall take effect on receipt by the company;
 - (v) a member of the Reed Elsevier Group Executive Committee shall automatically cease to be such a member if he ceases to be a director of the company;
 - (vi) a quorum of the Reed Elsevier Group Executive Committee shall be two members, one of whom has been appointed by the R shareholder and one by the E shareholder;
 - (vii) the chairman and deputy chairman of the board of directors or, if there are joint chairmen of the board of directors, the joint chairmen, shall be joint chairmen of the Reed Elsevier Group Executive Committee, unless they are not members of that Committee.

- (c) The Reed Elsevier Group Executive Committee may co-opt additional directors of the company, but such additional directors shall not count in the quorum and shall not be entitled to vote on any resolution of the Reed Elsevier Group Executive Committee.
- (d) After 31 December 1996, the members of the Reed Elsevier Group Executive Committee shall be appointed by the directors.

APPOINTMENT OF DIRECTORS

Appointment by
the R shareholder

76. The R shareholder shall from time to time be entitled to appoint any person to be a director and to remove any director so appointed, provided that not more than ten persons (or, if less, one half of the maximum number of directors determined in accordance with article 66) shall at any one time hold office by virtue of such appointment. Every such appointment or removal shall be in writing and shall take effect on receipt by the company.

Appointment by
the E shareholder

77. The E shareholder shall from time to time be entitled to appoint any person to be a director and to remove any director so appointed, provided that not more than ten persons (or, if less, one half of the maximum number of directors determined in accordance with article 66) shall at any one time hold office by virtue of such appointment. Every such appointment or removal shall be in writing and shall take effect on receipt by the company.

Appointment by
the directors

78. Unless otherwise agreed in writing by the R shareholder and the E shareholder, or pursuant to article 79, the directors shall not have power to appoint or remove directors.

Notices of
Suspension

79. For such time (if any) as a Notice of Suspension (as defined in clause 9 of the Governing Agreement) is in force:-

- (a) if the Party giving Notice (as defined in clause 9 of the Governing Agreement) is Elsevier (as defined in the Governing Agreement):
 - (i) the R shareholder shall not be entitled to appoint any person as a member of the Reed Elsevier Group Executive Committee pursuant to article 75(b)(ii) and shall not be entitled to exercise the rights conferred on it by article 75(b)(iii), but instead a majority of the directors appointed by the R shareholder shall be entitled to exercise those rights;
 - (ii) the R shareholder shall not be entitled to exercise any of the rights conferred by article 76, but instead a majority of the directors appointed by the R shareholder shall be entitled to exercise those rights. A person appointed a director pursuant to the exercise of the rights conferred by this paragraph (a)(ii) shall be deemed for the purpose of the articles (including, for the

avoidance of doubt, this article) to have been appointed by the R shareholder;

(b) if the Party giving Notice (as defined in clause 9 of the Governing Agreement) is Reed (as defined in the Governing Agreement):

(i) the E shareholder shall not be entitled to appoint any person as a member of the Reed Elsevier Group Executive Committee pursuant to article 75(b)(ii) and shall not be entitled to exercise the rights conferred on it by article 75(b)(iii), but instead a majority of the directors appointed by the E shareholder shall be entitled to exercise those rights;

(ii) the E shareholder shall not be entitled to exercise any of the rights conferred by article 77, but instead a majority of the directors appointed by the E shareholder shall be entitled to exercise those rights. A person appointed a director pursuant to the exercise of the rights conferred by this paragraph (b)(ii) shall be deemed for the purpose of the articles (including, for the avoidance of doubt, this article) to have been appointed by the E shareholder;

(c) in the case of a transfer of shares in the company by the Party giving Notice, there shall be substituted for article 27(c):

"the transfer has been approved by a resolution of the directors".

DISQUALIFICATION OF DIRECTORS

80. The office of a director shall be vacated if:

Disqualification

(a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or

(b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(c) he is, or may be, suffering from mental disorder and either:

(i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or

(ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver,

curator bonis or other person to exercise powers with respect to his property or affairs;

- (d) he resigns his office by notice to the company; or
- (e) he is removed from office pursuant to article 76 or article 77, as the case may be.

REMUNERATION OF DIRECTORS

Ordinary remuneration of directors

81. Directors who do not hold executive office under the company shall be entitled to such remuneration as the company may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

DIRECTORS' EXPENSES

Directors may be paid expenses

82. The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the company or otherwise in connection with the discharge of their duties.

DIRECTORS' APPOINTMENTS AND INTERESTS

Appointment to executive office

83. Subject to the provisions of the Act, the directors may appoint one or more of their number to the office of Chief Executive, or to any other executive office under the company, and may enter into an agreement or arrangement with any director for his employment by the company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the company.

Directors may have contract with the company

84. Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any

body corporate promoted by the company or in which the company is otherwise interested; and

- (c) shall not, by reason of his office, be accountable to the company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit,

For the purposes of this article (but without prejudice to the requirements of section 317 of the Act):

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
- (c) a director shall not be required to disclose to the directors that he is a director or other officer of, or employed by, or interested in shares or other securities of, any body corporate which is a member of the company or in which such member holds shares.

85. A director may communicate to any member of the company, or to any director or officer of a member of the company, any information which the director would, but for the provisions of this article, be precluded because of his fiduciary relationship with the company from using for the benefit of, or communicating to, any person other than the company (except for the purpose of the proper performance of his duties) and may authorise on behalf of that member of the company the publication of any such information which that member is required to publish by law or by the regulations of any stock exchange on which shares in that member are from time to time listed, quoted or traded.

Information
belonging to the
company

86. The directors may exercise the voting power conferred by the shares in any body corporate held or owned by the company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing any or all of them directors of such body corporate, or voting or providing for the payment or giving of remuneration or other benefits to the directors of such body corporate).

Exercise by
company of
voting rights

DIRECTORS' GRATUITIES, PENSIONS AND INSURANCE

Gratuities and pensions

87. The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the company or with any body corporate which is or has been a subsidiary of the company or a predecessor in business of the company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

Insurance

88. Without prejudice to the provisions of article 122, the directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees of the company, or of any other company which is a member of it or in which the company or such member has any interest whether direct or indirect or which is in any way allied to or associated with the company, or of any subsidiary undertaking of the company or any such other company, or who are or were at any time trustees of any pension fund or employees' share scheme in which employees of the company or any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in relation to their duties, powers or offices in relation to the company or any such other company, subsidiary undertaking, pension fund or employees' share scheme.

Section 719 of the Act

89. Pursuant to section 719 of the Act, the directors are hereby authorised to make such provision as may seem appropriate for the benefit of any persons employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or the transfer of the whole or part of the undertaking of the company or any subsidiary. Any such provision shall be made by a resolution of the directors in accordance with the said section.

PROCEEDINGS OF DIRECTORS

Notice and voting

90. Subject to the provisions of the articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. Notice of a meeting of the directors shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the company for this purpose. Questions arising at a meeting shall be decided by a majority of not less than two-thirds of the votes cast. A director who is also an alternate

director shall be entitled to a separate vote in addition to his own vote on behalf of his appointor who is absent. Any director may waive notice of a meeting and any such waiver may be retrospective.

91. The quorum for the transaction of the business of the directors shall be two, one being a director (or his alternate) appointed by the R shareholder and one being a director (or his alternate) appointed by the E shareholder. **Quorum**

92. The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of calling a general meeting. **Powers of directors if number falls below quorum**

93. The directors may either appoint one of their number to be the chairman of the board of directors and one of their number to be the deputy chairman, or may appoint two of their number to be joint chairmen of the board of directors, and may at any time remove a director from such office. Where there is only one chairman of the board of directors, that director shall preside at every meeting of directors at which he is present unless he is unwilling to do so, when the deputy chairman shall preside unless he is unwilling to do so. When there are joint chairmen, the joint chairmen shall decide which of them is to preside at a particular meeting, failing which one of them shall be selected by lot. But if there is no director holding those offices, or if there is no chairman or deputy chairman present within five minutes after the time appointed for the meeting and willing to preside, the directors present may appoint one of their number to be chairman of the meeting. **Chairman**

94. All acts done by a meeting of directors, or by a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote. **Validity of acts of directors**

95. A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or to receive notice of and to vote at a committee of directors, shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director on behalf of his appointor need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity. **Written resolutions**

Meetings by
telephone, etc.

96. Without prejudice to the first sentence of article 90, a meeting of the directors or of a committee of the directors may consist of a conference between directors who are not all in one place, but of whom each is able (directly, or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously. A director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating in the conference is assembled, or, if there is no such group, where the chairman of the meeting then is. The word "meeting" in the articles shall be construed accordingly.

Directors' power
to vote on
contracts in
which they are
interested

97. A director may count in the quorum and vote at any meeting of the directors or of a committee of the directors on any resolution concerning a transaction or agreement with the company or in which the company is interested, or concerning any other matter in which the company is interested, notwithstanding that he is interested in that transaction, arrangement or matter or has in relation to it a duty which conflicts or may conflict with the interests of the company.

SECRETARY

Appointment and
removal of
secretary

98. Subject to the provisions of the Act, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

MINUTES

Minutes required
to be kept

99. The directors shall cause minutes to be made in books kept for the purpose:

- (a) of all appointments of officers made by the directors; and
- (b) of all proceedings at meetings of the company, of the holders of any class of shares in the company, and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

THE SEAL

Authority
required for use
of seal

100. The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.

101. The company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad. Official seal for use abroad

DEEDS

102. Where the Act so permits, any instrument signed with the authority of a resolution of the directors or a committee of the directors by one director and the secretary or by two directors and expressed to be executed by the company as a deed shall have the same effect as if executed under the seal, provided that no instrument which makes it clear on its face that it is intended by the persons making it to have effect as a deed shall be signed without the authority of the directors. Execution by company under hand

103. A document which is executed by the company as a deed shall not be deemed to be delivered by the company solely as a result of its having been executed by the company. Delivery of deeds

CERTIFICATION

104. Any director or the secretary or any person appointed by the directors for the purpose shall have power (a) to authenticate any documents affecting the constitution of the company, any resolutions passed by the company, the holders of any class of shares of the company or the directors or any committee of the directors, and any books, records, documents or accounts relating to the business of the company, and (b) to certify copies thereof or extracts therefrom as true copies or extracts. A document purporting to be a copy of a resolution, or the minutes of or an extract from the minutes of a meeting of the company or the holders of any class of shares of the company or of the directors or any committee of the directors that is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting. Certified copies

INCOME RIGHTS

105.1 In this article, subject to the provisions of article 105.3, 105.5 and 105.7 to 105.9: Interpretation

Anticipated Distribution means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the aggregate of the dividends referred to in the definitions of Preference Share Amount and Target Dividend Amount below and the relevant shareholder's reasonable estimate of the amount of the redemption moneys in respect of any Preference Shares which it will be required to pay out during the Relevant Period (other than amounts which could lawfully be paid out of capital rather than distributable reserves);

Anticipated Distribution Time means the time at which the first part of the relevant Anticipated Distribution is expected by the relevant shareholder to be made;

Associated Tax Credit means, in relation to any dividend payable or proposed to be paid by either the R shareholder or the E shareholder, the amount of any associated tax credit (or the value of any other similar associated tax benefit) which would be available to a shareholder receiving the dividend who was an individual solely domiciled and resident and subject to tax in the country in which the company paying the dividend is within the charge to tax by reason of residence or incorporation, but excluding the amount of any such credit or benefit in respect of tax to be deducted or withheld from the dividend by the paying company;

Business Day means a day on which banks are generally open for business in both the City of London and Amsterdam;

Cash Requirement means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the amount it requires to receive by way of dividend from the company in order to be able to meet in full all its Permitted Liabilities, having regard to:

- (a) the amount, and likely timing and currency of payment of those Permitted Liabilities; and
- (b) the amount, and likely timing and currency of its Relevant Cash;

Deficit Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period, such amount (if any) as the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the amount required to be paid to it by way of dividend in order to ensure that the amount of its Distributable Reserves calculated by reference to its Relevant Accounts is not negative;

Distributable Reserves means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the aggregate of:

- (a) the amount of the reserves which, by reference to Relevant Accounts, would be lawfully available to be used in the payment of the Anticipated Distribution (which amount shall be negative for the purposes of the aggregation required by this definition if the reserves are negative);

(b) the aggregate amount of:

- (i) all resources that either (A) have been defrayed by the relevant shareholder at any time or are expected to be defrayed prior to the Anticipated Distribution Time in breach of the Governing Agreement or in discharge of a liability of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities" or in settlement of a claim by the other shareholder (whether or not liability is admitted) or in discharge of expenses incurred in settlement of such a claim or (B) would have been available to it at the Anticipated Distribution Time had it observed the terms of the Implementation Agreement; and
- (ii) all liabilities expected to subsist at the Anticipated Distribution Time and which either (A) were or are expected to be incurred in breach of the Governing Agreement (B) were subsisting at the time of completion of the Implementation Agreement in breach of the terms of that Agreement or (C) are of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities";

to the extent that the defraying of such resources or subsistence of such liabilities has or will at the Anticipated Distribution Time have reduced the amount of the reserves mentioned in paragraph (a) above or to the extent that, had such resources been available or such liabilities not subsisted, those reserves would have been greater; provided that, if any dividend of the relevant shareholder has ever been reduced on account of a particular matter falling within this paragraph (b) (having regard to the Equalisation Ratio, the Governing Agreement and this article), there shall be deducted from any amount which would otherwise be taken into account under this paragraph (b) the amount by which the reserves mentioned in paragraph (a) above are greater than they would have been but for that reduction;

- (c) the amount of any additional reserves that would have been available to the relevant shareholder for the purpose of calculating the Distributable Reserves had each subsidiary of the relevant shareholder declared a dividend in favour of the relevant shareholder, immediately prior to the time as at which the Relevant Accounts are made up, of the full amount of the reserves available for distribution by that subsidiary (but this paragraph (c) shall not apply to any amount which would not be taken into account for the purposes of calculating Relevant Cash by reason of paragraph (d) of the definition thereof or for the purposes of calculating the relevant Target Dividend Amount by reason of paragraph (b) of the definition thereof);

E, when used as a prefix to terms defined in this article, signifies the relevant amount in relation to the E shareholder;

Earliest Payment Date means, in relation to any proposed dividend payment by the company, the date notified by the Company to the R shareholder and the E shareholder as the earliest date on which any part of that dividend would be paid;

Equalisation Ratio has the meaning ascribed to it in the Governing Agreement;

Excluded Shares means, in relation to either the R shareholder or the E shareholder, any shares which either:

- (a) were in issue or allotted at the time of completion of the Implementation Agreement in breach of clause 4.2 of that Agreement;
- (b) were issued after that time pursuant to the exercise of options or conversion or subscription rights which existed at that time in breach of that clause; or
- (c) were issued in breach of the Governing Agreement;

Gross Dividend Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period (a) the amount of the dividend payable or proposed to be paid by the relevant shareholder in that Relevant Period on its ordinary share capital (or which would be payable or proposed to be paid but for the relevant shareholder's inability to do so, or intention to pay a different amount, by reason of any of the matters mentioned in paragraph 4.2 of Schedule 1 to the Governing Agreement) including, for the avoidance of doubt, the amount of any tax to be deducted or withheld from the dividend by or on behalf of the company paying the dividend, plus (b) (except to the extent already included in (a)) the amount of any Associated Tax Credit; all such amounts being expressed in the currency of payment and on a per share basis;

Notification Time means, in relation to any proposed dividend payment by the company, the time at which the proposed dividend is to be declared or recommended by the directors or such earlier time, on a date not more than five Business Days prior to the date on which the directors expect to declare or recommend a dividend, as the directors may determine, in each case, as notified by the company to the R shareholder and the E shareholder;

Permitted Liabilities means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the aggregate amount of the liabilities and expenditure, actual

or prospective, of that shareholder which will fall due for payment or will be defrayed within that Relevant Period and shall include, without limitation to the generality of the foregoing, subject as provided below:

- (a) any liability of the company to any other member of the Reed Elsevier Group or to any member of the Finance Group;
- (b) any liability to account for tax deducted or withheld from dividend or other payments; and
- (c) expenditure reasonably expected to be required to enable a subsidiary of that shareholder to discharge any liability or expenditure (provided that such funding would not be in breach of the Governing Agreement),

but shall exclude (unless otherwise agreed by the R shareholder and the E shareholder):

- (1) any liability or expenditure to the extent that (in the bona fide opinion of the relevant shareholder) it will be settled by some other person;
- (2) any liability or expenditure directly or indirectly constituting, or resulting from, or arising out of, any act of, omission by or matter concerning the relevant shareholder or any subsidiary of the relevant shareholder which has constituted, a breach of the provisions of the Governing Agreement or which would not have existed had the provisions of clause 4.2 of the Implementation Agreement been observed by that shareholder;
- (3) a liability to pay to the other shareholder damages or any other amount by way of compensation for breach of contract or other wrongful act or pursuant to the settlement of any claim by the other shareholder (whether or not liability is admitted) and any expenditure to be incurred in settlement of such a claim or in discharge of expenses incurred in such settlement; and
- (4) a liability to pay, or payment of, the cash amount of any dividend to be paid to its shareholders by that shareholder (but so that, for the avoidance of doubt, the exclusion in this paragraph (4) shall not extend to any amount to be deducted or withheld from such payment);

Preference Share means, in relation to either the R shareholder or the E shareholder, any share in the capital of the relevant shareholder carrying a preferential right to dividend, other than any Excluded Shares (and *Preference shareholder* shall be construed accordingly);

Preference Share Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period, such amount as the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the aggregate of:

- (a) the cash amount required to be paid to it by way of dividend to enable it to pay any dividend payable during the Relevant Period to Preference shareholders in full in accordance with the terms of the relevant Preference Shares and, where relevant, to enable it to make payment of redemption moneys to holders of Preference Shares which it will be required to redeem during the Relevant Period, but in each case having regard to the Relevant Cash of the relevant shareholder available to it at the appropriate time for the purpose of paying any such dividend or redemption moneys (recognising its need to fund the payment of any Permitted Liabilities falling due within the Relevant Period); plus
- (b) the further amount, if any, required to be paid to it by way of dividend so that its Distributable Reserves, calculated by reference to its Relevant Accounts, are equal to the amount of distributable reserves necessary to enable it lawfully to make payment to Preference shareholders of any such dividend or redemption moneys;

R, when used as a prefix to terms defined in this article, signifies the relevant amount in relation to the R shareholder;

Relevant Accounts has, in relation to either the R shareholder or the E shareholder and any Relevant Period, the following meaning:

- (a) if the relevant shareholder anticipates that it will produce accounts after the Notification Time by reference to which the legality of the Anticipated Distribution (if any) will be determined (whether or not those accounts will be drawn up as at a time after the Notification Time), those accounts shall be the Relevant Accounts (whether or not such accounts are in fact drawn up) unless the Distributable Reserves of the relevant shareholder (if any) calculated by reference to those accounts would be less than the amount of the reserves which would as a matter of law be required to pay the Anticipated Distribution (if any);
- (b) subject to paragraph (a) above, the Relevant Accounts shall be the accounts existing at the Notification Time which (in the absence of any accounts prepared thereafter) would be relevant for determining the legality of the Anticipated Distribution (if any) unless as set out in paragraph (a) above;
- (c) in all other cases, the Relevant Accounts shall be accounts drawn up

as at the latest possible time before the making of the first part of the Anticipated Distribution so as to take account to the fullest extent possible of any dividends declared or paid or expected to be declared or paid by any members of the Reed Elsevier Group (including the company) or any member of the Finance Group or, in relation to the R shareholder, RHBV (whether or not such accounts are in fact drawn up);

Relevant Cash means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies to the company by the Notification Time to be its bona fide estimate of the amount of the resources which will be available to it in that Relevant Period and:

- (a) such amount shall, without prejudice to the generality of the foregoing, include (subject to paragraph (d) below):
 - (i) the amount of resources which are or are expected to be available at the commencement of the Relevant Period;
 - (ii) the amount of resources which are expected to be received during the Relevant Period under indemnity or other arrangements from any member of the Reed Elsevier Group or of the Finance Group or by payment of dividend from any member of the Reed Elsevier Group (other than dividends of the company pursuant to paragraphs (b), (d), (f) and (g) of article 105.2) or of the Finance Group; and
 - (iii) the amount of the resources which are expected to be received during the Relevant Period upon exercise of any right to subscribe share or loan capital of the relevant shareholder;
- (b) in the computation of such amount, there shall be added, except to the extent that the R shareholder and the E shareholder have agreed otherwise:
 - (i) the aggregate of the amounts of all resources which either:
 - (A) have been defrayed by the relevant shareholder at any time in breach of the Governing Agreement or in discharge of a liability of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities" or in settlement of a claim by the other shareholder (whether or not liability is admitted) or in discharge of expenses incurred in settlement of such a claim; or

(B) would have been available to it had it observed the terms of the Implementation Agreement;

less

(ii) the aggregate of the following amounts:

(A) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of cash, or a non-cash asset which was subsequently directly or indirectly wholly or in part converted into cash: the amount of the cash so acquired;

(B) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of a non-cash asset which, or an asset directly or indirectly deriving from which, is or is expected to be wholly or in part still held by the relevant shareholder at the Notification Time: the amount attributed to that non-cash asset in the calculation of the Relevant Cash pursuant to paragraphs (c) and (g) below; and

(C) if any dividend paid by the relevant shareholder to its shareholders has ever been reduced on account of a particular matter within sub-paragraph (b)(i) above (having regard to the Equalisation Ratio, the provisions of the Governing Agreement and this article 105): the amount saved by the relevant shareholder by reason of that reduction;

provided that the amount deducted pursuant to this sub-paragraph (b)(ii) in respect of a particular matter shall not exceed the amount which would otherwise be taken into account in respect of that matter pursuant to sub-paragraph (b)(i) above;

(c) such amount shall, without prejudice to the generality of the foregoing, include (subject to paragraph (d) below and to the extent not otherwise taken into account in the calculation of Relevant Cash) the amount of any resources available or which are expected to be available to subsidiaries of the relevant shareholder to the extent that, subject to compliance with applicable legal requirements, they could be made available to that shareholder (provided that this paragraph (c) shall not apply to take into account any amount treated as available to the R shareholder by virtue of paragraph (b) in the definition of Target Dividend Amount);

- (d) such amount shall not include any amount (or the value of any asset) which the R shareholder and the E shareholder have agreed should be excluded, but if the agreement of the R shareholder and the E shareholder is that any such amount (or value) should be excluded from the calculation only for a specified period or for so long as a specified purpose requires, then such amount (or value) shall cease to be excluded from the calculation with effect from the date such period expires or such purposes cease (or may reasonably be expected to cease) to be applicable;
- (e) in the computation of such amount there shall be deducted:
 - (i) the amount of any reserve maintained by the relevant shareholder pursuant to article 105.9; and
 - (ii) unless the R shareholder and the E shareholder have agreed otherwise, any amount received by the R shareholder (or by RHBV) as a result of a disposal by the R shareholder (or by RHBV) of all or part of its interest in the Exchange Shares (net of all costs, including taxation, and other expenditure associated with the disposal) to the extent that such amount has not been reduced whether by reason of being distributed to shareholders of the R shareholder or in the payment of taxation associated with its distribution (whether by RHBV to the R shareholder, by the R shareholder to its shareholders or otherwise) or in any other way;
- (f) shall not include any amount representing dividends unclaimed by shareholders of either the R shareholder or the E shareholder, unless and until the R shareholder or E shareholder, as appropriate, ceases to be bound (in accordance with applicable law) to make payment of such sums to or for the benefit of a shareholder;
- (g) shall, without prejudice to the generality of the foregoing, be deemed to include (subject to paragraph (d) above and to the extent not taken into account by paragraph (b) or paragraph (c) above) the fair market value of any asset of the relevant shareholder held in non-cash form (or, if higher, the value at which the asset then stands in the accounts of the relevant shareholder) but this paragraph (g) shall not apply (i) to either shareholder's holding of shares in members of the Reed Elsevier Group or of the Finance Group nor, in the case of the R shareholder, its holding of shares in RHBV, nor (ii) to any asset which the relevant shareholder is permitted to acquire under the terms of the Governing Agreement;

Relevant Period means, in relation to any proposed dividend payment by the company, the period between (a) the Notification Time in relation to that

dividend and (b) the Earliest Payment Date in respect of the next dividend following the proposed dividend payment in question;

Target Dividend means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies the company by the Notification Time as the aggregate Gross Dividend Amount for the Relevant Period, based on the number of ordinary shares (not being Excluded Shares) which it expects to be entitled to participate in the relevant dividend and the extent to which such shares will be eligible to receive the relevant dividend (such notification stating the Gross Dividend Amount per share on which the calculation is based), plus in the case of the E shareholder the amount which the E shareholder notifies to the company that it proposes to pay on the Exchange Shares during the Relevant Period;

Target Dividend Amount means, in relation to either the R shareholder or the E shareholder and any Relevant Period, the amount which the relevant shareholder notifies the company by the Notification Time to be its bona fide estimate of the amount it requires to receive by way of dividend from the company in order to enable it to pay the cash amount (excluding any amount to be deducted or withheld from such payment) of its Target Dividend and:

- (a) having regard to Relevant Cash available to it at the appropriate time for the purpose of paying that Target Dividend (recognising any need to fund out of Relevant Cash the payment of any Permitted Liabilities falling due during the Relevant Period and dividends and redemption moneys payable during the Relevant Period to Preference shareholders); and
- (b) in the case of the R shareholder, having regard to the net amount which would be received by the R shareholder (after allowance for all tax costs and for any costs which would be suffered by the R shareholder or by RHBV on the assumption set out below) if RHBV were to make an immediate dividend payment to the R shareholder out of any dividend which RHBV may reasonably be expected to receive on its holding of shares in the E shareholder during the Relevant Period (on the assumption, for withholding tax purposes only, that the R shareholder takes reasonable steps to secure any available relief from obligations to withhold tax on such dividend payments), subject only to retention of an amount that is reasonable in the circumstances to meet the administrative costs of RHBV and to enable RHBV to meet its anticipated expenditure requirements (including any liability to taxation but excluding any expenditure or liability resulting from any act, omission or matter constituting a breach by RHBV of the agreement between RHBV and the E shareholder entered into on or before the date of adoption of the

articles or which would involve a breach by the R shareholder of the Governing Agreement); and

- (c) including such further amount as may be required to be paid to the relevant shareholder by way of dividend so that its Distributable Reserves, calculated by reference to its Relevant Accounts and having regard to any payment of dividend or redemption moneys during the Relevant Period to Preference shareholders envisaged in the definition of Preference Share Amount above, are equal to the amount of distributable reserves necessary to enable the R shareholder lawfully to pay the R Target Dividend.

105.2 Subject to article 105.9, the profits which the company may determine to distribute by way of dividend shall be applied: Distribution of profit

- (a) first, in paying as a dividend on the "G" shares, a fixed cumulative dividend at the rate of 7.5 per cent. per annum on the amounts paid up on the "G" shares, such dividend to be paid half-yearly on the 1st day of June and the 1st day of December in each year in respect of the half-yearly periods ending on the days immediately preceding those dates;
- (b) second, in paying as a dividend on:
 - (i) the "R" shares, an amount equal to the R Cash Requirement; and
 - (ii) the "E" shares, an amount equal to the E Cash Requirement;

provided that, if the amount of the dividend to be distributed pursuant to this paragraph (b) is less than the sum of the R Cash Requirement and the E Cash Requirement, the amounts payable shall be calculated as follows:

$$R_1 = \frac{C_E L_R + AL_R - C_R L_E}{L_R + L_E}$$

$$E_1 = A - R_1$$

where:

C_E = the amount of the E Relevant Cash;

C_R = the amount of the R Relevant Cash;

L_E = the amount of the E Permitted Liabilities;

L_R = the amount of the R Permitted Liabilities;

A = the total amount of the dividend to be distributed pursuant to this paragraph (b);

R_1 = the amount of the dividend to be paid on the "R" shares pursuant to this paragraph (b);

E_1 = the amount of the dividend to be paid on the "E" shares pursuant to this paragraph (b);

provided that:

- (1) if either the R Cash Requirement or the E Cash Requirement is zero, the whole amount to be distributed pursuant to this paragraph (b) shall be payable to the shareholder the Cash Requirement of which is not zero; and
- (2) in no event shall the amount payable to either shareholder under this paragraph (b) exceed that shareholder's Cash Requirement;

(c) third:

- (i) if the R shareholder has in issue any Preference Shares on which any dividend or redemption moneys are payable during the Relevant Period, in paying as a dividend on the "R" shares an amount equal to the R Deficit Amount (if any); and
- (ii) if the E shareholder has in issue any Preference Shares on which any dividend or redemption moneys are payable during the Relevant Period, in paying as a dividend on the "E" shares an amount equal to the E Deficit Amount (if any);

provided that (unless the R shareholder and the E shareholder notify the company that they have agreed otherwise) if the amount available for distribution under this paragraph (c) is less than the sum of the R Deficit Amount and the E Deficit Amount, the amounts payable on the "R" Shares and the "E" Shares shall be reduced pro rata;

(d) fourth, in paying as a dividend:

- (i) on the "R" shares, an amount equal to the R Preference Share Amount, if any; and
- (ii) on the "E" shares, an amount equal to the E Preference Share Amount, if any;

provided that (unless the R shareholder and the E shareholder notify the company that they have agreed otherwise) if the amount available for distribution under this paragraph (d) is less than the sum of the R Preference Share Amount and the E Preference Share Amount, the amounts payable on the "R" shares and the "E" shares respectively shall reduce pro rata;

(e) fifth;

(i) if not paid under sub-paragraph (c)(i) above, in paying as a dividend on the "R" shares the R Deficit Amount (if any); and

(ii) if not paid under sub-paragraph (c)(ii) above, in paying as a dividend on the "E" shares the E Deficit Amount (if any);

provided that (unless the R shareholder and the E shareholder notify the Company that they have agreed otherwise) if the amount available for distribution under this paragraph (e) is less than the sum of the R Deficit Amount and the E Deficit Amount, the amounts payable on the "R" Shares and the "E" Shares shall be reduced pro rata;

(f) sixth (subject to article 105.9(d) below), in paying as a dividend on:

(i) the "R" shares, the R Target Dividend Amount; and

(ii) the "E" shares, the E Target Dividend Amount;

provided that, if the amount of the dividend to be distributed pursuant to this paragraph (f) is less than the sum of the R Target Dividend Amount and the E Target Dividend Amount, the amount to be so distributed shall be divided between the R shareholder and the E shareholder in such proportion as is necessary to ensure that the ability of those shareholders to pay the cash elements of their respective Target Dividends is reduced pro rata (ignoring for this purpose any impact on that ability of any of the matters mentioned in paragraph 4.2 of Schedule 1 to the Governing Agreement);

(g) seventh, in paying as a dividend on the "R" shares and "E" shares the balance of the profits which the company has determined to distribute by way of dividend in such proportions as the R shareholder and the E shareholder agree.

105.3(a) Dividends payable by the company shall be declared in sterling. Exchange rates
Dividends may, if requested by any shareholder, be paid to that shareholder in a currency other than sterling, based on such rate(s) of exchange as the shareholder may agree with the company or, in

default of agreement, based on such rate(s) of exchange as the directors may consider reasonable and appropriate.

- (b) The amounts which this article contemplates being notified by each shareholder to the company may be expressed in a single currency other than sterling. However, if any amount is so notified in a currency other than sterling, it shall be translated into sterling for the purpose of any calculation required by this article at such rate(s) of exchange as the relevant shareholder may agree with the company or, failing agreement, at such rate(s) as the directors may consider reasonable and appropriate, having regard in particular to the forward rate(s) applicable to the relevant outgoings of the shareholder.
- (c) Any determination by the directors (in the absence of agreement with the relevant shareholder) of an applicable exchange rate for the purposes of paragraphs (a) or (b) above shall be conclusive and binding.

Dates

105.4(a) The directors shall:

- (i) give the R shareholder and the E shareholder not less than 15 Business Days notice of the Notification Time in relation to any dividend if it is to be other than the time at which the proposed dividend is to be declared or paid;
 - (ii) ensure that the R shareholder and the E shareholder are notified or are otherwise aware of the earliest date on which any part of a particular dividend will be paid not less than 15 Business Days prior to the Notification Time in relation to the preceding dividend.
- (b) Save as mentioned in paragraph (a) of article 105.2, each dividend shall be paid on such date or dates as the directors shall determine. In determining such dates, the directors shall have regard to the Earliest Payment Date in respect of that dividend and the dates on which Permitted Liabilities, Preference Share Amounts and Target Dividends of the relevant shareholder will be payable (to the extent that they are aware of those dates). The directors may determine different dates for payments to different shareholders. Dividends shall not carry interest pending payment.

Failure by a shareholder to notify

105.5 If, in relation to any proposed dividend payment by the company, either shareholder fails to give any notification to the company by the Notification Time of its:

- (a) Cash Requirement and Permitted Liabilities;
- (b) Deficit Amount;

(c) Preference Share Amount; or

(d) Target Dividend Amount;

the relevant amount for that shareholder in relation to the relevant dividend payment shall be nil.

105.6 At the same time as a shareholder gives any notification contemplated by this article to the company, it shall supply a copy of that notification to the other shareholder.

Shareholders to notify each other

105.7 The directors may, and shall on being requested to do so by either the R shareholder or the E shareholder, require a shareholder to supply such supporting evidence in respect of, or confirmation of the information forming the basis of, any notification given by that shareholder for the purposes of this article (or on which any such notification should have been based had it been given or properly given), or such information as is required to calculate the Relevant Cash of a shareholder who has failed to give notification of that amount, as, in all the circumstances, is reasonable and appropriate. If:

Power to require supporting evidence

- (a) any evidence or confirmation required pursuant to this paragraph is not provided within such reasonable time as the directors shall specify; or
- (b) in the reasonable opinion of the directors, the evidence or confirmation provided demonstrates a manifest error or absence of good faith in relation to the relevant notification; or
- (c) no notification of the amount of the Relevant Cash has been given;

the directors shall be entitled in their absolute discretion to decide that the amount specified in the relevant notification shall be deemed to be nil or such higher amount (not being more favourable to the relevant shareholder than the amount specified in the relevant notification, if any) as the directors consider to be reasonable having regard to the evidence and confirmations requested or received by them. In such event, the amount so determined by the directors shall be deemed for all purposes of the articles to be the amount of the Cash Requirement, Permitted Liabilities, Relevant Cash, Deficit Amount, Preference Share Amount or, as the case may be, Target Dividend Amount.

105.8 Without prejudice to article 105.5 if, in relation to any proposed dividend payment, either shareholder shall notify the directors that as at the Notification Time the Gross Dividend Amounts to be paid by the R shareholder and the E shareholder respectively have not been agreed by the R shareholder and the E shareholder in accordance with the terms of the Governing Agreement:

If Gross Dividend Amounts not agreed

- (a) the Gross Dividend Amount per share for each shareholder shall be such amount as the directors determine to be the higher of:
 - (i) the Gross Dividend Amount notified by that shareholder; and
 - (ii) the Gross Dividend Amount per share for that shareholder which would be derived from applying to the Gross Dividend Amount per share notified by the other shareholder the Equalisation Ratio and Applicable Exchange Rate (as defined at the relevant time for the purposes of the Governing Agreement);
- (b) based on the Gross Dividend Amount so determined by them for each shareholder, the directors shall determine the Target Dividend, Target Dividend Amount, Permitted Liabilities and Cash Requirement for each shareholder, and may request such information from the shareholders as they reasonably require in order to make such determinations and, to the extent that it is impractical to request such information or such information is not obtained prior to the time at which the relevant dividend is to be declared or recommended, the directors shall be entitled to make such assumptions and estimates as to the matters required to determine the Target Dividend, Target Dividend Amount, Permitted Liabilities and Cash Requirement for each shareholder as they may consider reasonable or necessary;
- (c) the Target Dividend, Target Dividend Amount, Permitted Liabilities and Cash Requirement for each shareholder in relation to the Relevant Period shall then be deemed for all purposes of the articles to be the amount so determined by the directors.

For the avoidance of doubt, the determination of Gross Dividend Amounts by the directors in accordance with (a) above shall be without prejudice to the power of the directors to decide the portion of the profits of the company which it is appropriate to distribute.

Inability to pay
Target Dividend
in full

105.9 If, in relation to any proposed dividend payment, either the R shareholder or the E shareholder notifies the company that it will be unable, by reason of any provision having the force of law (but not solely by reason of the inadequacy of reserves or the amounts payable to it pursuant to paragraphs (a) to (e) of article 105.2 being insufficient to enable it to discharge its liabilities and to pay all preferential dividends or the existence of Excluded Shares), to make payment in full of its Target Dividend to its ordinary shareholders, the following provisions shall apply:

- (a) unless the relevant shareholder requests otherwise pursuant to paragraph (b) below, (i) the dividend payable to that shareholder

under paragraph (f) of article 105.2 shall be paid to it in full, notwithstanding that it will be unable to pay the full cash element of the Target Dividend to its shareholders; and (ii) the amount of any Permitted Liabilities of the relevant shareholder and all other relevant amounts shall be computed as if such full payment were to be made; and in that event the difference between the total amount paid to the relevant shareholder under article 105.2 (together with any sum paid or due to the relevant shareholder by way of tax credit or any other similar associated tax benefit) and the total amount which would have been paid had paragraph (b) below applied (translated, in the case of the E shareholder into guilders at the rate used in the calculation of the Target Dividend Amount) shall be credited to a separate reserve in the books of the relevant shareholder;

(b) if the relevant shareholder so requests prior to the Notification Date, the dividend payable to that shareholder under paragraph (f) of article 105.2 shall be whichever shall be the lesser of:

- (i) the amount notified by the relevant shareholder to be the amount which would have been the Target Dividend Amount had that amount reflected the maximum Target Dividend permitted by the provisions having the force of law in consequence of which this article 105.9 applies; and
- (ii) the amount which would have been payable to the relevant shareholder under the said paragraph had paragraph (a) above applied;

and, if paragraph (b)(i) applies, the reduced level of the dividend to be paid by the relevant shareholder to its shareholders shall be taken into account in computing the amount of the Permitted Liabilities of the relevant shareholder and all other relevant amounts, and the difference between the total amount paid to the relevant shareholder under article 105.2 and the amount which would have been paid had paragraph (a) above applied (in each case, including the amount of any tax that has been or would be deducted or withheld from the payment by the company) shall be credited to a separate reserve in the books of the company (the "Deferred Dividend Reserve"), to be used for the purpose of paying supplementary dividends to the relevant shareholder in future to enable it to make compensatory dividend payments to its shareholders;

(c) where, pursuant to paragraph (b) above, any amount stands to the credit of either shareholder in a Deferred Dividend Reserve, the relevant shareholder may, at or before the Notification Time in respect of any future dividend payment by the company, request that, upon that dividend being declared or recommended or at such

later date as may be agreed with the company, there is paid to it by way of further dividend all or part of the amount standing to its credit in the Deferred Dividend Reserve for the purpose of making compensatory dividend payments to its shareholders, but such arrangements shall not be taken into account for the purpose of notification of the Target Dividend or Target Dividend Amount of the relevant shareholder;

- (d) following a request by either shareholder in accordance with (c) above, the company shall make payment of the amount requested in priority to any dividend which is, or would otherwise be, payable under paragraph (f) of article 105.2 (and in priority to such other dividend payments as the R shareholder and the E shareholder may agree and notify to the company) as part of the same distribution of profit;
- (e) if and to the extent so requested by the R shareholder and the E shareholder jointly, the directors shall adjust the amount of the Deferred Dividend Reserve in such manner as the directors consider appropriate to reflect ~~any~~ arrangements agreed between the R shareholder and the E shareholder and notified jointly to the company in relation to:
 - (i) any change in the issued share capital of the relevant shareholder (provided, in the case of an increase in the issued share capital, that the new shares are to rank for compensatory payments);
 - (ii) any change in the taxation regime or rates of tax or tax credit applicable to the relevant shareholder or to payments of dividend to or by it;
 - (iii) any future movements in the guilder-sterling exchange rate; or
 - (iv) compensating the shareholders of the relevant shareholder for the delay in receipt of the amount represented by the Deferred Dividend Reserve.

105.10 All notifications given by either shareholder for the purposes of this article shall be prepared with due care and attention and, to the extent any notification requires any element of estimation, that estimation shall be made in good faith and based upon reasonable assumptions.

CAPITAL RIGHTS

Interpretation

106.1 Save as indicated below, words and expressions defined for the purpose of article 105 have the same meaning in this article and, subject to the other provisions of this article, in this article:

Assumptions means the following assumptions:

- (a) that each of the Liquidation Companies is wound up, commencing on the Commencement Date;
- (b) that all of the assets of the Liquidation Companies (except, in the case of the R shareholder and the E shareholder, the "R" shares, the "E" shares and shares in Elsevier Reed Finance, the R shareholder's shares in RHBV and any shares held by RHBV in the E shareholder and all rights attaching to any such shares, but including for the avoidance of doubt the E shareholders' shares in Reed Elsevier Nederland BV and Reed Elsevier Overseas BV) are disposed of on an arm's length basis in the windings-up on the Determination Date;
- (c) that the R shareholder and the E shareholder received in respect of the "R" shares and the "E" shares the amounts actually received by them prior to the making of the relevant notification pursuant to paragraph (b) of article 106.3 at the time when these amounts were actually received and that they will receive their respective due proportions of the Specified Amount on the Specified Date;
- (d) that the interest of the R shareholder and the E shareholder in the company immediately after the Specified Date is equal to the relevant Residual Value and that the interest of the R shareholder in RHBV is equal to the RHBV Residual Value;
- (e) that Elsevier Reed Finance makes a single cash distribution to its shareholders on the Determination Date of the full amount of assets available for distribution to its shareholders;
- (f) that RHBV makes a single cash distribution to its shareholders immediately following the distribution pursuant to paragraph (e) above of the full amount of assets available for distribution to its shareholders (excluding its shares in the E shareholder and any amount available as a result of a distribution by the E shareholder);
- (g) that, subject to the discharge of its liabilities (including tax liabilities which would arise if the Assumptions were fulfilled), RHBV makes immediate onward liquidation distributions to its shareholders of all moneys that would be available to it as a result of the E shareholder making distributions on the assumption that the E shareholder makes distributions in accordance with the assumptions set out in paragraph (a) of article 106.12 (but taking account of the extent to which amounts would in fact be capable of distribution by the E shareholder having regard, amongst other things, to liabilities of the E shareholder which are not Permitted Liquidation Liabilities);

- (h) that all reliefs from tax that would be available to the Liquidation Companies in their assumed liquidations (including by virtue of any tax grouping or other fiscal unity provisions to the extent such reliefs are available from the R shareholder, the E shareholder, the company, Elsevier Reed Finance or any of their respective subsidiaries) are claimed, surrendered and used in such a manner as minimises the overall incidence of taxation on the assumed liquidations of the Liquidation Companies (in each case on the assumption that the terms of clause 4.2 of the Implementation Agreement have been observed by each shareholder and that there has been no breach by any party of the provisions of the Governing Agreement or of the agreement of even date with the Governing Agreement between RHBV and the E shareholder);

Available Assets means, in relation to either the R shareholder or the E shareholder, the amount of the assets of the relevant shareholder that would be available in a winding-up of that shareholder on the basis of the Assumptions (other than Assumptions (c) and (g), save as mentioned below) and subject to the following:

- (a) the following shall not be regarded as forming part of those assets:
- (i) any amount which would otherwise be taken into account in respect of the "R" shares or the "E" shares and any other shares held by the relevant shareholder in the Liquidation Companies;
 - (ii) any distributions pursuant to article 106.2 other than any distribution required by paragraph (a) of that article;
 - (iii) any amount (to the extent it might otherwise be treated as an asset of the relevant shareholder) representing dividends unclaimed by shareholders of the relevant shareholder, to the extent that, at the Commencement Date, the relevant shareholder is or may become bound (in accordance with applicable law or regulation) to make payment of such sums to or for the benefit of a shareholder;
- (b) in the computation of the amount of such assets there shall be deducted:
- (i) the amount of any reserve maintained by the relevant shareholder pursuant to article 105.9; and
 - (ii) in the case of the R shareholder, unless the R shareholder and the E shareholder have jointly notified the company that they have agreed otherwise, an amount equal to the amount received (net of all costs, including taxation and other

expenditure associated with the disposal) by the R shareholder (or by RHBV) as a result of a disposal by the R shareholder (or by RHBV) of all or any part of its interest in the Exchange Shares, to the extent such amount has not been reduced whether by reason of being distributed to shareholders of the R shareholder or in the payment of taxation associated with its distribution (whether by RHBV to the R shareholder, or by the R shareholder to its shareholders or otherwise) or in any other way;

(c) the following shall, without limitation, be regarded as forming part of those assets:

(i) any amounts which could reasonably be expected to be received from any member of the Reed Elsevier Group or of the Finance Group under any indemnity, loan or other arrangements;

(ii) any amounts that would be receivable by the relevant shareholder on a winding-up, in accordance with the Assumptions, of Elsevier Reed Finance;

(d) in the computation of the amount of such assets, there shall be added, except to the extent that the R shareholder and the E shareholder have agreed otherwise:

(i) the aggregate of the amounts of all resources that either (A) have been defrayed by the relevant shareholder at any time in breach of the Governing Agreement or in consequence of a liability or expenditure of the kind mentioned in paragraph (3) of the definition of "Permitted Liabilities" or (B) would have been available to it had it observed the terms of the Implementation Agreement; less

(ii) the aggregate of the following amounts:

(A) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of cash, or a non-cash asset, which was subsequently, directly or indirectly wholly or in part converted into cash: the amount of the cash so acquired;

(B) if resources have been so defrayed as part of a transaction which resulted in the acquisition by the relevant shareholder of a non-cash asset which, or an asset directly or indirectly deriving from which, was wholly or in part still held by the relevant shareholder at the

Commencement Date: the amount attributed to that non-cash asset in the calculation of the relevant Available Assets; and

- (C) if any dividend paid by the relevant shareholder to its shareholders has ever been reduced on account of a particular matter coming within sub-paragraph (d)(i) above (having regard to the Equalisation Ratio and the provisions of the Governing Agreement and article 105); the amount saved by the relevant shareholder by reason of that reduction;

provided that the amount deducted pursuant to this sub-paragraph (d)(ii) in respect of a particular matter shall not exceed the amount which would otherwise be taken into account in respect of that matter pursuant to sub-paragraph (d)(i) above;

Commencement Date means noon (London time) on the effective date of the commencement of the winding-up of the company being, in the case of a voluntary winding-up, the date of the relevant resolution to commence winding-up and, in the case of a compulsory winding-up, the date of the presentation of the petition for winding-up to the court;

Determination Date means the date six months after the Commencement Date or such other date as the R shareholder and the E shareholder shall, prior to that date (or any other date previously agreed for the purpose of this definition), agree and notify to the company;

Excess Liabilities Requirement means, in relation to either the R shareholder or the E shareholder, the amount by which the Permitted Liquidation Liabilities of the relevant shareholder exceed its Available Assets;

Expert means such person as the R shareholder and the E shareholder shall designate by notice to the company given within 15 Business Days (or such longer period as the R shareholder, the E shareholder and the Liquidator shall agree whether before or after the expiry of that period) of, in the case of a matter falling within paragraph (b) of article 106.4, the service of the relevant Objection Notice or, in the case of a matter falling within paragraph (b) of article 106.5, the date of the relevant notification under article 106.3(d) or, in either case, any previous Expert appointed in relation to the matter in question becoming unable or unwilling to act or, in default of any such designation, such person as may be appointed for the purpose of resolving the matter in question (on the application of either shareholder or the Liquidator) by the President for the time being of the Institute of Chartered Accountants in England and Wales;

Liquidator means the liquidator of the company;

Liquidation Companies means the R shareholder, the E shareholder, Elsevier Reed Finance and RHBV;

Objection Notice means, in relation to any Proposed Distribution, a notice given by either the R shareholder or the E shareholder to the company stating that the relevant shareholder does not agree one or more of the amounts specified, or deemed to have been specified, in the relevant notification given by the other shareholder pursuant to paragraph (b) of article 106.3 as the amount of its Available Assets, Permitted Liquidation Liabilities or Preference Capital Amount;

Permitted Liquidation Liabilities means, in relation to either the R shareholder or the E shareholder, the amount of the liabilities of the relevant shareholder which would be provable in a winding-up of it commencing on the Commencement Date, (including liabilities in respect of tax) which would be liabilities of the relevant shareholder if the Assumptions were satisfied but so that such amount shall exclude:

- (a) any liability to account for the amount of any tax (other than, for the avoidance of doubt, tax on its income, profits or gains) which would be required to be deducted or withheld from payments to shareholders in the winding-up;
- (b) any liability directly or indirectly constituting, or resulting from, or arising out of, any act or omission by or matter concerning the relevant shareholder or any subsidiary of the relevant shareholder which has constituted, a breach of the Governing Agreement or which would not have existed had the terms of clause 4.2 of the Implementation Agreement been observed by the relevant shareholder;
- (c) a liability to pay to the other shareholder damages or any other amount by way of compensation for breach of contract or other wrongful act or pursuant to the settlement of any claim by the other shareholder (whether or not liability is admitted) and any expenditure to be incurred in settlement of such a claim; and
- (d) any liability to the extent it will be settled by some other person.

Preference Capital Amount means, in relation to either the R shareholder or the E shareholder, the amount required to discharge in full the sums that would be payable by the relevant shareholder to the holders of its Preference Shares, if any, in a winding-up of the relevant shareholder commencing on the Commencement Date, less the amount (if any) by which its Available

Assets exceed its Permitted Liquidation Liabilities; provided that the Preference Capital Amount shall not be less than zero;

Preference Share means a share in the capital of either the R shareholder or the E shareholder carrying a preferential right to capital distribution on a winding-up other than an Excluded Share;

Proposed Distribution means the distribution contemplated by the relevant notification pursuant to paragraph (a) of article 106.3;

Residual Amount means the Specified Amount less such amount as the Liquidator would be required to distribute pursuant to paragraphs (a) to (d) of article 106.2 prior to the making of any distribution pursuant to paragraph (e) of that article;

Residual Value means, in relation to either the R shareholder or the E shareholder and any Proposed Distribution, the value for the purpose of the taxation of capital gains of the interest of the relevant shareholder in the company as at the time immediately after the Specified Date;

RHBV Residual Value means, in relation to the R shareholder, the value for the purpose of the taxation of capital gains of the interest of the R shareholder in RHBV (having regard to the value of the interest of RHBV in the E shareholder) as at the time immediately after the Specified Date;

Specified Amount means, in relation to a Proposed Distribution the amount specified by the Liquidator in the relevant notification pursuant to paragraph (a) of article 106.3;

Specified Date means the date specified by the Liquidator in the relevant notification pursuant to paragraph (a) of article 106.3;

Target Capital Distribution Amount means in relation to either the R shareholder or the E shareholder and any Proposed Distribution, the amount which represents that proportion of the Residual Amount which is required to be paid to the relevant shareholder in order to satisfy the formulae set out in paragraph 7.1.2 of Schedule 1 to the Governing Agreement;

references to an amount being *final and binding* mean that the relevant amount shall be deemed conclusively to be the amount of the relevant Available Assets, Permitted Liquidation Liabilities, Preference Capital Amount or, as the case may be, Target Capital Distribution Amount for the purposes of calculating the amount of all distributions made pursuant to this article 106 between the time when the relevant amount becomes final and binding and such time as another notice is given pursuant to paragraph (a) of article 106.3.

106.2 Subject to article 106.7 to 106.10 below, on the winding-up of the company, the assets of the company available for distribution to shareholders shall be applied in the following order: Capital rights

- (a) in paying to the holder or holders of the "G" shares a sum equal to the nominal capital paid up on those shares;
- (b) in paying:
 - (i) to the R shareholder, an amount equal to the R Excess Liabilities Requirement; and
 - (ii) to the E shareholder, an amount equal to the E Excess Liabilities Requirement;

provided that, if the amount available for distribution is not sufficient to pay the sum of the R Excess Liabilities Requirement and the E Excess Liabilities Requirement in full, the amounts to be distributed pursuant to this paragraph (b) shall be calculated by reference to the following formula:

$$R = \frac{A_E L_R + D L_R - A_R L_E}{L_R + L_E}$$

$$E = D - R$$

where:

A_E = the amount of the E Available Assets;

A_R = the amount of the R Available Assets;

L_E = the amount of the E Permitted Liquidation Liabilities;

L_R = the amount of the R Permitted Liquidation Liabilities;

D = the total amount available to be distributed pursuant to this paragraph (b);

R = the amount to be paid to the R shareholder;

E = the amount to be paid to the E shareholder;

provided that:

- (1) if either the R Excess Liabilities Requirement or the E Excess Liabilities Requirement is zero, the whole amount shall be

payable to the shareholder the Excess Liabilities Requirement of which is not zero; and

- (2) in no event shall the amount payable to either shareholder exceed that shareholder's Excess Liabilities Requirement;
- (c) in paying to the R shareholder and the E shareholder an amount equal to the amount standing to the credit of any Deferred Dividend Reserve in the name of the relevant shareholder on the Commencement Date; provided that, if the amount to be distributed is not sufficient to pay such amounts, the amount paid to each shareholder pursuant to this paragraph (c) shall be reduced pro rata;
- (d) in paying:
 - (i) to the R shareholder, an amount equal to the R Preference Capital Amount;
 - (ii) to the E shareholder, an amount equal to the E Preference Capital Amount;

provided that (unless the R shareholder and the E shareholder notify the company that they have agreed otherwise) if the amount available for distribution under this paragraph (d) is less than the sum of the R Preference Capital Amount and the E Preference Capital Amount, the amounts payable on the R shares and the E shares respectively shall reduce pro rata to the R Preference Capital Amount and the E Preference Capital Amount;

- (e) in paying:
 - (i) to the R shareholder, an amount equal to the sum of the R Target Capital Distribution Amounts in relation to all interim and final distributions pursuant to article 106.10; and
 - (ii) to the E shareholder, an amount equal to the sum of the E Target Capital Distribution Amounts in relation to all interim and final distributions pursuant to article 106.10.

Notifications

106.3(a) The Liquidator may at any time and from time to time notify the R shareholder and the E shareholder of the aggregate amount which the Liquidator believes will be available to be distributed as an interim or final distribution pursuant to paragraph (b) to (e) of article 106.2 on or about a specified future date.

- (b) Within one month of any notification pursuant to paragraph (a) above, each of the R shareholder and the E shareholder shall notify the Liquidator of:-

- (i) its bona fide best estimate as at the time when the notification pursuant to this paragraph (b) is made of the amount of its:-
 - (A) Available Assets;
 - (B) Permitted Liquidation Liabilities;
 - (C) Preference Capital Amount;
 - (D) Residual Value and, in the case of the R shareholder, the RHBV Residual Value; and
 - (E) its Target Capital Distribution Amount (if any) with respect to the relevant distribution; and
 - (ii) the exchange rates it has used in arriving at the amounts referred to in paragraph (i) above.
- (c) Subject to article 106.4 below, if either shareholder fails to notify any amount required by paragraph (b)(i) above (other than sub-paragraph (D)), the relevant shareholder shall be deemed to have notified the Liquidator that the relevant amount is:
- (i) in the case of its Available Assets:-
 - (A) if the amount of its Available Assets shall have been conclusively determined for the purposes of any distributions made immediately prior to the service of the relevant notice under paragraph (a) above, the amount so conclusively determined; or
 - (B) if that amount shall not have been conclusively determined, nil; and
 - (ii) in all other cases, nil.
- (d) The company shall, as soon as is practicable, notify:
- (i) the R shareholder of the details of any notifications by the E shareholder pursuant to paragraph (b) above;
 - (ii) the E shareholder of the details of any such notifications by the R shareholder; and
 - (iii) the R shareholder or, as the case may be, the E shareholder of any default by the other of the kind mentioned in paragraph (c) above.

**Determination of
shareholders
requirements**

106.4(a) The amount specified, or deemed to be specified, by either the R shareholder or the E shareholder as the amount of its Available Assets, Permitted Liquidation Liabilities or Preference Capital Amount pursuant to article 106.3 shall be final and binding unless, within 15 Business Days of receipt by the other shareholder of notification of the relevant amount (or of any default in specifying the relevant amount) pursuant to paragraph (d) of article 106.3, that other shareholder serves an Objection Notice on the company in respect of that amount.

(b) In any case falling within sub-paragraph (c)(i)(B) of article 106.3, an Objection Notice shall be deemed to have been served in respect of the amount of the Available Assets of the relevant shareholder unless prior to the expiry of the period specified in paragraph (a) above the other shareholder shall have served a notice on the company stating that this paragraph (b) shall not apply to the relevant situation.

(c) If, in respect of any amount mentioned in paragraph (a) above, an Objection Notice is served, the matter in question (the *Disputed Amount*) shall be referred to the Expert with a view to the Expert determining or estimating the amount of the Disputed Amount.

**Determination of
Target Capital
Distribution
Amounts**

106.5(a) If, in relation to any Proposed Distribution:-

(i) no Objection Notice is served; and

(ii) the sum of the Target Capital Distribution Amounts notified pursuant to paragraph (b) of article 106.3 equals the relevant Residual Amount,

those amounts shall be final and binding.

(b) If paragraph (a) above does not apply, the issue of the amount of Target Capital Distribution Amounts shall be referred to the Expert with a view to the Expert determining or estimating the relevant amounts.

**Expert
determination**

106.6 The following provisions shall apply in respect of any matter which is referred to the Expert.

(a) The R shareholder and the E shareholder shall co-operate fully with the Expert and shall promptly provide the Expert with such evidence and confirmations as he may reasonably require.

(b) The R shareholder, the E shareholder and the Liquidator shall be entitled to make such representations to the Expert, within such period, as the Expert shall determine.

(c) The Expert shall be entitled to obtain and rely on advice from such other persons (including without limitation lawyers, accountants, bankers, brokers and valuers) as the Expert shall consider appropriate having regard to the matter in dispute. If a matter shall previously have been referred to an Expert and either:-

(i) that Expert shall have stated that he has determined a particular issue arising in the course of that reference in a particular way; or

(ii) it is implicit in that Expert's determination or estimate pursuant to this article 106 that he has done so;

then the Expert in relation to any subsequent reference pursuant to this article 106 (whether or not the same person) shall be entitled to regard that issue as having been finally determined and to rely on that determination in reaching his own determination or estimate of the matter referred to him.

(d) The R shareholder and the E shareholder shall use all reasonable endeavours to procure that the Expert determines or estimates the amount or amounts in question by notice to those shareholders and the company as soon as is reasonably practicable. The Expert shall not be obliged to give reasons for his decision.

(e) Subject to paragraph (f) below, the amount so determined or estimated shall be final and binding.

(f) If a manifest error exists in the Expert's determination or estimate and either the R shareholder or the E shareholder notifies the company of it within 15 Business Days of receipt of the notice referred to in paragraph (d) above, that determination or estimate shall be a nullity and the shareholders shall procure that the matter is referred back to the Expert.

(g) The Expert shall act as an expert and not as an arbitrator.

(h) The Expert's fees, costs and expenses shall be borne by the company as an expense of the liquidation. These fees, costs and expenses shall be notionally divided between the R shareholder and the E shareholder in such proportions as the Expert may determine within one month of notifying the company of his determination pursuant to paragraph (d) above (or, failing which, equally) and shall, accordingly, be deducted from the amounts which are to be distributed to those shareholders pursuant to this article 106.

106.7(a) The Liquidator shall be entitled at any time to make an interim or final distribution pursuant to paragraph (b) of article 106.2 subject to:-

- (i) the amount referred to in paragraph (a) of article 106.2 having been paid by the Liquidator to the holder or holders of the "G" shares;
- (ii) the determination of Available Assets and the Permitted Liquidation Liabilities of the R shareholder and the E shareholder having become final and binding for the purposes of distributions to be made at the relevant time;
- (iii) (unless the R shareholder and the E shareholder agree otherwise) the determination of at least one of the Available Assets, Permitted Liquidation Liabilities, Preference Capital Amount or Target Capital Distribution Amount of one of the shareholders having become final and binding for the purposes of distributions to be made at the relevant time within the preceding six months; and
- (iv) either or both of the R shareholder and the E shareholder not having been paid in full the amount of its Excess Liabilities Requirement pursuant to paragraph (b) of article 106.2.

(b) Any amount to be distributed pursuant to paragraph (b) of article 106.2 (the "Available Amount") shall be divided between the R shareholder and the E shareholder in such proportions as secure (as far as possible) that, having regard to any previous distributions pursuant to that paragraph but assuming that no further such distributions will be made, the aggregate of the amounts paid to the R shareholder and the E shareholder pursuant to that paragraph is divided between them in accordance with the requirements of that paragraph.

(c) If, by reason of any change in the amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder, either shareholder shall already have been paid pursuant to paragraph (b) of article 106.2 more than the amount which it would have received had the aggregate amount referred to in paragraph (b) above been divided in accordance with the requirements of paragraph (b) of article 106.2 then the whole of the Available Amount shall be paid to the other shareholder.

106.8(a) The Liquidator shall be entitled at any time to make an interim or final distribution pursuant to paragraph (c) of article 106.2 subject to:-

- (i) the matters specified in sub-paragraphs (a)(i) to (a)(iii) of article 106.7;
 - (ii) payment of an amount equal to the R Excess Liabilities Amount (if any) having been made to the R shareholder and payment of an amount equal to the E Excess Liabilities Amount (if any) having been made to the E shareholder, in each case, pursuant to paragraph (b) of article 106.2; and
 - (iii) either or both of the R shareholder and the E shareholder not having been paid in full pursuant to paragraph (c) of article 106.2 the amount (if any) referred to in that paragraph as standing to the credit of an account in its name.
- (b) Any amount to be distributed pursuant to paragraph (c) of article 106.2 (the *Available Amount*) shall be divided between the R shareholder and the E shareholder in such proportions as secure (so far as possible) that, having regard to any previous distributions made pursuant to that paragraph but assuming that no further such distributions will be made, the aggregate of the amounts paid to the R shareholder and the E shareholder pursuant to that paragraph is divided between them in accordance with the requirements of that paragraph; provided that, for the purpose of determining the amount to be paid under this article 106.8 (and article 106.9), if by reason of any change in amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder, either shareholder shall have received more than its Excess Liabilities Requirement pursuant to paragraph (b) of article 106.2, the amount of the excess shall be deemed to have been paid to the relevant shareholder pursuant to paragraph (c) of article 106.2.
- (c) If, by reason of any change in the amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder and having regard to the proviso to paragraph (b) above, either shareholder shall already have been paid pursuant to paragraph (c) of article 106.2 more than the amount which it would have received had the aggregate amount referred to in paragraph (b) above been divided in accordance with the requirements of paragraph (c) of article 106.2 then the whole of the Available Amount shall be paid to the other shareholder.

106.9(a) The Liquidator shall be entitled to make an interim or final distribution pursuant to paragraph (d) of article 106.2 subject to:-

Distributions
under
article 106.2(d)

- (i) the matters specified in sub-paragraphs (a)(i) and (a)(ii) of article 106.8;

- (ii) the amounts referred to in paragraph (c) of article 106.2 having been paid by the Liquidator to the R shareholder and the E shareholder;
 - (iii) the Preference Capital Amounts of the R shareholder and the E shareholder having been conclusively determined for the purposes of distributions to be made at the relevant time; and
 - (iv) either or both of the R shareholder and the E shareholder not having been paid in full the amount of its Preference Capital Amount pursuant to paragraph (d) of article 106.2.
- (b) Any amount to be distributed pursuant to paragraph (d) of article 106.2 (the "Available Amount") shall be divided between the R shareholder and the E shareholder in such proportions as secure (so far as possible) that, having regard to any previous distributions made pursuant to that paragraph but assuming that no further such distributions will be made, the aggregate of the amounts paid to the R shareholder and the E shareholder pursuant to that paragraph is divided between them in accordance with the requirements of that paragraph; provided that, for the purpose of determining the amount to be paid under this article 106.9 (and article 106.10), if by reason of any change in the amount of the Available Assets or the Permitted Liquidation Liabilities of either the R shareholder or the E shareholder and having regard to the proviso to paragraph (b) of article 106.8, either shareholder shall have received more pursuant to paragraph (c) of article 106.2 than the amount (if any) due to it under that paragraph, the amount of the excess shall be deemed to have been paid to the relevant shareholder pursuant to paragraph (d) of article 106.2.
- (c) If, by reason of any change in the amount of the Available Assets, the Permitted Liquidation Liabilities or the Preference Capital Amount of either the R shareholder or the E shareholder and having regard to the proviso to paragraph (b) above, either shareholder shall already have been paid pursuant to paragraph (d) of article 106.2 more than the amount which it would have received had the aggregate amount referred to in paragraph (b) above been divided in accordance with the requirements of paragraph (d) of article 106.2 then the whole of the Available Amount shall be paid to the other shareholder.

Distributions
under
article 106.2(e)

106.10 The Liquidator shall be entitled at any time to make an interim or final distribution pursuant to paragraph (e) of article 106.2 subject to:-

- (a) the matters specified in sub-paragraphs (a)(i) to (a)(iii) of article 106.9;

- (b) payment of an amount equal to the R Preference Capital Amount having been made to the R shareholder and payment of an amount equal to the E Preference Capital Amount having been made to the E shareholder, in each case, pursuant to paragraph (d) of article 106.2;
- (c) the Target Capital Distribution Amounts of the R shareholder and the E shareholder having been conclusively determined for the purposes of distributions made at the relevant time;
- (d) no previous distribution having been made pursuant to paragraph (e) of article 106.2 since the time when the last preceding notice was given pursuant to paragraph (a) of article 106.3;
- (e) the amount of the relevant distribution to each of the R shareholder and the E shareholder being equal to its Target Capital Distribution Amount.

106.11 For the avoidance of doubt, it is declared that in no event shall either the R shareholder or the E shareholder be obliged to repay any amount distributed to it pursuant to this article. Repayment

106.12(a) Amounts required to be calculated for the purposes of this article 106 (Capital Rights) shall be expressed in sterling. Save to the extent specified in paragraph 7.1 of Schedule 1 to the Governing Agreement, the rates of exchange used to determine such amounts shall be such rates as shall in all the circumstances be reasonable. In assessing what is reasonable, it shall be assumed that:- Exchange rates

- (i) all assets of the R shareholder and the E shareholder are used to the extent necessary in the discharge of their respective Permitted Liquidation Liabilities or are distributed to their respective shareholders; and
- (ii) all amounts distributed to the R shareholder and the E shareholder pursuant to paragraph (b) of article 106.2 are used in the discharge of their respective Permitted Liquidation Liabilities and all amounts so distributed pursuant to paragraphs (c) to (e) of article 106.2 are distributed to their respective shareholders;

in each case, as soon as would be practicable if the Assumptions were correct, if neither shareholder had any liabilities other than Permitted Liquidation Liabilities and if the aggregate amount referred to in paragraph (d) of the definition of Available Assets in respect of each shareholder were nil.

- (b) Amounts distributable under this article shall be expressed and distributed in sterling.

Contingent liabilities

106.13 In calculating the Permitted Liquidation Liabilities there shall be disregarded any liability not otherwise specifically referred to in the definitions of that term if such liability is, at the time of the relevant notification pursuant to paragraph (b) of article 106.3, a contingent liability only and if, in accounts of the relevant shareholder drawn up as at that time in accordance either (a) with the accounting policies and practices of the relevant shareholder previously applied or (b) if any of these policies or practices are in breach of the Governing Agreement, policies and practices modified to the extent necessary to comply with that Agreement and, in either case, complying with applicable law and accounting standards, no provision would properly require to be made. If, in respect of such a contingent liability, a provision would properly require to be made on the basis described above, the proper amount of such provision shall be the amount of the relevant liability taken into account for the purpose of calculating the Permitted Liquidation Liabilities.

Requirement to notify

106.14 Articles 105.6 and 105.10 shall apply to notifications under this article.

DIVIDENDS

Declaration of dividends

107. Subject to the provisions of the Act, the company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.

Interim dividends

108. Subject to the provisions of the Act, the directors may declare and pay interim dividends (including interim dividends intended to be in lieu of a final dividend) if it appears to them that they are justified by the profits of the company available for distribution. If the share capital is divided into different classes, the directors may declare and pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be declared or paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also declare and pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful declaration or payment of an interim dividend on any shares having deferred or non-preferred rights. An interim dividend shall become due and payable at such time as the directors declaring the same may determine.

109. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Apportionment
of dividends

110. A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

Dividends in
specie

111. Any dividend or other moneys payable in respect of a share may be paid in any manner approved by the holder of that share or may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.

Procedure for
payment

112. No dividend or other moneys payable in respect of a share shall bear interest against the company unless otherwise provided by the rights attached to the share.

Interest not
payable

CAPITALISATION OF PROFITS

113. The directors may with the authority of an ordinary resolution of the company:

Power to
capitalise

- (a) subject as hereinafter provided, resolve to capitalise any undivided profits of the company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the company's share premium account or capital redemption reserve;

- (b) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;
- (c) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this article in fractions; and
- (d) authorise any person to enter on behalf of all the members concerned into an agreement with the company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

NOTICES

**When notice
required to be in
writing**

114. Any notice to be given to or by any person pursuant to the articles shall be in writing except that a notice calling a meeting of the directors need not be in writing.

**Method of giving
notice**

115. The company may serve or deliver any notice or other document on or to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address or by sending it by facsimile transmission to the member at the last telephone number (if any) which the member has given the company for this purpose. In the case of joint holders of a share, all notices or other documents shall be served on or delivered to the joint holder whose name stands first in the register of members in respect of the joint holding. Any notice or other document so served or delivered shall be deemed for all purposes sufficient service on or delivery to all the joint holders.

Proof of notice

116. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice sent by post shall be deemed given:

- (a) if sent by first class post from an address in the United Kingdom or another country to another address in the United Kingdom or, as the case may be, that other country, on the day following that on which the envelope containing it was posted;
- (b) if sent by airmail from an address in the United Kingdom to an address in The Netherlands or from an address in The Netherlands to an address in the United Kingdom, on the day following that on which the envelope containing it was posted; and
- (c) in any other case, on the fifth day following that on which the envelope containing it was posted.

117. A notice left at the registered address of a member or sent by facsimile transmission to a member at the last telephone number (if any) which the member has given the company for this purpose shall be deemed given at the time the notice is received.

When other notices deemed given

118. A member present, either in person or by proxy, at any meeting of the company or of the holders of any class of shares in the company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

Deemed receipt of notice

119. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been duly given to a person from whom he derives his title.

Transferees etc bound by prior notice

120. A notice may be given by the company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

Notice to persons entitled by transmission

WINDING-UP

121. If the company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit

Liquidator may distribute in specie

of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

Indemnity to
directors,
officers, etc.

122. Subject to the provisions of the Act, but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer of the company shall be indemnified out of the assets of the company against all costs, charges, losses, expenses and liabilities incurred by him in the execution or discharge of his duties or the exercise of his powers or otherwise in relation thereto, including (but without limitation) any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.



REED ELSEVIER

Our Ref: ELET

11 October 1993

Direct line 071 491 8256

Direct fax 071 491 8215

The Registrar
Companies House
Crown Way
Maindy
Cardiff
CF4 3UZ

Dear Sirs

REED ELSEVIER PLC - 2746616

I enclose, for filing, a copy of the revised memorandum and Articles of Association of the above named company as amended by Special Resolution passed on 27 September 1993.

Please acknowledge safe receipt by stamping and returning the enclosed copy letter in the stamped addressed envelope provided.

Yours faithfully

Miss E Richardson
Assistant to Secretary

