X-pand into the Future

eurex circular 263/07

Date: Frankfurt, December 20, 2007
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Richard Heizmann

Reed Elsevier NV: Change of Capital Structure

Contact: Functional Helpdesk Equity and Equity Index Products, tel. +49-69-211-1 12 10

Content may be most important for:

- Front Office/Trading
- Middle + Backoffice
- Auditing/Security Coordination

Attachments:
none

Summary:

On December 13, 2008, Reed Elsevier NV announced a change of capital structure. The transaction will take place by means of repayment of capital and a reverse stock split.

Pursuant to Section 2.6.10.1 (5) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich this will result in an adjustment of the options and futures contracts of Reed Elsevier stocks.

Ex date will be **January 7, 2008**.

This circular contains a description of the adjustment procedure.

eurex

Eurex Deutschland
Neue Börsenstraße 1
60487 Frankfurt/Main
Mailing address:
60485 Frankfurt/Main
Germany

T +49-69-211-1 17 00
F +49-69-211-1 17 01
customer.support@
eurexchange.com
Internet:
www.eurexchange.com

Management Board:
Thomas Book, Thomas Lenz,
Michael Peters, Andreas Preuß,
Peter Reitz, Jürg Spillmann

ARBN: 101 013 361

Reed Elsevier NV: Change of Capital Structure

On December 13, 2007, the company Reed Elsevier NV announced a change of capital structure. The transaction will take place by means of repayment of capital and a reverse stock split.

Pursuant to Section 2.6.10.1 (5) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich this will result in an adjustment of the options and futures contracts of Reed Elsevier stocks.

Ex date will be January 7, 2008.

The basic data for the transaction is as follows:

Reed Elsevier will distribute four billion U.S. dollar to its shareholders. Implementation of this measure will be done by means of capital repayment of the amount of 1.767 euro per share. At the same time, the amount of outstanding shares will be reduced by a reverse stock split. The company fixed the consolidation ratio at 58:67.

Options Contract on Reed Elsevier Shares (ELV)

Adjustment of the options contract will be done by means of the R-factor on the last cum trading day.

The formular to determine the R-factor is as follows:

R = ((ELV cum price – 1,767) * (67/58)) / ELV cum price

Strike prices for the option will be multiplied by the R-factor. The contract size will be increased accordingly, so that the initial contract value will remain unchanged.

C1 = Contract size old

C2 = Contract size new

X1 = Strike price old

X2 = Strike price new

C2 = (C1*X1)/X2

Strike prices and contract sizes resulting from the adjustment will be published via the **Market Supervision Messages** window after close of trading on the last cum trading day.

The version number of the existing series will be increased by 1. New series with standard contract size 100 and version number 0 will be introduced effective ex date. All existing orders and quotes will be deleted after close of trading of the last cum trading day.

Upon exercise of an adjusted series cash payment will be made for the fractional part of the new contract size.

Futures-Kontrakt on Reed Elsevier Shares (ELVF)

Adjustment of the Eurex stock futures contract on Reed Elsevier (ELVF) will be done with the same R-factor as for the options. To adjust the calculation of the variation margin of the following day, settlement prices of the Eurex stock futures contract will be multiplied by the R-factor.

The new contract size will be calculated as follows:

Contract size new = contract size old / R-factor

After the adjustment, a new Eurex stock futures contract on Reed Elsevier with standard contract size 100 and new product code ELVG will be introduced.

The exact time of introduction will be announced via the **Market Supervision Messages** window.

As soon as there are no more series with open interest, trading in the original Eurex stock futures contract on Reed Elsevier (ELVF) will be discontinued.

If there is no open interest for the original Eurex stock futures contract on Reed Elsevier (ELVF) after close of trading on the last cum trading day, no adjustment will be carried out and no introduction of a new Eurex stock futures contract on Reed Elsevier will take place.

The updated Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich will be available as of the ex date on the Eurex website under:

www.eurexchange.com > Documents > Rules and Regulations

If you have any further questions, please contact the Functional Helpdesk Equity and Equity Index Products at tel. +49-69-211-1 12 10.

Frankfurt, December 20, 2007