

Reed Elsevier's Harcourt Education Group and Riverdeep Form Strategic Alliance to Co-Develop Online Educational Products; Reed Elsevier Invests \$25 Million in Riverdeep Stock

ORLANDO, Fla., Oct. 12

Harcourt Education, the US based K-12 education business recently acquired by Reed Elsevier plc, and Riverdeep Group plc., have announced a strategic alliance which will develop interactive online instructional content. The two companies will collaborate on the development of e-basal interactive digital instructional content products to address the emerging market for e-basal content, combining Riverdeep's industry leading on-line curriculum and technology with Harcourt's leadership in K-12 basal publishing and distribution.

In a related transaction, Reed Elsevier plc, Harcourt's parent, has made an equity investment of \$25 million in Riverdeep, acquiring approximately 1.39 million newly created Riverdeep American Depositary Shares, which bring Reed Elsevier a 3.84 per cent holding in the company. In addition, Tony Lucki, Chief Executive Officer of Harcourt Education Group is to be appointed to the board of directors of Riverdeep Group plc.

The products developed through the alliance will be owned, marketed and distributed by Harcourt, and will carry the Harcourt brand. Riverdeep will receive development fees and a net royalty from the sales of the jointly developed products.

The alliance with Riverdeep marks another major advance for Harcourt in the achievement of its aim to develop a strong position across the entire spectrum of K-12 online education, and follows Harcourt's acquisition of Classroom Connect, the leading provider of professional development programs for K-12 teachers, last month.

Tony Lucki, Chief Executive Officer of Harcourt Education Group commented: "Riverdeep was an obvious choice as a strategic development partner for us, with unrivalled expertise and resources. We've been impressed by the company's abilities and its leading position in this field, and we believe there are great collaborative opportunities for our two companies."

Barry O'Callaghan, Executive Chairman of Riverdeep commented, "Working together with Harcourt, we have a unique opportunity to create a new approach to learning that reflects the changing education environment and increasing importance of technology in education. This alliance, together with Reed Elsevier's equity investment in Riverdeep, further endorses our strategy for, and vision of, the market opportunity in digital educational publishing."

Harcourt Education

Harcourt Education is a leading US K-12 education provider. Companies within Harcourt Education include Harcourt School Publishers (K-6 leader, with particular strengths in science, reading, math and social studies); Holt, Rinehart and Winston (major 6-12 grade publisher, leading in literature, language, arts and science, growing

prominence in math and social studies); Steck-Vaughn and Rigby (supplemental materials); Harcourt Trade (fiction and non-fiction) and Harcourt Educational Measurement (achievement, aptitude and guidance testing services for K-12, notably the Stanford Achievement Test). For further information, please visit <http://www.harcourt.com> .

Since July 2001, Harcourt Education has been a member of the Reed Elsevier plc group.

Reed Elsevier

Reed Elsevier plc is a world-leading publisher and information provider. It is owned equally by its two parent companies, Reed International P.L.C and Elsevier NV. The parent companies are listed on the London, Amsterdam and New York Stock Exchanges, under the following ticker symbols: London: REED; Amsterdam: ELSN; NYSE: RUK, ENL.

In 2000, Reed Elsevier made adjusted profit before taxation of 690 million pounds sterling (\$1,042 million) on turnover of 3,768 million pounds (\$5,690 million). The group employs 35,000 people, including approximately 22,000 in North America. Operating in the scientific, legal, educational and business- to-business sectors, Reed Elsevier provides high value and flexible information solutions to professional end users, with increasing emphasis on Internet delivery.

For further information, please visit the company website <http://www.reedelsevier.com> .

Riverdeep Group plc.

Riverdeep Group plc. (Nasdaq: RVDP) is the largest publisher of K-12 interactive learning products in the world. The Company's Internet and CD-ROM products feature highly motivating and interactive problem-solving approaches and real-world applications that contribute to a student's depth of conceptual understanding.

Riverdeep's science, math and language arts learning activities are correlated to state and national curriculum standards. These award-winning products including Destination Math, Science Explorer, Science Gateways, and Tangible Math, are accessible via Riverdeep.net and are available on CD-ROM for all major operating platforms. As a result of the acquisition of the education assets of The Learning Company, Riverdeep develops and publishes some of the best selling educational software brands, including Reader Rabbit, Carmen Sandiego and ClueFinders.

To assist educators, Riverdeep has developed extensive online tools; support and professional development offerings designed to help teachers integrate technology with curriculum, and to assess and improve student performance.

Riverdeep was founded in 1995 and is jointly headquartered in Dublin, Ireland, and Cambridge, Massachusetts. For more information, write to Riverdeep Interactive Learning, 125 Cambridge Park Drive, Cambridge, Massachusetts, 02140; call toll free to 800-564-2587; visit <http://www.riverdeep.net> ; or send a note to info@riverdeep.net.

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