

## MINUTES

### ANNUAL GENERAL MEETING OF SHAREHOLDERS

18 April 2007

10.30 – 13.00 hours, Hotel Okura Amsterdam

*The meeting was chaired by the Chairman of the supervisory board, and was attended by the members of the executive board and the supervisory board. The minutes were kept by the company secretary. A draft of the minutes was made available on the website of the company for a period of three months ending 31 October 2007, so as to enable comments.*

*Notice of the meeting was announced in accordance with the Articles of Association on 22 March 2007. The agenda and its appendices and an explanatory letter from the Chairman of the supervisory board had been made available at the offices of the company and on the company's website from the notice of meeting. During the meeting presentations were given. The documents for the meeting are archived with these minutes and are available from the company's website.*

*The minutes are intended to be a reliable and accurate summary of the order of, the discussions at and resolutions taken by the meeting. Notwithstanding the careful manner with which these minutes have been drawn up, it cannot be excluded that the precise meaning or scope of the observations or questions from individual shareholders at the meeting were not properly understood and reflected herein. For that purpose the possibility for comments was introduced. No rights can be derived from these minutes other than as regards the conclusions of the Chairman regarding the formalities for the meeting and the resolutions taken. Shareholders have had an opportunity to object to the disclosure in the published minutes of their identity. Where they made use of that right, this is reflected in these minutes.*

*The meeting was chaired by the Chairman in the Dutch language. Other directors who spoke at the meeting used the English language. During the meeting there was simultaneous translation from Dutch to English and from English to Dutch. In view of the international constitution of the company's shareholder base these minutes have been drawn up in the English language. On request a Dutch translation will be made available.*

*Voting at the meeting was done by electronic means and the outcome of the voting was immediately shown to those attending. No objections were made against the voting method or outcome as reflected in these minutes.*



**Present:**

- The members of the executive board
- The members of the supervisory board
- Guests, including Mr Robert Polet, nominee for appointment as a member of the supervisory board, and representatives from the external auditors.
- 64 shareholders and their proxies, representing circa 278 million ordinary shares with a nominal value of €0.06 and 4.7 million R-shares with a nominal value of €0.60.

Each ordinary share represented at the meeting entitled to 1 vote and each R-share represented at the meeting entitled to 10 votes.

The issued and outstanding share capital as at the date of the meeting (not including repurchased shares that cannot be voted) consisted of 740 million ordinary shares with a nominal value of €0.06 and 4.7 million R-shares with a nominal value of €0.60.

**1. Opening**

The Chairman welcomed those present. An explanation was given regarding the facilities for simultaneous translation and electronic voting and shareholders were instructed to clearly state their name and show their voting card when addressing the meeting or the boards. The Chairman also welcomed the external auditors of the company.

The Chairman established that the meeting had been convened with due regard for the provisions under the law and the articles of association and that shareholders and their proxies present at the meeting had complied with the requirements for attendance. He concluded that valid resolutions could be taken in respect of all items on the agenda. The meeting had been called through advertisements on 22 March 2007 in the following Dutch newspapers:

- The Official Price Gazette of Euronext Amsterdam
- The Telegraaf,
- NRC Handelsblad, and
- Het Financieele Dagblad,

The Chairman noted the share capital that was represented at the meeting as reflected above and established that this meant that more than 41% of the issued and outstanding share capital was represented at the meeting. For comparison he mentioned that at yesterday's annual general meeting of Reed Elsevier PLC in London more than 70% of the share capital had been present or represented. All items on the agenda of the London AGM had been passed with a comfortable majority.

Next the Chairman read the following statement as regards the development of the Reed Elsevier business, which was published and sent to the stock exchanges in Amsterdam, London and New York on 17 April 2007 and communicated to the annual general meeting of Reed Elsevier PLC in London at that date.

**Quote**

"We were pleased to report on a year in which we made important progress at Reed Elsevier in 2006. We continued to expand our authoritative content delivered through market leading brands; we invested behind a wide range of innovative new digital products; we achieved further significant efficiency gains across the business; and we saw a strong performance from recent acquisitions which are accelerating our progress."

"The 2006 financial results were encouraging, with good revenue growth and improved underlying margins. We also delivered strong cash generation and higher returns on invested capital."

"We have sharpened our strategic focus to best capitalize on the growing digital opportunities in our markets. We believe we can derive the best returns on our brand franchises and digital investments by focusing on the Science, Medical, Legal and Business markets. Accordingly, we announced in February 2007 our intention to sell the Harcourt Education division, with the intention to return the net proceeds from the sale to shareholders."

"As regards the trading performance in 2007, overall, trading conditions have changed little since our 2006 Preliminary Results announcement on 15 February. The performance so far this year is in line with our expectations and market conditions are generally favorable."

“The performance trends in Reed Elsevier’s businesses are as follows:

Elsevier has started the year well. In both the Science & Technology and Health Sciences divisions journal subscription renewals are strong, online sales are progressing well and book publishing is expanding. The Health Sciences business is again expecting good growth from new publishing and backlist sales, although given the seasonality of the business, this will be reflected in the second half.”

“LexisNexis has made a good start to the year, with good revenue momentum seen across the business. In US Legal Markets good demand continues for online information and our expanding portfolio of workflow solutions. In US Corporate and Public Markets, the risk management business is continuing to grow well. International growth outside the US is benefiting from the strong demand for online services in the UK, France, Germany and other European and Asian markets.”

“Harcourt Education has started the year with an encouraging market response to its 2007 basal textbook programmes and recent reorganisations within the Assessment business are having a positive effect on operational performance. The majority of textbook sales for both the basal and supplemental businesses are in the second half, reflecting the seasonality of the business around the start of the academic year. The Harcourt Education sale process is proceeding satisfactorily and we expect to complete the disposal during the course of the second half of 2007.”

“Reed Business has had a positive start to the year. In the magazine and information publishing businesses, online revenues continue to grow well, more than offsetting declines in print revenues. Exhibition demand is good with notable successes in the early 2007 shows.”

“Our financial goal is for a minimum of 10% adjusted earnings per share growth at constant currencies and, excluding the impact of the sale of Harcourt Education, we are well on track to achieve this in 2007.”

“The first half financial performance versus the prior year will be affected by the net cycling out of biennial exhibitions, which largely reverses in the second half, and by seasonality and publishing phasing in the business which also favor the second half.”

“The long term prospects for Reed Elsevier are promising. Our strategy is clear and

focused on four priorities: delivering authoritative content through leading brands, driving online solutions, improving cost efficiency and selective portfolio development. The digital horizon continues to expand and Reed Elsevier is well placed.”

### ***Unquote***

## **2. Report from the executive board on the company's affairs and management during the 2007 financial year**

The Chairman referred to the company's 2006 annual reports and financial statements and said that these are constituted by the Reed Elsevier Annual Reports and Financial Statements 2006 and the Reed Elsevier Annual Review & Summary Financial Statements 2006, which documents need to be read in conjunction. They are in the official English language but a complimentary Dutch language translation of the Reed Elsevier Annual Review & Summary Financial Statements version has been made available.

Sir Crispin Davis, Chairman of the executive board and CEO of Reed Elsevier, gave a presentation of the principal developments during 2006 and particularly of the role and importance of the online activities on the overall results. The presentation is filed with these minutes and available from the company's website.

The Chairman gave opportunity for questions in respect of Mr Davis' presentation, but he indicated that questions could also be taken during deliberation of the next agenda item on the 2006 financial statements. There were no questions.

## **3. Approval of the annual financial statements 2006.**

The Chairman proceeded to the agenda item that would deal with approval of the annual financial statements 2006. He referred to the Reed Elsevier Annual Reports and Financial Statements 2006 which he also called the 'full report'. He particularly referred to the pages 125 through 143 of the full report, that contained the parent company statutory annual financial statements for Reed Elsevier NV, and which must be read in conjunction with the annual financial statements for the Reed Elsevier combined businesses on pages 53 through 103. On pages 93 through 103 the results of the combined businesses have been summarised in Euro. On page 25 of the Operating and Financial Review the Key

Performance Measures are set out and on the pages 19 to 21 and 24 the development of the benchmark adjusted figures has been described.

The annual financial statements were audited by Deloitte Accountants BV, Amsterdam. Their unqualified opinion can be found on page 142 of the full report and on page 36 of the annual review. The opinion of auditors on the combined financial statements can be found on page 119 of the full report. The Chairman said that Mr Hopmans, representing Deloitte, was present and could respond to questions.

The Chairman asked if there were any questions regarding the financial statements or the auditors.

Mr Fehrenbach, representing various Dutch pension funds, including PGGM, ABP, and the pension fund for printing industries, had various questions and suggestions as set out below. He noted the Sarbanes-Oxley S404 statement in the reports and accounts and requested that the company would in the future include a separate chapter on risk management and control systems and strategies, indicating the most significant risks with quantitative information, a sensitivity analysis and information on these risks materialising. He referred to the manner in which Philips had handled this in its annual report.

The Chairman explained that Reed Elsevier's risk management and internal control systems were compliant with the Sarbanes-Oxley requirements and with the requirements in the UK and The Netherlands. Risks and the management of risks are extensively discussed in the audit committees and findings reported to and reviewed by the boards. The supervisory board believes that the company's risk management and internal control systems and the disclosures in that regard are appropriate and effective subject to what has been set out in the annual report.

Mr Armour referred to the paragraphs in the annual report dealing with the description of the individual risks for Reed Elsevier and the divisions, with specific reference to page 13 of the full report. He said that not all risks are feasible of being quantified, but that for instance in respect of financial instruments and pensions a sensitivity analysis was given in the notes to the financial statements. As regards disclosures in this respect the company would closely follow best practice developments and Mr Fehrenbach's observations would

be taken into account in the assessment of what could be done.

The next question posed by Mr Fehrenbach concerned corporate governance and he wondered if there had been any material changes in this respect. He noted that the deviations from the Tabaksblat Code were insufficiently clear from the annual report, but that a survey had just recently been made available from the Reed Elsevier website, which was however appropriate as regards its format. He requested that next year the annual report references to deviations would be in accordance with the survey on the website.

The Chairman explained that other than as set out in the annual report there had not been any significant changes to Reed Elsevier's corporate governance and that compliance was sought with the corporate governance requirements of companies listed on the stock exchanges of Amsterdam, London and New York. The effect of the merger agreement with Reed Elsevier PLC on corporate governance is that a standard applying to either of Reed Elsevier PLC or Reed Elsevier NV will, where practicable, also be observed by the other. Corporate Governance would only be put back on the agenda in case of any significant changes, and there had not been any such changes.

Mr Fehrenbach emphasised that his suggestion particularly concerned the manner of presentation in order that corporate governance and risk disclosures could be more easily found, which would be the case if they were grouped together. He wondered whether the company could not take an extra step here.

Mr Anink complimented the company on the improved equity and margin, but he criticized the sale of Harcourt as he felt that education was a sustainable business. He requested that information would be disclosed in the annual report on staff and staff movements per division and enquired about the way in which Reed Elsevier secured management retention and development.

The Chairman thanked Mr Anink for his compliments and Reed Elsevier CEO Mr C. Davis gave a detailed response. He said that Reed Elsevier employed circa 36,000 persons, of which circa 7,200 in Elsevier, 13,800 in LexisNexis, 10,300 in Reed Business and 5,300 in Harcourt. Reed Elsevier placed strong priority on staff retention and management development. Staff turnover among the 200 most senior employees had been very low

during the last 5 years despite the very competitive environment and the recruitment efforts from private equity. Turnover at senior management level had probably been below 5% annually. For Reed Elsevier as a whole turnover had probably been below 10% annually, which the CEO considered to be of an appropriate level. Overall Mr Davis felt that Reed Elsevier was doing a good job as regards recruitment and retention of staff and improvement of the effectiveness of the organisation.

Mr Hartman requested information on the development of Reed Elsevier outside the US and Europe and he enquired about the IT capability in view of the increasingly online environment in which the businesses operate.

Mr Davis explained that Reed Elsevier was strongly developing its Asia presence and said that already circa €1 billion of revenues were generated in Asia. A lot of effort had been given to develop the IT capabilities of the company and from circa 400 technologists 7 years ago the business nowadays employed approximately 4,000 IT specialists. Although there was still work to do, Mr Davis felt that a lot of progress had already been made towards transforming Reed Elsevier into a more enabled technology driven company.

Mr Boissevain, speaking on behalf of the Dutch shareholder association VEB, requested a survey in the annual report with multi-year data. Mr Armour said that this would be considered.

Next Mr Boissevain said that the annual report could be more extensive on risks and he wondered whether there was any information on matters that had gone wrong last year.

Mr Armour referred to the earlier explanation which he had given in respect of the risks paragraphs, but he said that the comments on grouping the risk information more together would be considered for future reports.

As regards Harcourt, Mr Boissevain said that he understood the decision to divest this business in view of the different nature of the activities and the multilingual aspects of education. He wondered whether this could not have been foreseen when the business was acquired. Furthermore he established that organisational mistakes had been made, which were apparently being addressed. As regards the intended sale later in the year he

asked whether the simultaneous sale of the Wolters Kluwer and Thomson education businesses would not put pressure on the sales price and how that would be addressed. Next Mr Boissevain suggested that in view of the size of Harcourt (15% of revenues) shareholders should need to be asked for approval.

Mr Armour said that the multi-lingual nature of the Harcourt activities had not been a factor behind the divestment decision, but the difficulty in expanding the activities globally did however play a role. As regards the alleged mistakes that were made, he said that during the 6 years that the education business had been run by Reed Elsevier, competition had been outperformed and costs of capital had just been covered. The sale will likely generate a good profit. Apart from the assessment business, Harcourt had been generally well run, whereby organisational and product issues that arose had been addressed. Wolters Kluwer and Thomson are selling their educational businesses for differing reasons and as regards pressure on the sales price due to the simultaneous sales processes, Mr Armour explained that Wolters Kluwer's educational business was smaller in size and different in geography (Europe) and Thomson's was primarily aiming at college and university education, whereas Harcourt was a school education business. Regarding shareholder approval for the Harcourt sale, Mr Armour pointed out that under the law and the articles of association no such approval was required, just as no approval had been required when the business was bought. The Chairman added that the issue of approval had been subject to legal advice and said that indirectly through agenda item 11 - Consolidation of share capital and amendment of Articles – shareholders had an opportunity to influence the decision.

Finally Mr Boissevain asked whether the nature of the activities of Reed Exhibitions was not so inherently different from the other Reed Elsevier businesses that these should in the longer term not be deemed a proper fit for the company. A divestment should then rather be considered now when the market was at a high, then to wait for a down cycle.

Mr Davis explained why the Exhibition business was actually a good fit for Reed Elsevier. Reed Exhibitions has leadership brands in virtually every sector, providing a global leadership position with good growth opportunities in emerging markets. Attendance and the authoritative content made available were 'must have' for customers and there were good opportunities through online information to extend the relationship with customers

beyond the one week that a trade show usually had available. Reed Exhibitions had been Reed Elsevier's fastest growing business these last few years and a sale might be quite earnings dilutive.

Mr Velseboer expressed his disappointment about the return that shareholders had achieved with the Reed Elsevier NV shares over the past years, although he noted the comparison with the AEX performance as shown in Mr Davis' presentation and asked whether the presentation would be made available. Next he questioned whether the Harcourt sale was a wise decision in view of the fact that the online availability of school books could open up new market opportunities.

The Chairman said that Mr Davis' presentation would be available on the Reed Elsevier website.

Mr Davis acknowledged that over the past 6-7 years the share price development had been reasonably stable, but reminded Mr Velseboer that there had been a stock market crash in 2001 through 2003. He referred to the extreme drop down in share price of the Reuters, Pearson and other media stocks, and Reed Elsevier's outperformance of most competitors. As regards online teaching materials Mr Davis said evidence showed that there was not a significant movement online of the educational market, except for assessment. Most teachers in the US were not convinced that online teaching delivers better results than teaching through textbooks. That point of view was supported by quite a number of recent studies. This had been one of the key elements in the decision to divest Harcourt Education: the lack of evidence, certainty and momentum as regards online migration.

The Chairman established that there were no further questions and explained the electronic voting system. He asked the meeting to vote on the adoption of the company's 2006 annual financial statements. After completion of the voting The Chairman established that the meeting had adopted the 2006 annual financial statements of the company.

#### **4. Waiver of liability claims against members of the executive board and the supervisory board ('kwijting')**

The Chairman addressed the agenda items concerning the waiver of claims against the management board for their functioning and in particular their management during the 2006 financial year, and against the members of the supervisory board for their functioning and in particular the supervision of management. He explained that the scope of the waiver would be restricted to what was apparent from the annual report and accounts and what had been further explained at this meeting, as well as from other matters that had been disclosed by the company.

First The Chairman asked if there were any questions regarding the waiver for the management board. Having established that such was not the case, he submitted the waiver for the management board as per agenda item 4(a) to the vote of the meeting. After completion of the voting The Chairman established that the meeting had waived any claims against the management board for their management during the 2006 financial year.

Next The Chairman asked if there were any questions regarding the waiver for the supervisory board and having established that such was not the case, he submitted the waiver for the supervisory board as per agenda item 4(b) to the vote of the meeting. After completion of the voting The Chairman established that the meeting had waived any claims against the supervisory board for their functioning and particularly their supervision of management during the 2006 financial year.

#### **5. Dividend**

The Chairman mentioned the proposal of the combined board for a final dividend of 30.4 eurocents. That is an 11% increase compared to the prior year. Together with the interim dividend of 10.2 eurocents paid from 25 August last year, this gives total dividends for the year of 40.6 eurocents, which is a 13% increase compared to last year's dividend. The Chairman referred to the dividend paragraph on page 24 of the full report and asked if there were any questions or observations.

Mr Velseboer suggested that the company might consider the alternative for a stock

dividend whereby the company would repurchase shares in the market place and would distribute these to shareholders (optionally) instead of a cash dividend, in order that the company would retain the cash that would otherwise be paid as dividend. He emphasized the relevancy for foreign shareholders, who would be able to receive the shares without the need for a withholding tax reclaim.

The Chairman observed that this might have been a popular method some time ago, but that it had been abandoned by almost every company. It would however be investigated.

Having established that there were no further questions, the Chairman enabled voting on the dividend proposal.

After completion of the voting The Chairman established that the meeting had approved the proposal for a final 2006 dividend of €0.304 per ordinary share of 6 eurocents resulting in a total 2006 dividend per ordinary share of €0.406. The final dividend shall be paid from 11 May 2007 and the ordinary shares will trade ex-(final) dividend from 20 April 2007.

## **6. Appointment of Deloitte Accountants B.V. as external auditor**

The Chairman referred to the explanation given in the agenda and in his letter. The Audit Committee had reviewed the functioning of the current external auditors Deloitte Accountants BV, Amsterdam during their audit of the results and the financial statements of the company regarding the 2006 financial year, as well as their independence from management. On that basis and in view of Deloitte's planning and execution of the audit of the 2006 financial year, the Audit Committee had recommended that they be re-appointed as the external auditors of the company until the annual general meeting in 2008 under conditions to be determined by the supervisory board.

The Chairman established that there were no questions and submitted the proposal to the vote of the meeting. After completion of the voting The Chairman established that the meeting had appointed Deloitte Accountants BV, Amsterdam as the external auditors of the company until the annual general meeting in 2008.

## **7. Changes in the supervisory board**

The Chairman referred to his letter with the agenda and to appendix B to the agenda. He explained that in accordance with the rotation schedule he himself, as well as Lord Sharman and Mr Stomberg would resign at the end of the meeting. For the reasons set out in the Chairman's letter with the agenda the combined board recommends the re-appointment of these supervisory board members resigning. The Chairman said that Mr Van Lede had announced his intention to stand down from the supervisory board after membership of 4 years and thanked him for his important contribution to the deliberations in the board and his wise advice. The meeting supported this with applause. The Chairman said that the combined board recommended the appointment of Mr R. Polet as a member of the supervisory board and referred to the agenda, his letter with the agenda and Appendix B with the agenda for further explanation regarding the proposed appointments to the supervisory board and the personal detail of candidates. He furthermore referred to the merger agreement with Reed Elsevier PLC and what was agreed in respect of board harmonisation and added that the candidates proposed for appointment had been appointed yesterday at the AGM of Reed Elsevier PLC as a director of that company. Mr Stomberg said that all the candidates had been nominated by the Nominations Committee.

The Chairman asked if there were any questions regarding the proposed appointments to the supervisory board. Having established that there were no questions he submitted the proposals to the vote of the meeting.

The meeting voted on the proposed appointment of Mr Hommen as per agenda item 7(a). After completion of the voting Mr Stomberg, replacing the Chairman, established that Mr Hommen had been re-appointed as a member of the supervisory board.

Next the meeting voted on the proposed appointment of Lord Sharman as per agenda item 7(b). After completion of the voting the Chairman established that the meeting had re-appointed Lord Sharman as a member of the supervisory board.

Next the meeting voted on the proposed appointment of Mr Stomberg as per agenda item 7(c). After completion of the voting the Chairman established that the meeting had re-appointed Mr Stomberg as a member of the supervisory board.

Next the meeting voted on the proposed appointment of Mr Polet as per agenda item 7(d). Mr Polet stood up to show himself to the audience. After completion of the voting the Chairman established that the meeting had appointed Mr Polet as a member of the supervisory board.

The Chairman thanked the shareholders for their confidence in the candidates and congratulated each of them and Reed Elsevier with their (re-)appointment.

### **8. Appointments in the executive board**

The Chairman explained that Mr Armour and Mr Engstrom would retire as members of the executive board, at the end of the meeting, in accordance with the rotation schedule. Based on recommendations of the Nominations Committee it was proposed by the combined board that they be re-appointed. For their personal data and the considerations that were at the basis of these proposals the Chairman referred to the agenda, his letter and appendix B to the agenda. Messrs Armour and Engstrom are qualified for appointment and they had declared that they would accept a re-appointment. The Chairman said that yesterday the candidates had been re-appointed by the shareholders meeting of Reed Elsevier PLC as executive directors of that company.

The Chairman enquired if anybody wanted to speak on the proposed appointments of Mr Armour or Mr Engstrom? Having established that there were no questions he submitted the proposals to re-appoint Messrs Armour and Engstrom to the vote of the meeting.

The meeting voted on the proposed re-appointment of Mr Armour as per agenda item 8(a). After completion of the voting the Chairman established that the meeting had re-appointed Mr Armour as a member of the executive board.

The meeting voted on the proposed re-appointment of Mr Engstrom as per agenda item 8(b). After completion of the voting the Chairman established that the meeting had re-appointed Mr Engstrom as a member of the executive board.

The Chairman thanked the shareholders for their confidence in the candidates and congratulated each of them and Reed Elsevier with their re-appointment.

## **9. Changes to Remuneration Policy**

The Chairman explained that the remuneration committee had reviewed the remuneration policy and practice for executive directors and had recommended an amendment of current practice. The proposal before the meeting was to increase the threshold for payment against the financial performance measures for the Annual Incentive Scheme from 94% of budget to 97.5% of budget, and that the overall maximum bonus opportunity for truly exceptional performance should be increased from currently 110% to 150%. The Chairman referred to the explanation in the agenda and in his letter with the agenda. He asked Mr Stomberg, chairman of the remuneration committee, to give a further explanation.

Mr Stomberg said that actually the proposed changes were not intended as a policy change, but rather as a change in the application of existing policy. The remuneration committee had recommended to increase the thresholds for the achievement of bonus targets and to lower pay-out at previous thresholds, but to also enable a higher pay-out for overachievement. Mr Stomberg referred to page 35 of the full report where the detail of the Annual Incentive Plan was described. He gave a couple of examples as to the pay-out results under the new proposals with a comparison to achievements under the existing scheme.

The Chairman asked whether there were any questions or observations.

Mr Fehrenbach referred to the letter which Eumedion had sent to listed companies in advance of the AGM season with specific recommendations on remuneration policy, also reflecting current discussion of this subject in Dutch society. He wondered why Reed Elsevier had not responded to the letter. However, on the basis of the remuneration disclosures in the full report, Mr Fehrenbach established that many of the recommendations were actually followed by Reed Elsevier, particularly as regards clarity on executive remuneration, for which he complimented the remuneration committee. Still he suggested that more information might be given as regards the comparative employment market and the remuneration peer group. Furthermore Mr Fehrenbach suggested that more emphasis should be given to performance on Total Shareholder

Return (TSR) and less to Earnings per Share (EPS), as the shareholders he represented had a preference for share based incentive schemes to be fully in shares and not in options, at least in the longer term. He suggested that future annual reports should mention whether the achievement of performance targets had been checked by external auditors. As regards the proposed increase of the bonus threshold Mr Fehrenbach said that this did not sufficiently follow the increase of the maximum bonus for executive directors. On account of these observations Mr Fehrenbach said that the shareholders which he represented would withhold their vote on the proposal.

The Chairman responded that Eumedion's letter with key attention points for 2007 shareholder meetings had been answered on behalf of the listed companies by VEUO, the association of listed companies. They had argued that many corporate governance rules had in recent times already been imposed on listed companies and that there was no desire for an additional regime from Eumedion. Reed Elsevier listens to its shareholders, but focuses on all of them, rather than individual interests groups. These have an opportunity to attend, speak and receive a response at the AGM.

As regards the bonus scheme proposals as per this agenda item, the Chairman pointed out that targets were very challenging and that achievement was measured by auditors and the audit committee. He added that executive directors had to be recruited by Reed Elsevier on very competitive global markets and reference was made to the role of private equity. This was confirmed by Mr Stomberg who expressed a personal view on the size of current remuneration packages, but said that the relative recruitment markets for Reed Elsevier were the US and the UK rather than continental Europe and the Netherlands, and that this determined what a competitive remuneration package should include. As regards the preference for TSR for share based incentive schemes Mr Stomberg said that best practice in this regard was constantly changing, and referred to the further emphasis on TSR in the recently approved long term incentive scheme.

Mr Fehrenbach said that remuneration committees had a responsibility as regards the size of executive remuneration packages and pointed out that a comparison with remuneration packages offered by private equity was inappropriate in view of the different risks involved for management of private equity controlled companies and also because directors of listed companies should have different objectives.

Mr. Anink asked whether the possible gain on the divestment of Harcourt would be taken into account in determining whether bonus performance targets would be met in 2007. He announced that he would vote against the proposed changes of the remuneration policy as per the agenda item.

The Chairman responded that the executive bonus scheme would exclude a possible gain from the Harcourt sale, since the financial targets were related to ordinary profits.

Mr Van Willigen, representing the Dutch Association for Sustainable Development (VBDO) asked whether variable executive remuneration packages for Reed Elsevier executives also included targets related to corporate sustainable development.

The Chairman responded that corporate social responsibility was an important aspect throughout the organisation and as such part of the key performance objectives of the CEO and the other executives.

Mrs M. Pel referred to the Chairman/CEO statement in the annual report in which staff was thanked for their contribution and wondered whether they had also been remunerated for their efforts. She questioned the global tendency for increased executive monetary compensation and felt that management of a listed company should be driven by moral standards, ambition and honour in serving the company to the best of his abilities and not by remuneration. She said to be glad with shareholders' criticism of executive pay packages as expressed in the meeting.

Mr Stomberg responded that Mrs Pel's views were perfectly legitimate, but that there were many shareholders and investors who did not share her views and who actually encouraged the company to increase the performance related portion of total pay. In line with that approximately 60% of Reed Elsevier's total executive pay was now performance related.

Mr Douma, representative of Citibank, agreed that good performances merited good pay, but he did not see a justification for the increase of the maximum for the achievable bonus as explained by Mr Stomberg. International market conditions could not he said continue

to govern the level of pay since that would be an annually repetitive situation. Shareholders should at a given moment resolve that existing packages were adequate and he felt that this was currently the case. He would therefore abstain from voting on this proposal.

The Chairman closed the discussion and submitted the proposal as set out in the agenda and its appendices to the vote of the meeting. After the meeting had cast its votes, the Chairman established that the meeting had adopted the proposal to change the company's remuneration policy as set out in the agenda.

#### **10. Amendment of the Articles of Association**

The Chairman referred to the agenda, his letter with the agenda and appendix C with the agenda and gave a summary explanation of the proposal to amend the articles of association of the company. A verbal representation of the amendment proposals had been available since the call for the meeting at the company's secretariat and from the Reed Elsevier website ([www.reedelsevier.com](http://www.reedelsevier.com)). The Chairman explained that adoption of the proposal implied that the executive board and the company secretary would be authorised to implement the proposed amendment of the articles and to represent the company before the notary public. The Chairman gave opportunity for questions and discussion.

Mr Fehrenbach asked why the proposal did not introduce the possibility of internet voting as has been facilitated by recent Dutch changes to corporate law. The Chairman explained that the company did not wish to pre-empt developments in this regard and would for the time being monitor market developments.

There being no further questions, the Chairman submitted the proposal to amend the Articles of Association as per this agenda item 10 to the vote of the meeting. After the meeting had cast its electronic votes, the Chairman established that the proposal as set out in the agenda had been adopted by the meeting.

#### **11. Proposed consolidation share capital and amendment Articles**

The Chairman referred to the agenda and the explanation in his letter with the agenda and

to appendix D with the agenda regarding the proposal to consolidate the share capital and change the articles of association conditional upon the sale of the Harcourt Education and Assessment businesses as was announced on 15 February 2007. The intention as announced would be for the company to distribute the net proceeds of the Harcourt sale to shareholders, simultaneously with a consolidation of the share capital and a proportionate increase of the nominal value of the shares. The Chairman said that yesterday's annual general meeting of Reed Elsevier PLC had approved a similar proposal.

The first element of the proposal concerned the proportional reduction of the number of outstanding shares in conformity with the consolidation ratio that would be calculated according to the formula appearing on page 15 of the agenda.

The second element was an increase in the nominal value of the ordinary shares and the R shares in conformity with the decrease of the number of outstanding shares in accordance with the consolidation ratio.

These two elements would necessitate an amendment of the Articles of Association as described in Appendix D on page 16 of the agenda, namely amendments to the authorized capital, the nominal value of the shares and the creation of a class of sub-shares. These sub-shares would be used temporarily to settle fractional entitlements but they would automatically disappear by the rounding off process as part of the share consolidation.

The Chairman said that the size of the net proceeds and the distribution was as yet uncertain. The computation examples in the appendix D with the agenda were therefore only illustrative. The verbal text of the proposals for the amendment of the articles of association had been available since the call of the meeting at the offices of the company and from the company's website. The Chairman explained that adoption of the proposal implies that the executive board and the company secretary would be authorised to implement the proposed amendment of the articles and to represent the company before the notary public. The Chairman gave opportunity for questions and discussion.

There being no further questions, the Chairman submitted the proposals as per this agenda item 11 to the vote of the meeting and after the meeting had cast its electronic votes, the Chairman established that the proposal had been adopted by the meeting.

**12. Authorisation of the executive board to acquire shares in the company**

The Chairman referred to the proposal as set out in agenda item 12 that the meeting would authorise the executive board to acquire shares in the company for a period ending 30 September 2008. For the detail of the proposal the Chairman referred to the agenda and his letter with the agenda. The Chairman enquired whether there were any questions.

Having established that there were no questions the Chairman submitted the proposal to the vote of the meeting. After completion of the voting, the Chairman established that the meeting had adopted the proposal as per agenda item 12.

**13. Appointment of a body corporate authorised to issue shares, to grant rights to acquire shares and to limit or cancel pre-emption rights.**

The Chairman referred to the proposal as per agenda item 13 requesting that the meeting would authorise the combined board to issue share and grant rights to acquire shares in the company and to restrict or cancel the pre-emptive rights of shareholders on the occasion of such share or rights issues by the combined board. For the detail of the proposals the Chairman referred to the agenda and his letter with the agenda. He enquired if there were any questions.

Mr Fehrenbach enquired whether the authority to issue shares was in addition to the issue of shares in pursuance of share option exercises under existing share (option) schemes, which could mean that total share issues could in theory exceed the 10%. This was confirmed.

After establishing that there were no further questions the Chairman asked the meeting to vote on the proposal as per agenda item 13(a). After completion of the voting, the Chairman established that the meeting had adopted the proposal.

Next the Chairman asked the meeting to vote on the proposal as per agenda item 13(b). After completion of the voting, the Chairman established that the meeting had adopted the proposal.

#### **14. Other matters**

The Chairman asked if there were any other questions or observations.

Mr Van Willigen, representing VBDO, had a couple of questions regarding the Corporate Social Responsibility Report 2006 that had been published just prior to the AGM on the Reed Elsevier website. He requested that the report would in future years be made available simultaneously with the annual financial statements and suggested that the report might focus more on key issues so as to restrict its constantly growing size. Next he advised that charitable donations in the form of a rod rather than fish would be more sustainable and asked for Reed Elsevier examples of such gifts in the form of tools that would enable recipients to take care of themselves on a sustainable basis. Subsequently Mr Van Willigen praised the transparency of the Company's disclosures on the aspects of its defence show activity, but he requested Reed Elsevier to continue to individually monitor appropriate behaviour and not simply to rely on compliance with international treaties on land mines, cluster bombs etc. Finally he complimented the high level usage of Forest Stewardship Council certified paper by the company and encouraged management to continue to do so.

The Chairman thanked Mr Van Willigen for his advice and suggestions. As regards the request for a shorter CSR report that would focus on key issues, he referred to the CSR chapter in the 2006 Annual Review and Summary Financial Statements on pages 25 and 26, that did just that.

Mr Davis added that, management was giving an effort to improve data delivery times in order to continue to bring the publication date of the CSR report forward. The expanding size of the report was a consequence of the response to demands from various sides for inclusion of additional information. For environmental reasons the report was only published online and its segments had been made very searchable. Mr Davis said that the company was very much in support of the preference for sustainable gifts over one-off benefits and he gave the example of the free access to scientific, medical and educational journals and books that had been facilitated for scientists, doctors and teachers in developing countries. He also mentioned the access to investigative solution tools provided by LexisNexis to the US National Centre for Missing & Exploited children which had assisted in the location and regaining in 2006 of 146 children. As regards the defence

shows Mr Davis said that a continuous effort was made to ensure that these shows were run very strictly in accordance with governmental and United Nations guidelines and that the company would raise standards even further.

Mr Fehrenbach complimented the executive and the supervisory board and staff with the good results achieved by the company and the development of the share price during the past year. He also complimented the Chairman with the efficient and pleasant manner in which he had chaired the meeting. He suggested that the company would continue to work with institutional investors and shareholders generally to improve the role of general meetings and attendance, which would promote information sharing and the avoidance of surprises and as such prevent against a hostile takeover.

The Chairman thanked Mr Fehrenbach for his kind words and established that there were no further questions.

### **13. Closing**

There being no other business the Chairman closed the meeting.

IN WITNESS WHEREOF these minutes were signed by the Chairman and the Secretary

The Chairman

The Secretary