

Rules for the Boards

of

REED ELSEVIER NV

having its official seat in Amsterdam (Company Register nr. 33155037)

as adopted by resolution of the Combined Board dated 15 February 2011

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- 0.1 These Rules have been established pursuant to articles 16.4, 22.5 and 27.2 of the Articles of Association. These Rules are supplementary to the provisions concerning the Executive Board, the Supervisory Board and the Combined Board as set forth in applicable rules and regulations and the Articles of Association.
- 0.2 These Rules have been drawn up in accordance with the Dutch Corporate Governance Code (in particular best practice provision III.1.1) as adopted by the Corporate Governance Committee on 10 December 2008 (the **Dutch Code**).
- 0.3 These Rules have been adopted by the Combined Board on 15 February 2011.
- 0.4 These Rules and any amendments to them will be placed on the Company's website.
- 0.5 Capitalised terms used herein shall be interpreted in accordance with the definitions set forth in Section 1.
- 0.6 Any reference to he, his and him shall be deemed to include she and her.

SECTION 1 - DEFINITIONS

In these Rules the following terms shall have the following meanings:

Articles of Association:

The articles of association of the Company;

Audit Committee

The committee of the Supervisory Board referred to in Section 16;

Boards

The Combined Board, the Supervisory Board and the Executive Board;

CEO

The chairman of the Executive Board;

Chairman

The chairman of the Supervisory Board;

Combined Board

The body of the Company comprising all Supervisory Board members in office and all Executive Board members in office (Chapter IX of the Articles of Association);

Company

Reed Elsevier N.V., the public company with limited liability incorporated in the Netherlands with registered seat in Amsterdam (Amsterdam register of companies file number 33155037);

Company Secretary

The secretary of the Company as mentioned in article 20, 23.2 and 26.3 of the Articles of Association;

Corporate Governance Committee

The Committee of the Supervisory Board referred to in Section 3.3;

Directors

The members of the Supervisory Board and of the Executive Board;

ERFBV

Elsevier Reed Finance B.V., the private limited company incorporated under the laws of the Netherlands with registered seat in Amsterdam (Amsterdam register of companies nr. 33145842);

Executive Board

The Executive Board of the Company (*Raad van Bestuur*);

General Meeting of Shareholders

The general meeting of the shareholders of the Company;

Governing Agreement

The merger agreement between the Company and REPLC dated 1 January 1993 as amended (lastly in April 1999);

Nominations Committee

the committee of the Supervisory Board referred to in Section 18;

Reed Elsevier

The collective name for the businesses and companies consisting of the Company, REPLC, REGplc, ERFBV and their respective subsidiaries and associated undertakings;

REPLC

Reed Elsevier PLC, the public limited company incorporated under the laws of England with registered seat in London (company number 77536);

REGplc

the public limited company Reed Elsevier Group plc incorporated under the laws of England with registered seat in London (company number 2746616);

Senior Independent Director

The non-executive director/Supervisory Board member appointed by the Supervisory Board of the Company to act as Vice-Chairman as referred to in the Dutch Code, in these Rules referred to as Senior Independent Director;

Shares

The shares in the Company;

Supervisory Board

The Supervisory Board of the Company (*Raad van Commissarissen*);

SECTION 2 - ADOPTION AND SCOPE

2.1 *Contents and scope*

These Rules contain provisions regarding the proceedings and functioning of the Combined Board, the Supervisory Board and the Executive Board, as well as regarding the position and specific authorities of the Chairman, the Senior Independent Director and the CEO and the relationship with the General Meeting of Shareholders. These Rules are to be observed by the members of the respective Boards, but they do not in the external relationship with third parties affect the powers of the members of the Executive Board to represent the Company and to enter into binding commitments in its name and on its behalf.

2.2 *Relationship with the Company's Articles of Association and the Governing Agreement*

These Rules are in addition to applicable statutory provisions (*wettelijke bepalingen*), the provisions of the Articles of Association (*statuten*) and the provisions of the Governing Agreement. If and to the extent the provisions of these Rules should be in conflict with these other provisions, the latter shall prevail.

2.3 *Duration*

These Rules were adopted by the Boards and remain in full force and effect until amended or terminated (in whole or in part) in accordance with the provisions set out herein.

2.4 *Procedure for amendment and termination*

These Rules can be amended or terminated (in whole or in part) by resolution of the Combined Board with a majority which must include a majority of the members of the Supervisory Board.

2.5 *Observance by the Directors*

Each Director shall receive a copy of these Rules and of any amendment and shall be required to observe its provisions and any resolution taken in accordance with it.

SECTION 3 - CORPORATE GOVERNANCE

3.1 *Principles and best practices*

The Boards of the Company and the board of directors of REPLC have implemented standards of corporate governance and disclosure policies applicable to companies listed on the stock exchanges of the Netherlands, the United Kingdom and the United States. As a result, a corporate governance obligation applying to either of the companies will be applied by the other, where not in conflict.

The Company supports the principles of the Netherlands Corporate Governance Code dated 10 December 2008 (**Dutch Code**), as well as the principles of the UK

Corporate Governance Code issued by the UK Financial Reporting Council in May 2010 (**UK Code**).

The Company will apply the best practice provisions of the Dutch Code, having regard for the reports and recommendations of the Monitoring Committee. However, if and to the extent application (wholly or partly) of individual provisions of the Dutch Code would in the opinion of the Combined Board be in conflict with the UK Code or other corporate governance principles or practices considered relevant and appropriate, it can resolve that the Company shall divert from such individual principles or best practice provisions. Such non-application shall be described and explained in the Company's annual report, the corporate governance statement or on the Reed Elsevier website.

3.2 *Corporate Governance responsibility and accountability*

The Combined Board is responsible for the corporate governance structure of the Company and compliance with relevant rules in that regard. The broad outline of Reed Elsevier's and the Company's corporate governance structure will be explained in a separate corporate governance statement and be available on the Reed Elsevier website.

The Combined Board will be accountable to the General Meeting of Shareholders in this regard. Any substantial change in the corporate governance structure of the Company and in the application of the Dutch Code shall be submitted for discussion to the General Meeting of Shareholders as a separate agenda item. The Combined Board will provide sound reasons with a motivation for any non-application of the provisions.¹

3.3 *Corporate Governance Committee*

There shall be a Corporate Governance Committee, which shall have the duties and authorities as set out in separate Terms of Reference. The Terms of Reference will be available from the Reed Elsevier website. The Corporate Governance Committee comprises all the members of the Supervisory Board. In addition to reviewing ongoing developments and best practice in corporate governance, the Committee is also responsible for recommending the structure and operation of the various Committees of the Boards and the qualifications and criteria for membership of each Committee, including requirements in respect of their independence. As a rule the Corporate Governance Committee will meet jointly with the corporate governance committee of REPLC.

¹ reference is made to sections I.1 and I.2 of the 2008 Dutch Code

SECTION 4 - RISK MANAGEMENT AND INTERNAL CONTROL

4.1 Board responsibility

²The Executive Board shall ensure that the Company has internal risk management and control systems which are tailored to the Company and the Supervisory Board is responsible for supervising the maintaining of such systems to safeguard shareholders' investment and the Company's assets. They exercise independent supervisory roles over the activities and systems of internal control and risk management of REGplc and ERFBV, acknowledging that the board of REGplc is responsible for the system of internal control of the publishing and information business and that the boards of ERFBV are responsible for the system of internal control in respect of the finance group activities. For a description of the responsibilities of the boards of REGplc and ERFBV reference is made to the Internal Control statements in the Reed Elsevier Annual Reports and Financial Statements.

The Executive Board shall in each case employ as instruments of the internal risk management and control system:

- a) Risk analyses of the operational and financial objectives of the Company;
- b) A code of conduct that is placed on the Reed Elsevier website;
- c) Internal procedures for the layout of the financial reports and procedures to be followed in drawing up the reports; and
- d) A system of monitoring and reporting.

³The Executive Board shall provide the following information in the annual report:

- a) A description of main risks related to the strategy of the Company;
- b) A description of the design and effectiveness of the internal risk management and control systems for the main risks during the financial year; and
- c) A description of any major failings in the internal risk management and control system which have been discovered in the financial year, any significant changes made to these systems and any major improvements planned and a confirmation that these issues have been discussed with the Audit Committee and the Supervisory Board

The Company's Audit Committee will meet on a regular basis with the Audit Committee of Reed Elsevier PLC to review the systems of internal control and risk management of REGplc and ERFBV.

As part of the year end procedures the Combined Board shall review with the boards of REGplc and ERFBV the effectiveness of the systems of internal control and risk management during the last financial year. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss.

² section II.1.3

³ section II.1.4

⁴The Executive Board is responsible for, and the Supervisory Board is responsible for supervising, establishing and maintaining of internal procedures designed to ensure that all major financial information is known to the Executive Board, so that the timeliness, completeness and correctness of the external financial reporting are assured. For this purpose, the Executive Board ensures that the relevant financial information from business divisions and/or subsidiaries is reported to it through REGplc and ERFBV and that the integrity of the information is not compromised.

⁵The Supervisory Board shall supervise compliance with the internal procedures in respect of the preparation and publication of the annual report, the financial statements, half yearly reporting and the trading updates.

The Combined Board shall consider the annual budgets of each of REGplc and ERFBV, and procure regular reports on their operations, including their internal control, and risk management activities. Certain major transactions proposed by the boards of REGplc or ERFBV require the approval of the Combined Board.

4.2 *Audit Committee*

The Audit Committee of the Company shall meet on a regular basis with the audit committee of REPLC to review the systems of internal control and the risk management activities of REGplc and ERFBV.

4.3 *Reporting on internal control in annual reports and accounts*

⁶In the annual reports and accounts there will be reports about the functioning of the systems of internal control and risk management during the financial year.

The Executive Board is required to give a description of the main risks associated with the strategy of the Company in its annual report: strategic and operational risks, financial risks, legislative risks and financial reporting risks.

The Executive Board shall provide in the Annual Report a description of any major failings in the internal risk management and control systems which have been discovered in the financial year, any significant changes made to these systems and any major improvement planned, and a confirmation that these issues have been discussed with the Audit Committee and the Supervisory Board.⁷

SECTION 5 - CODE OF ETHICS AND BUSINESS CONDUCT

5.1 *Reed Elsevier Code of Ethics*

The Combined Board, together with the board of directors of REPLC, will adopt or procure the adoption of a code or codes of ethics and business conduct that must be observed by the Directors and employees of the Company and of the Reed Elsevier

⁴ section V.1.3

⁵ section V.1.1

⁶ section II.1.4

⁷ section II.1.4

combined businesses, which shall procure the observance by them of ethical behaviour in their functioning as Directors or employees, both internally and externally, and observance of the rules and procedures laid down to protect the interests of the Company, Reed Elsevier and their stakeholders and that will promote sustainable development.

SECTION 6 - DEALING IN SECURITIES

6.1 *Insider dealing*

The Combined Board, together with the board of directors of REPLC, shall adopt rules for Directors and employees and other insiders regarding restrictions in respect of dealings in the Shares of the Company. Directors shall not deal in the Shares of the Company for short term speculative purposes.

⁸Directors will not deal in securities of listed companies on the basis of non public price sensitive information which they obtained in the context of their function(s) with the Company or within Reed Elsevier. Directors shall avoid conflicts of interests arising as the result of their holdings or dealings in the securities of listed companies other than those of the Company or REPLC.

6.2 *Trading in the shares of other Dutch listed companies*

⁹Directors shall inform the Company Secretary of any interest which they hold in Dutch listed companies other than the Company. They shall give periodic notice, but in any event at least once a year, of any changes in their holding of securities in Dutch listed companies to the Company Secretary. A Director who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.

SECTION 7 - CONFLICTS OF INTERESTS

7.1 *General principles*

¹⁰Directors shall:

- a. not enter into competition with the Company;
- b. not demand or accept (substantial) gifts from the Company for himself or for his spouse, registered partner or other partner, foster child or relative by blood or marriage up to the second degree as defined under Dutch law;
- c. not provide unjustified advantages to third parties to the detriment of the Company; and

⁸ section II.3.4

⁹ section III.6.5

¹⁰ section II.3.1

- d. not take advantage of business opportunities to which the Company is entitled for himself or for his spouse, registered partner or other partner, foster child or relative by blood or marriage up to the second degree as defined under Dutch law.

¹¹Directors shall immediately report any conflict of interest or potential conflict of interest that is of material significance to the Company and/or to him, to the Chairman and to the other members of the Executive Board and shall provide all relevant information, including information concerning his spouse, registered partner or other partner, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law.

The Supervisory Board shall decide, without the member of the Executive Board concerned being present, whether there is a conflict of interest. A conflict of interests exists, in any event, if the Company intends to enter into a transaction with a legal entity:

- (i) in which a member of the Executive Board personally has a material financial interest;
- (ii) which has a member of the Executive Board who is related under family law to a Director of the Company, or
- (iii) in which a member of the Executive Board of the Company has an executive or supervisory position.

7.2 *Conflict of interests Chairman*

¹²If the Chairman of the Supervisory Board has a material conflict of interest he shall immediately notify the Senior Independent Director, with all relevant information, including information concerning his spouse, registered partner or other partner, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law, who will take such (interim) measures as he shall deem appropriate and in the interest of the Company, which may include a suspension of the Chairman from attending any meeting or being involved in any matter where the conflict of interest might in the opinion of the Senior Independent Director be an issue.

7.3 *Handling by the Supervisory Board*

The Supervisory Board shall be responsible for the decision making in regard to the handling of material conflicts of interests with individual Directors, with persons holding a substantial shareholding in the Company and with the external auditors. The Supervisory Board may delegate its authorities and powers in this respect to the Chairman or the Senior Independent Director of the Supervisory Board or to the Audit Committee, provided there shall be detailed accounting of the way in which the conflict of interest has been handled to the Supervisory Board or the Combined Board.

¹¹ section II.3.2

¹² section III.6.1

7.4 *Approval Supervisory Board required*

¹³All transactions in which there are conflicts of interest with members of the Executive Board shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with members of the Executive Board that are of material significance to the Company and/or to the relevant board members require the approval of the Supervisory Board. Such transactions shall be published in the annual report, together with a statement of the conflict of interest and a declaration that best practice provisions II.3.2 to II.3.4 inclusive have been complied with.

SECTION 8 - BOARD COMPOSITION, BOARD STRUCTURE AND INDUCTION

8.1 *Board harmonisation*

The boards of the Company, REPLC and REGplc are harmonised. Subject to approval by the respective shareholders, all the directors of REGplc are also directors of the Company and REPLC. No individual may be appointed to the Boards of the Company, REPLC or REGplc unless recommended by the (joint) Nominations Committee. The Boards aim for a diverse composition in terms of such factors as gender and age. The shareholders of the Company and REPLC maintain their rights to appoint individuals to their respective boards, in accordance with the provisions of the articles of association of those companies. The Company may appoint two directors who are not appointed to the boards of either REPLC or REGplc.

8.2 *Board structure*

The Company has a two-tier board system, comprising an Executive Board and a Supervisory Board. The Boards of REPLC and REGplc are one-tier Boards.

8.3 *Induction, training, support*

On appointment, Directors receive training appropriate to their level of previous experience, having regard inter alia for the requirements of the Dutch Code. This includes the provision of a tailored induction programme, so as to provide newly appointed Directors with information about the Reed Elsevier businesses and other information to assist them in performing their duties. The programme will cover such matters as the general financial and legal affairs, financial reporting by the Company, any specific aspects that are unique to the Company and Reed Elsevier, as well as the responsibilities of a Supervisory Board member. The Supervisory Board (Corporate Governance Committee) shall conduct an annual review to identify any aspects with regard to which the supervisory board members require further training or education.

¹³ section III.3.4

All Directors have access to the services of the Company Secretary and may take independent professional advice in the furtherance of their duties, at the Company's expense.

8.4 Retirement

Under the Articles of Association, all Directors are appointed for a three-year term, with the possibility of re-appointment and shall retire periodically in accordance with a rotation plan drawn up by the Combined Board. They shall retire no later than three years after appointment. Notwithstanding these provisions in the Articles of Association, all Directors will seek annual re-appointment at the Annual General Meeting of Shareholders commencing from the meetings held in 2011. Annual re-appointment will not affect the term of their three year appointment. The schedule with the anticipated date of retirement of members of the Supervisory Board is published on the Reed Elsevier website, www.reedelsevier.com.

SECTION 9 - BOARD MEETINGS

9.1 Call of meetings

Meetings of a Board shall be called by the chairman of the relevant Board or by the Company Secretary acting on the instructions of the relevant chairman or two of the members of the Board concerned.

9.2 Agenda and documents

The agenda and the documents for a Board meeting shall be sent no later than the weekend preceding the meeting, or so much earlier as the chairman of the relevant Board shall decide. Each member of a Board shall be entitled to put matters on the agenda for a meeting of that Board, provided he shall have informed the chairman of that Board or the Company Secretary at least 10 business days preceding the meeting of the matter concerned. It shall be a matter for the Board concerned at its meeting to determine if it wishes to deal with matters which have not been put on the agenda or documents which have not been made available to the Board in accordance with the first sentence of this Section 9.2. The chairman of the meeting concerned may decide at his discretion that a matter which has not been put on the agenda or for which appropriate documents have not been timely made available to the Board, shall not be dealt with or voted on by the Board.

9.3 Attendance at a meeting of non members

The chairman of the meeting of a Board will decide on the admissibility at any meeting of experts or other individuals who are not a member of that Board.

9.4 Proceedings at a meeting

The chairman of the meeting of a Board shall determine the order of events, the time spent on each matter, the time available to each member to speak on the issue. Each member of a Board attending a meeting of that Board can determine if a matter shall be voted on and if a vote is called the result will be mentioned in the minutes. If a vote is not called the chairman of the meeting will determine how the meeting has resolved the issue, it being understood that if any member present contests his

judgement, the matter will be voted on. The chairman of the meeting can resolve that a matter will be taken off the agenda, unless the majority of those present demands a vote.

9.5 *Committees of the Board*

Each Board can delegate such of its powers as it shall determine to a committee, permanent or for a specific purpose, provided that the scope and nature of the duties and responsibilities of the committee shall have been determined by and are within the powers of the Board concerned. Committees of the Supervisory Board or the Combined Board shall report on their findings to the Board concerned as the Supervisory Board shall determine.

9.6 *Meeting schedule*

The Company Secretary shall propose and each Board shall adopt a meeting schedule for the following calendar year or for such longer period as the chairman of the relevant Board may determine.

9.7 *Official Language*

The official language of proceedings of the Boards shall be the English language.

SECTION 10 - DIVISION OF RESPONSIBILITIES BETWEEN THE BOARDS

10.1 *Supervisory and executive function*

In accordance with the provisions of the Company's Articles of Association the Company will be managed by the Executive Board under the supervision of the Supervisory Board.

None of the members of the Supervisory Board or the Supervisory Board as a whole, or the non-executive members of the Combined Board shall be authorised to assume any executive function, except where the Company's Articles of Association or applicable laws should provide otherwise.

10.2 *Prerogatives of the Combined Board or the Supervisory Board*

Matters, which pursuant to the Company's Articles of Association, the Governing Agreement or other agreements, or pursuant to resolutions of the Combined Board under article 17 of the Company's Articles of Association or these Rules, require a resolution of either or both of the Supervisory Board or the Combined Board, shall not be implemented prior to a resolution of the Supervisory Board respectively the Combined Board and only if and to the extent provided for in such resolution. Without prejudice to the provision in the previous sentence, the Combined Board and the Supervisory Board can elect in their discretion to retro-actively ratify and confirm actions taken by the Executive Board or its members.

10.3 *Number of members of the Boards*

The number of members of the Executive Board and the Supervisory Board of the Company is determined by the Combined Board and the number of members of the Supervisory Board shall at all times exceed the number of members of the Executive Board.

SECTION 11 - EXECUTIVE BOARD

11.1 Duties and responsibilities

¹⁴The role of the Executive Board is to manage the Company and it is responsible for achieving the Company's objectives, strategy and the accompanying risk profile, the performance trend and results and for the corporate social responsibility issues relevant to the business. The Executive Board is accountable for this to the Supervisory Board, the Combined Board and the General Meeting of Shareholders. In discharging its role the Executive Board shall be guided by the interests of the Company and its subsidiaries and associated undertakings, taking into consideration the interests of the Company's stakeholders. The Executive Board shall provide the Supervisory Board in good time with all information necessary for the exercise of the duties of the Supervisory Board.

The Executive Boards shall formulate and submit to the Supervisory Board for approval, in a format and with a level of detail determined by the Chairman, drafts of the following documents:

- (i) Quarterly reports on the financial and trading position of the Company and of the Reed Elsevier combined businesses;
- (ii) An annual budget for the income and of the Reed Elsevier combined businesses during the next financial year, including the financial details of the strategy of the Company's coming financial year;
- (iii) Annually a long term strategy plan for the Company and the Reed Elsevier combined businesses for a period to be determined by the Supervisory Board, including operational and financial objectives and parameters to be applied in relation to the strategy, for example in respect of the financial ratios.
- (iv) The corporate social responsibility issues relevant to Reed Elsevier. ¹⁵

The main points are mentioned in the annual report.

¹⁶The Executive Board is responsible for the quality and completeness of publicly disclosed financial reports and the Supervisory Board ensure that the Executive Board shall fulfil this responsibility.

¹⁴ section II.1

¹⁵ section II.1.2 sub d

¹⁶ section V.1

The Supervisory Board or, if so delegated to him, the Chairman, or the CEO may determine that certain matters shall not be dealt with by individual members of the Executive Board unless on the basis of a resolution of the Executive Board.

11.3 *Collective role*

Individual members of the Executive Board may be specifically charged with certain aspects of the management duties, without prejudice to the joint responsibility of the Executive Board as a whole. The Executive Board shall function as a collective body with shared responsibility, notwithstanding the powers of the individual members to represent the Company as per the Company's Articles of Association. The Executive Board shall remain jointly responsible for these decisions, even if prepared by individual members of the Executive Board. An individual member of the Executive Board may only exercise those powers which the Combined Board has expressly granted or delegated to him, and he may never exercise powers which extend further than the powers which the Executive Board as a whole may exercise.

11.4 *Venue and frequency of meetings*

The Executive Board shall meet at such places and at such times and for such business purposes as the CEO shall determine, without prejudice to the provisions of the Company's Articles of Association.

11.5 *Approval by the budget*

Any approval for matters mentioned in Section 11.1 shall be deemed given if the matter is explicitly mentioned in an approved budget.

11.6 *Information to the Supervisory Board*

The Executive Board shall provide the Supervisory Board and the Chairman with all information which may be relevant for the functioning of the Supervisory Board or of the Combined Board.

11.7 *Relationship with external auditor*

¹⁷The Executive Board and the Audit Committee shall annually report to the Supervisory Board through the Combined Board, about their dealings with the external auditor. Thereby attention will be given in particular regarding their independence, the desirability of rotating the responsible audit partners, and the desirability of the same audit firm providing non-audit services to the Company. These considerations will be taken into account when the Combined Board determines its recommendation for the appointment of an external auditor by the General Meeting of Shareholders.

11.8 *General rules for fringe benefits*

The Executive Board shall adopt general rules regarding the office facilities, expense, travel and subsistence and other fringe benefit arrangements of its

¹⁷ section V.2.2

individual members which shall require the consent of the Chairman and which shall be monitored by the CEO and as regards the CEO by the Chairman.

11.9 *Expense approval*

Individual members of the Executive Board shall submit their expense declarations to the CEO, and the CEO his own to the Chairman, for approval and they shall be entitled to re-imbusement of expenses which are within the rules approved by the Chairman or which have been previously cleared with the CEO or with the Chairman if it concerns the CEO.

11.10 *Intermediary role of the Chairman*

The Chairman will represent the Combined Board and the Supervisory Board in contacts with the Executive Board and a statement from the Chairman as regards the position of the Combined Board or the Supervisory Board in any particular matter shall as regards the individual members of the Executive Board be deemed to be conclusive evidence of such position.

11.11 *CEO reporting to the Chairman*

The CEO will report to the Chairman on such issues, in such manner and at such frequency as the Chairman shall determine.

11.12 *Executives reporting to CEO*

The individual members of the Executive Board will report to the CEO on such issues, in such manner and at such frequency as the CEO shall determine.

11.13 *Other directorships*

A member of the Executive Board may not be a member of the supervisory board of more than two listed companies. Nor may a member of the Executive Board be the chairman of the supervisory board of a listed company. Membership of the supervisory board of other Reed Elsevier companies does not count for this purpose. The acceptance by member of the Executive Board of membership of the supervisory board of a listed company requires the approval of the Supervisory Board. Other important positions held by a member of the Executive Board shall be notified to the Supervisory Board.

11.14 *Remuneration*

The remuneration of the members of the Executive Board shall be determined by the Supervisory Board at a recommendation of the Remunerations Committee, within the limits of the remuneration policy approved by the General Shareholders Meeting. The annual reports and accounts shall contain a report approved by the Supervisory Board in respect of the remuneration of the members of the Executive Board, which shall contain the elements required by the law and the Dutch Code.

SECTION 12 - SUPERVISORY BOARD

12.1 *Role and function*

The role of the Supervisory Board is to supervise the policies of the Executive Board and the general affairs of the Company and its affiliated companies, as well as to assist the Executive Board by providing advice. In discharging its role, the Supervisory Board shall be guided by the interests of the Company and its affiliated companies, and shall take into account the relevant interests of the Company's stakeholders. The Supervisory Board is responsible for the quality of its own performance.

The supervision of the Executive Board by the Supervisory Board shall include:

- (i) achievement of the Company's objectives;
- (ii) corporate strategy and the risks inherent in the business activities;
- (iii) the structure and operation of the internal risk management and control systems;
- (iv) the financial reporting process;
- (v) compliance with legislation and regulatory requirements;
- (vi) the quality and completeness of publicly disclosed financial reports;
- (vii) the company shareholder relationships¹⁸; and
- (viii) corporate social responsibility issues that are relevant to the Company.¹⁹

12.2 *Committees*

The Supervisory Board can delegate its powers to committees of its members which shall report on their findings to the Supervisory Board or the Combined Board as the Supervisory Board shall determine (see below). The terms of reference of the Committees shall be determined by the Supervisory Board. The constitution of the Committees shall be determined by the Supervisory Board and its membership shall be published in the Company's annual reports and accounts and on the Reed Elsevier website.

12.3 *Information gathering*

The Supervisory Board and its individual members each have their own responsibility for obtaining all information from the Executive Board and the external auditor which they may require in order to properly perform their role and function and responsibilities. If the Supervisory Board considers it necessary, it may obtain information from officers and external advisers of the Company. The Company shall provide the necessary means for this purpose. The Supervisory Board may require

¹⁸ section III.1.6.f

¹⁹ section III.1.6.g

that relevant officers and external advisers attend its meetings or the meetings of the Combined Board.

12.4 *Composition and independence*

²⁰Members of the Supervisory Board shall be appointed and removed by the General Meeting of Shareholders with due observance of the provisions of the Company's Articles of Association. The Boards aim for a diverse composition in terms of such factors as gender and age. Appointments shall furthermore take into account the profile for the Supervisory Board established by the Supervisory Board (see below). All the members of the Supervisory Board shall be independent within the meaning of the Dutch Code, with the possible exception of no more than one member, which will be confirmed in the annual reports and accounts. At least one member of the supervisory board shall be a financial expert, in the sense that he has relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.

All members of the Supervisory Board are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. The members of the Supervisory Board will function without any specific mandate and they will not as such be committed to any specific interest or party other than as expressed herein.

In principle, but without prejudice to the Combined Board resolving otherwise, the number of individuals on the Supervisory Board which have held executive functions within Reed Elsevier shall not at any time exceed one.

12.5 *Profile*

The Supervisory Board, in consultation with the board of directors of REPLC, shall prepare a profile for the size and composition of the Supervisory Board, with due observance of the provisions of the Governing Agreement. This profile shall be re-considered annually and be updated from time to time with due regard for the operational and strategic developments within Reed Elsevier and the relationship with REPLC. The profile shall be made generally available for inspection at the Reed Elsevier website.²¹

12.6 *Qualifications and consistency of appointments with profile*

Any appointment to the Supervisory Board will be checked for consistency with and motivated in the context of the then current profile. Any re-appointment will be considered in the absence of the individual concerned on the basis of his functioning during his previous term.

Each Supervisory Board member must be capable of assessing the broad outline of the Company's and Reed Elsevier's overall policy. Each Supervisory Board member must have the specific expertise required for the fulfilment of the duties assigned to him/her within the framework of the Supervisory Board profile. The composition of

²⁰ section III.3

²¹ section III.3.1

the Supervisory Board shall be such that it is able to carry out its duties properly. A Supervisory Board member shall be (re-)appointed only after careful consideration.

12.7 *Collective functioning*

The Supervisory Board shall act collectively with shared responsibility and will function through resolutions, but it may authorise individual members to take such further actions as it shall deem necessary and in the interest of the Company. The specific role of the Chairman shall be determined by the provisions of these Rules and by other applicable corporate governance codes and provisions.

12.8 *Commitment and absence*

Members of the Supervisory Board shall procure that they have sufficient time for the proper fulfilment of their role, functions and responsibilities. This will be monitored by the Chairman.

Supervisory Board members who are frequently absent shall be called to account for this. The annual reports and accounts shall state which Supervisory Board members have been frequently absent from meetings of the Supervisory Board.

12.9 *Anticipated date of retirement schedule*

²²The Supervisory Board shall adopt a schedule showing the anticipated date of retirement, with due observance of the provisions of the Company's Articles of Association. The schedule will be available from the Reed Elsevier website. Members of the Supervisory Board will seek annual re-appointment at the Annual General Meeting of Shareholders. As a general rule, members of the Supervisory Board serve for a maximum of six years (two three year terms as referred to in the Articles of Association in article 21.7), although the Nominations Committee may recommend that individual Directors serve up to one additional three-year term. A Supervisory Board member shall retire early in the event of inadequate performance, structural incompatibility of interests, and in other instances in which this is deemed necessary by the Supervisory Board. A Supervisory Board member shall be reappointed after careful consideration.

12.10 *Membership of the boards of directors of REPLC and REGplc*

With due regard for the provisions of the Governing Agreement, the members of the Supervisory Board will also hold office as a non executive member of the boards of directors of REPLC and REGplc, it being understood that a maximum of two members may be excluded from holding such office, but may be appointed to membership of the Supervisory Board of either ERFBV or Reed Elsevier Nederland B.V.

12.11 *Outside positions*

Members of the Supervisory Board may hold executive or non executive directorships and other offices with companies or organisations not belonging to Reed Elsevier, provided these have been disclosed to the Company and do not

²² section III.3.6

interfere with their functioning as a member of the Supervisory Board or the Combined Board. Such will be determined by the Chairman of the Supervisory Board. The matter may be submitted to the Combined Board for its view.

A member of the Supervisory Board shall restrict his memberships of the supervisory boards of Netherlands companies listed on a stock exchange to such a number that the proper fulfilment of his duties as a member of the Supervisory Board of the Company shall be safeguarded. He shall not be a member of more than five (5) supervisory boards of Netherlands companies listed on a stock exchange, whereby the chairmanship of a supervisory board shall count double.²³

12.12 *Frequency and purpose of meetings*

Strategy

The Supervisory Board shall discuss at least once a year the strategy and the main risks associated with the business, the results of the assessment by the Executive board of the structure and operation of the internal risk management and control systems, including potential significant changes to such systems. The fact that such discussions took place should be noted in the Annual Reports and Financial Statements.

The Supervisory Board shall meet at least four times per annum to consider the annual and interim results (announcements) of the Company and of the Reed Elsevier combined businesses and a reforecast for the whole year, as well as to consider at least once a year (i) the budget for the Company and that for the Reed Elsevier combined businesses for the next financial year, (ii) the long term strategy plan for the Company and that for the Reed Elsevier combined businesses, (iii) (the Executive Board's assessment of) internal control and risk management systems and relevant activities and developments, (iv) succession matters concerning the Supervisory Board or the Executive Board as well as (v) its own functioning and that of the Executive Board.

The Supervisory Board shall discuss at least once a year the corporate strategy and the risks of the business, and the result of the assessment by the Executive Board of the structure and operation of the internal risk management and control systems, as well as any significant changes thereto. Reference to these discussions shall be made in the annual reports and accounts.

The Supervisory Board shall discuss at least once a year on its own, i.e. without the Executive Board being present, both its own functioning and that of its individual members, and the conclusions that must be drawn on the basis thereof. The desired profile, composition and competence of the Supervisory Board shall also be discussed. Reference to these discussions shall be made in the report of the Supervisory Board.

At least once a year the Supervisory Board shall, without the Executive Board being present, assess both the functioning of the Executive Board as a body corporate of the Company as well as the performance of its individual members, and the resulting

²³ section III.3.4

conclusions that must be drawn from such assessment. Reference will be made to this assessment in the annual reports and accounts.

At least once every four years, the Supervisory Board and the Audit Committee shall conduct a thorough assessment of the functioning of the external auditor in the different capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the general meeting for the purposes of assessing the nomination for the appointment of the external auditor.

12.13 *Venue of meetings*

²⁴Meetings of the Supervisory Board and of the Combined Board shall as a rule be held at the offices of the Company or at such other place as the Chairman shall determine.

12.14 *Attendance of General Meetings of Shareholders*

Members of the Supervisory Board shall attend the General Meetings of Shareholders, except if prevented by reasons beyond their control or if they shall have obtained permission from the Chairman not to attend.

12.15 *Confidentiality*

Members of the Supervisory Board shall keep confidential and not disclose any information relating to the Company and its business and affairs, or concerning individual members of the Supervisory Board or of the Executive Board and their functioning or mutual relationship.

12.16 *Conflicts of interest*

²⁵All transactions between the Company and legal or natural persons who hold at least ten per cent of the shares in the Company shall be agreed on terms that are customary in the sector in which the Company and its combined businesses are active. The Supervisory Board is required to approve such transactions that are of a material significance to the company and/or to such persons. Transactions of this kind that are of material significance are published in the annual report, together with a statement that provision III.6.4 of the Code has been observed.

SECTION 13 - COMBINED BOARD

13.1 *Combined meetings*

The Supervisory Board will meet as a rule in the presence of the Executive Board and such meetings in the presence of the Executive Board will be considered meetings of the Combined Board. Meetings of the Combined Board will furthermore be held if the Chairman or two Directors so desire. The powers and authorities of the Combined Board are described in the Company's Articles of Association.

²⁴ section V.2.3

²⁵ section III.6.4

13.2 *Committees*

The Combined Board can delegate its powers to committees of its members which shall report on their findings to the Combined Board or the Supervisory Board as the Combined Board shall determine (see below). The terms of reference of the Committees shall be determined by the Combined Board. The constitution of the Committees shall be determined by the Combined Board and its membership shall be published in the Company's annual reports and accounts and on the Reed Elsevier website. The Nominations Committee shall be deemed a Committee of the Combined Board.

13.3 *Separate meetings*

The Chairman and any two members of the Supervisory Board may require that a meeting of the Supervisory Board shall not be held in the presence of the Executive Board, without prejudice to the provisions requiring a resolution of the Combined Board.

13.4 *Call of the Combined Board*

Combined Boards will be called by the Chairman or by the Company Secretary acting on the instruction of the Chairman or of two of the Directors, it being understood that validly called meetings of the Supervisory Board in the presence of the Executive Board shall be deemed validly called meetings of the Combined Board.

13.5 *Corporate Governance Structure*

²⁶The Combined Board shall be responsible for the Company's corporate governance structure and compliance with the Dutch Code and the UK Code.

13.6 *Whistle blowing*

²⁷The Combined Board, together with the Board of REPLC, will ensure that employees of the Reed Elsevier combined businesses shall have the possibility of reporting alleged irregularities of a general, operational and financial nature in the Company to the CEO or an official designated to him, without jeopardising their legal position. Suspected irregularities concerning the functioning of the Executive Board shall be reported to the Chairman and suspected irregularities concerning the functioning of the Chairman shall be reported to the Senior Independent Director. The whistleblower provisions have been included in the Reed Elsevier Code of Ethics and Business Conduct.

13.7 *Dialogue with shareholders*

Shareholders should avoid adopting a 'box-ticking approach' when assessing the corporate governance structure of the Company and should be prepared to engage in a dialogue if they do not accept the Company's explanation. The Combined Board will stimulate this.

²⁶ Principle I

²⁷ section II.1.7

SECTION 14 - THE CHAIRMAN

14.1 *Principal role*

²⁸The Chairman is responsible for the proper functioning of the Supervisory Board, the Combined Board and its committees and shall communicate on behalf of the Supervisory Board and the Combined Board. He is the main contact point to shareholders regarding the functioning of the management and supervisory board members. He shall have such further duties and authorities as are set out below and as shall be determined by the Combined Board.

The Chairman determines the agenda of the Supervisory Board and of the Combined Board, chairs the meetings of the Supervisory Board and of the Combined Board, monitors the proper functioning of the Supervisory Board and of the Combined Board and of the Committees. He ensures, as Chairman, the orderly and efficient conduct of the General Meeting of Shareholders.

The Chairman is assisted in his role by the Company Secretary.

14.2 *Specific responsibilities*

The Chairman shall specifically see to it that:

- a) the Supervisory Board members follow their induction and education or training programme and that there is a regular review of the training and development needs of each member;
- b) the Supervisory Board members receive in good time all information which is necessary for the proper performance of their duties;
- c) all members of the Supervisory Board and of the Executive Board are made aware of shareholders' concerns;
- d) there is sufficient and adequate time for consultation and decision-making by the Supervisory Board (in particular on strategic issues);
- e) the Committees function properly;
- f) the performance of the Executive Board members and Supervisory Board members is assessed at least once a year and an external evaluation takes place at least every three years;
- g) the Supervisory Board elects a Senior Independent Director; and
- h) the Supervisory Board has proper contact with the Executive Board and that the requisite culture of constructive challenge by members of the Supervisory Board to the Executive Board members is achieved.

14.3 *Independence*

The Chairman shall not be a former member of the Executive Board of the Company.

²⁸ section III.4

14.4 *Point of contact with the Executive Board*

The members of the Supervisory Board will communicate with the Company and with the members of the Executive Board via the Chairman or in the meetings of the Combined Board, unless the Chairman, the Supervisory Board or the Combined Board decides that any member may in a specific situation or for specific purposes communicate directly.

14.5 *Representation of the Company*

The Chairman shall represent the Company externally if and for the purposes determined by the Combined Board, having regard for the fact that the Chairman does not hold an executive office.

14.6 *Contacts with the CEO*

The Chairman shall maintain frequent (no less than once every month or so much more often as the Chairman shall decide) and regular verbal contacts with the CEO for the purpose of staying abreast of the developments of the business and the affairs of the Company and the Reed Elsevier businesses and for assessing the need for resolutions of the Combined Board or the Supervisory Board.

14.7 *Approval of expenses for Supervisory Board or CEO*

The payment of any expenses to members of the Supervisory Board or to the CEO shall require the consent of the Chairman. The payment of any expenses to the Chairman shall require the consent of the chairman of the Audit Committee.

14.8 *Further powers*

The Combined Board may delegate further powers to the Chairman, it being understood that except as provided for in articles 18.2 and 19.2 of the Company's Articles of Association the Chairman shall not hold any executive office or powers within Reed Elsevier.

14.9 *Approval of official announcements*

Any public statement or any publication concerning the views of the Supervisory Board or the Combined Board shall require the consent of the Chairman and shall be expressed in a manner and at a time determined by him.

14.10 *Approval of Annual Report and Interim Statements*

The contents of the Company's annual reports and its official interim financial or trading statements as well as its official announcements made in pursuance of any applicable law or the rules or regulations of any stock exchange on which the Shares are listed, shall require the consent of the Chairman and the CEO, or in his absence the CFO.

14.11 *Proper conduct of business at meetings*

²⁹The chairman of the general meeting is responsible for ensuring the proper conduct of business at meetings in order to promote a worthwhile discussion at the meeting.

SECTION 15 – THE SENIOR INDEPENDENT DIRECTOR

15.1 *Role and function*

³⁰The Supervisory Board of the Company has appointed one non-executive director/Supervisory Board member to act as senior independent director, who is available to meet with institutional shareholders and assist in resolving concerns in cases where alternative channels are inappropriate. The Senior Independent Director also leads the annual assessment of the functioning and performance of the Chairman of the Supervisory Board of Company. The Senior Independent Director of the Supervisory Board, or the Senior Independent Director, shall deputise for the Chairman when the occasion arises. By way of addition to best practice provision III.1.7, the Senior Independent Director shall act as contact for individual Supervisory Board members and Executive Board members concerning the functioning of the Chairman of the Supervisory Board.

SECTION 16 - AUDIT COMMITTEE

16.1 *Role and function*

The Supervisory Board shall establish a permanent committee from its members called the Audit Committee, which shall be responsible for establishing methods and procedures for supervising, and where necessary requiring improvements of the financial reporting and organization of the Company and Reed Elsevier for the purpose of making appropriate recommendations to the Supervisory Board in that regard.

The Audit Committee shall determine how the external auditor should be involved in the content and publication of financial reports other than the annual accounts. At least once every four years, the Supervisory Board and the Audit Committee shall conduct a thorough assessment of the functioning of the external auditor within the various entities and in the different capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the General Meeting of Shareholders for the purposes of enabling its assessment of the recommendation for the appointment of the external auditor.

²⁹ section IV.1.8

³⁰ section III.4.4

16.2 *Further terms of reference*

The Audit Committee shall have such further duties and authorities as are set out in separate terms of reference drawn up and updated from time to time by the Supervisory Board. The terms of reference of the Audit Committee will be available from the Reed Elsevier website. The Audit Committee will report to the Combined Board or separately to the Supervisory Board if and when so requested in individual cases by the Chairman or by two members of the Supervisory Board. Functions or responsibilities of the Audit Committee, may if the Supervisory Board so determines, be performed by the Supervisory Board.

16.3 *Membership*

Only members of the Supervisory Board shall qualify for membership of the Audit Committee. Other provisions regarding membership shall be contained in the terms of reference of the Audit Committee. The chairman of the Audit Committee shall not be the Chairman (of the Supervisory Board) nor a former member of the Executive Board. At least one member of the Audit Committee shall be a financial expert, in the sense that he has relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities. The members of the Audit Committee shall observe applicable requirements for independence such as those set out in the Dutch Code.

16.4 *Joint meetings with REPLC audit committee*

As a rule the Audit Committee shall meet jointly with REPLC's audit committee, without prejudice to its own duties and responsibilities.

16.5 *Meetings with external auditor*

The Company's external auditor shall communicate with and report his findings to the Audit Committee, without prejudice to the authority of the Chairman or any two members of the Supervisory Board to require that he shall also report to the Chairman or the Supervisory Board, verbally or in writing. A copy of the written report of the auditor in respect of the Company and in respect of REPLC and REGplc and of his opinion in respect of the Company shall be made available to the members of the Supervisory Board and of the Executive Board.

The external auditor may request the chairman of the Audit Committee for permission to attend a meeting of the Audit Committee.

The external auditor shall attend the meeting of the Combined Board at which his report with respect to the audit of the annual accounts is discussed and at which annual accounts are to approved or adopted.

SECTION 17 - REMUNERATION COMMITTEE

17.1 *Role and function*

The Supervisory Board may establish a permanent committee from its members called the Remuneration Committee, which will be responsible for (i) drafting a proposal to the Supervisory Board for the remuneration policy to be pursued and recommending to the Supervisory Board the remuneration of the individual members of the Executive Board; (ii) advising the Combined Board as to what recommendation should be made to the General Meeting of Shareholders in respect of the remuneration for the Supervisory Board members; and (iii) preparing the remuneration report to be included in the Company's annual report. The Supervisory Board has elected to obtain the advice from REGplc's remuneration committee, in regard to remuneration issues which it shall need to consider for decision or recommendation to the General Meeting of Shareholders.

17.2 *Further terms of reference*

The Remuneration Committee will have such further duties and authorities as are set out in separate terms of reference drawn up and updated from time to time by the Supervisory Board. The terms of reference of the Remuneration Committee will be available from the Reed Elsevier website.

17.3 *Membership*

The chairman of the Remuneration Committee shall not be the Chairman of the Supervisory Board nor a former member of the Executive Board. Not more than one member of the Remuneration Committee can be an executive director of another listed company and such individual shall not be the chairman of the Committee.

17.4 *Joint meetings with REGplc's remuneration committee*

As a rule the Remuneration Committee would meet jointly with the remuneration committee of REGplc, without prejudice to its own duties and responsibilities.

SECTION 18 - NOMINATIONS COMMITTEE

18.1 *Role and function*

The Combined Board, together with the board of directors of REPLC, shall establish a permanent committee called the Nominations Committee which shall be a joint Committee for both the Company and REPLC.

The Nominations Committee comprises the Chairman, the CEO, and a further number of members of the Supervisory Board, one of whom shall be the chairman of the Remuneration Committee or of REGplc's remuneration committee.

The Nominations Committee's terms of reference will be determined by the Combined Board and will be published on the Reed Elsevier website. These will include assuring board succession and making recommendations to the Combined

Board concerning the appointment or reappointment of Directors to, and the retirement of Directors from, the Executive Board and the Supervisory Board.

18.2 *Resolution on recommendations*

Following a recommendation of the Nominations Committee the Chairman shall call a meeting of the Combined Board to consider the recommendation.

SECTION 19 - RELATIONSHIP WITH SHAREHOLDERS

19.1 *General Meeting of Shareholders*

The Combined Board shall provide the General Meeting of Shareholders with all reasonably requested information, unless this would be contrary to an overriding interest of the Company. If the Combined Board claims an overriding interest, it must substantiate this claim.³¹

The agenda for the general shareholders meeting shall list which items are for discussion and which items are to be voted upon.³²

A resolution for approval or authorisation to be passed by the general meeting shall be explained in writing. In the explanation the Executive Board shall deal with all facts and circumstances relevant to the approval or authorisation to be granted. The notes to the agenda shall be posted on the Company's website.³³

Material amendments to the articles of association of the Company and resolutions for the appointment of members of the Executive Board and members of the Supervisory Board shall be submitted separately to the General Meeting.³⁴

The Company provides shareholders and other persons entitled to vote the possibility of issuing voting proxies or voting instructions, respectively, to an independent party prior to the General Meeting.³⁵

Each substantial change in the corporate governance structure of the Company and in the compliance in the Company with the Dutch Code shall be submitted to the general meeting for discussion under a separate agenda item.³⁶

The dividend policy of the Company (the level and purpose of the addition to reserves, the amount of the dividend and the type of dividend) shall be dealt with and explained as a separate agenda item at the general meeting. A resolution to pay dividend shall be dealt with a separate agenda item at the general shareholders meeting.³⁷

³¹ section IV.3.5

³² section IV.3.7

³³ section IV.3.8

³⁴ section IV.3.9

³⁵ section IV.3.12

³⁶ section I.2

³⁷ sections IV.1.4 and IV.1.5

Resolutions to release the Executive Board and the Supervisory Board from liability for the management and supervision respectively during the year under review shall be voted on separately at the general shareholders meeting.³⁸

The Company shall determine a registration date for the exercise of the voting rights and the rights relating to meetings.³⁹

If Directors invoke a response time within the meaning of best practice provision IV.4.4, such period may not exceed 180 days from the moment directors are informed by one or more shareholders of their intention to put an item on the agenda to the day of the General Meeting at which the item is to be dealt with. Directors shall use the response time for further deliberation and constructive consultation. This shall be monitored by the Supervisory Board.⁴⁰

The response time may be invoked only once for any given General Meeting and may not apply to an item in respect of which the response time has been previously invoked or meetings where a shareholder holds at least three quarters of the issued capital as a consequence of a successful public bid.

19.2 Dialogue

The Executive Board participates in regular dialogue with institutional shareholders, and presentations on the Reed Elsevier combined businesses are made after the announcement of the interim and full year results. Periodic reports on the views of the Company's institutional shareholders and the results are the subject of formal presentations to the Combined Board. The Boards should give shareholders room to engage in a dialogue if they do not accept the company's explanation.⁴¹

Meetings and presentations which are generally accessible to analysts and institutional and other investors shall be announced on the Company's website.

The Company has formulated a policy on bilateral contacts with shareholders, which has been published on the Reed Elsevier website.⁴²

19.3 Trading update

A trading update is provided just before or at the Annual General Shareholders' Meetings of REPLC and/or the Company and towards the end of the financial year through Interim Management Statements.

19.4 Results announcements and presentations on website

The interim and annual results announcements and presentations, together with the trading updates and other important announcements concerning Reed Elsevier, are published on the Reed Elsevier website (www.reedelsevier.com).

³⁸ section IV.1.6

³⁹ section IV.1.7

⁴⁰ section II.1.9

⁴¹ section IV.3.1

⁴² section IV.3.13

19.5 *Private bids*

⁴³If a serious private bid is made for a business unit or a participating interest and the value of the bid exceeds the threshold referred to in article 2:107a part 1c of the Dutch Civil Code, the Combined Board shall make its position regarding the bid and the reasons for this position public as soon as possible.

19.6 *Minutes of the General Meeting of Shareholders*

⁴⁴The report of the General Meeting shall be made available, on request, to shareholders no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the report in the following three months. The report shall then be adopted in the manner provided for in the Articles of Association.

19.7 *Analyst's reports* ⁴⁵

Analysts' reports and valuations may not be assessed, commented upon or corrected, other than factually, by the Company in advance.

The Company may not pay any fee(s) to parties for the carrying out of research for analysts' reports or for the production or publication of analysts' reports, with the exception of credit rating agencies.⁴⁶

19.8 *The Company's website*

The Company shall place and update all information that it is required to publish, announce or file pursuant to the applicable laws, regulations and governance code, on a separate part of the Reed Elsevier website.⁴⁷

SECTION 20 - MISCELLANEOUS

20.1 *Headings*

The headings of the sections are for ease of reading and reference only and have no bearing on the interpretation of these Rules.

20.2 *Replacement of existing rules*

These Rules replace any existing 'reglement' and any rules or procedure for the Boards that may be in existence on the date these Rules becomes effective.

⁴³ section IV.1.3

⁴⁴ section IV.3.10

⁴⁵ section IV.3.2

⁴⁶ section IV.3.3

⁴⁷ section IV.3.6

20.3 *Occasional non-compliance*

The Chairman may occasionally approve non-compliance with these Rules at his discretion. However, any material non-compliance shall require the approval of the Combined Board.

20.4 *Interpretation*

In case of uncertainty or difference of opinion on how a provision of these Rules should be interpreted, the opinion of the Chairman shall be decisive.

20.5 *Governing law*

These Rules are governed by the laws of the Netherlands.

20.6 *Effective date*

These Rules shall become effective on 15 February 2011 and have been adapted to conform to the Dutch Corporate Governance Code introduced on 10 December 2008 and designated by Dutch Government Decree (*Vaststellingsbesluit nadere voorschriften omtrent de inhoud van het jaarverslag*) and the principles of the UK Corporate Governance Code issued by the UK Financial Reporting Council in May 2010.