DEED OF RECORD (*proces-verbaal*)

On the twenty fourth day of April two thousand and twelve as of thirteen hours in the afternoon, I, Dirk-Jan Jeroen Smit, civil law notary, officiating in Amsterdam, the Netherlands, attended the annual general meeting of shareholders of **Reed Elsevier N.V.**, a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its office address at Radarweg 29, 1043 NX Amsterdam, the Netherlands (the ***Company***), held in Hotel Okura, Amsterdam, the Netherlands (both the annual general meeting of shareholders and the corporate body consisting of the shareholders present at that meeting are hereinafter referred to as: the ***Meeting***), with the purpose of taking notarial minutes of the Meeting.
I, Dirk-Jan Jeroen Smit, aforementioned, have recorded the following:

1. Opening.

Mr Anthony Habgood, the Chairman of the Supervisory Board, opened the Meeting at thirteen hours post meridiem and welcomed all present. He stated that he would chair the Meeting and announced:

- that the external auditor was present at the Meeting to answer any questions relating to his report on the fairness of the financial statements, tabled under agenda item 3;
- that Mrs Jans van der Woude was appointed as secretary of the Meeting;
- that the Company's civil law notary, Mr Dirk-Jan Smit of Freshfields Bruckhaus Deringer LLP, Amsterdam office, was present at the Meeting to take notarial minutes of the Meeting, just like the annual general meeting of shareholders of two thousand and eleven;
- that the Meeting was held in the English language and that a simultaneous translation from English into Dutch was available through headphones.

- that the notarial minutes of the Meeting would be adopted after co-signature by the Chairman;
- that the convocation for the Meeting had been published on the Reed Elsevier website on the twelfth day of March two thousand and twelve and on the securitiesinfo.nl website of NYSE Euronext Amsterdam;
- that a notice announcing that the convocation for the Meeting had been published on the Reed Elsevier website and was placed in the Financieele Dagblad (nationally distributed daily newspaper) on the twelfth day of March two thousand and twelve;
- that the Meeting had been convened in accordance with the legal and statutory requirements.

The **Chairman** explained that voting would take place electronically and that if technology would fail, voting would take place by show of hands or, if required, with the voting cards that were handed out at the start of the Meeting. In case of doubt, the number of votes against had to be announced by the secretary of the meeting. The voting instructions received in writing prior to the Meeting would be taken into account when doing this.

In line with best practice, the voting results would be announced to the Stock Exchange and published on the website of Reed Elsevier, and the **Chairman** explained that it might well be that the exact results of the voting would only be given to the shareholders until the end or even after the Meeting.

Having informed the shareholders that the information relating to the attendance register and the information regarding the number of votes that might be cast at the Meeting were not yet available, the **Chairman** proposed to proceed with the agenda whilst this information was being prepared.

In particular for the benefit of the notarial deed of record for which purpose a recording of the Meeting would be made, the **Chairman** asked those who wished to address the Meeting to use one of the microphones in the meeting room and to introduce themselves by mentioning their name and the name of the person or company represented by them.

The **Chairman** noted that questions could be posed in either English or Dutch; the response would be in English. In addition, the **Chairman** noted that he, as Chairman of the Meeting, reserved the right to limit the time that a shareholder addressed the Meeting in order to ensure that everyone would have the right to participate in the Meeting and could be given the chance to participate in the discussions.

After everyone was kindly asked to switch off mobile phones, Blackberries and similar equipment during the Meeting, the **Chairman** handed over to **Mrs Jans van der Woude**, Company Secretary, who gave a brief explanation on the use of the electronic voting system in Dutch.

Since no shareholder had any questions on the use of the electronic voting system, **Mrs Jans van der Woude**, aforementioned, handed back to the Chairman.

The **Chairman** informed the Meeting that in case of any problems, assistance would be available in the room.

The **Chairman** reported that the holders of the following number of shares were present and represented at this meeting:

- four hundred nine million six hundred fifty three thousand eight hundred and forty-five (409,653,845) ordinary shares, having a nominal value of seven eurocents (€ 0.07) each; and
- four million three hundred three thousand one hundred and seventy-nine (4,303,179) R-shares, having a nominal value of seventy eurocents (€ 0.70) each,

as a result of which four hundred fifty two million six hundred eighty five thousand six hundred thirty-five (452,685,635) votes could be casted. The total issued and outstanding nominal share capital excluding treasury stock at the moment of the Meeting was approximately fifty-two million euro (€ 52,000,000), comprised of around seven hundred million (700,000,000) ordinary shares and four point three million (4,300,000) R shares. A quick calculation had indicated that sixty point ninety-one per cent. (60.91%) of the share capital was represented at the Meeting.

Some registrations had been granted proxy to the Company Secretary. These voting instructions had been processed by entering the voting instructions for each individual agenda item into the electronic voting system. These proxies given to the Company Secretary would therefore be included in the voting result.

Before turning to the annual report two thousand and eleven and starting the formal business of the Meeting, the **Chairman** informed the Meeting that a trading statement had been released to the market earlier in the morning of the Meeting, which statement Erik Engstrom would describe in more detail later on at the Meeting. The **Chairman** said that from his perspective there was no doubt that Reed Elsevier continued its positive momentum through two thousand eleven and into two thousand and twelve. He added that last year was the first time in four years that all five business areas had contributed to the underlying revenue growth excluding the effect of the biennial cycling in Exhibitions. The underlying operating profits grew well and a good increase in earnings per share was delivered. He went on to say that the cash flow generation had allowed Reed Elsevier to invest in its business while maintaining a strong balance sheet and a six per cent. (6%) increase in the final dividend was recommended. The **Chairman** stated that Erik Engstrom had continued to reshape and build his management team. As was explained last year, Erik Engstrom's earlier priority was to renew the leadership of the business areas and four (4) out of the five (5) were now under new management. In the past twelve (12) months Erik Engstrom's focus had been on the central functions and he had appointed a new group general counsel, dedicated heads of investor relations and corporate M&A and new heads of strategy, business analytics and corporate communications.

The **Chairman** went on to say that at the board level, it had already been announced that Mark Armour, Reed Elsevier's long standing CFO, would retire at the end of the year and that Reed Elsevier was conducting a search both internally and externally to fill Mark Armour's very substantial shoes. The **Chairman** added that Adrian Hennah had joined Reed Elsevier in April two thousand an eleven on the retirement of Colin Sharman. David Brennan, a US citizen who was CEO of AstraZeneca PLC would be joining the Supervisory Board and the boards of Reed Elsevier PLC and Reed Elsevier Group plc as a non-executive director in November of two thousand and twelve, subject of course to shareholder approval in Reed Elsevier's annual general meetings. The **Chairman** said that he believed that David Brennan, as a truly international executive with deep knowledge of both medical research and of the world's healthcare markets, would bring highly relevant experience to the board discussions and that he was looking forward to him joining Reed Elsevier later in the year. The **Chairman** concluded that Reed Elsevier was continuing to evolve both its boards and its management team.

The **Chairman** went on to explain that the Reed Elsevier PLC annual general meeting of shareholders was going to be held in London the day after the Meeting as was also done the year before, and that the agenda of the two meetings were broadly the same.

The **Chairman** indicated that he had now come to the formal business of the Meeting where the Meeting would discuss and vote on the resolutions set out on the agenda of the Meeting.

2. Annual report 2011.

The **Chairman** proceeded to the discussion of the annual report for two thousand and eleven. The **Chairman** informed the Meeting that the annual report and financial statements had been made available on Reed Elsevier's website and at the Company's office from the twelfth day of March two thousand and twelve, the date on which the convocation for the Meeting had been published.

The **Chairman** gave the floor to Mr Erik Engstrom, Chief Executive Officer, to provide a summary of developments during two thousand and eleven on behalf of the Executive Board and to comment on current trading. The **Chairman** noted that copies of the slides would be available on the website after the Meeting.

Mr Erik Engstrom gave a presentation (a copy of which is attached to these minutes as *Annex 1*) in which he discussed the two thousand and eleven results and gave an update on the progress so far in two thousand and eleven. In summary, over the past two (2) years and in particular in two thousand and eleven Reed Elsevier had improved its operating performance and made significant strategic progress. **Mr Erik Engstrom** added that on an underlying basis, he was pleased to say that – as the chairman had mentioned – all five (5) of Reed Elsevier's business areas had returned a positive revenue growth when adjusting for the biennial cycling in Exhibitions. On the underlying revenue and profit growth for the different business areas it was clear that all areas, except legal and professional, had contributed to

Reed Elsevier's underlying profit growth of five per cent. (5%). **Mr Erik Engstrom** concluded that so far, year to date, the underlying growth rates in Reed Elsevier's business in the first quarter had been consistent with the two thousand and eleven full year trends and Reed Elsevier had continued to develop its portfolio. In addition, Reed Elsevier had continued to migrate its business online to the extent that only just over twenty per cent. (20%) was still in print at the end of two thousand and eleven, down from over fifty per cent. (50%) five (5) years earlier. He added that Reed Elsevier was evolving its geographic footprint with revenues outside North America and Europe having gone from twelve per cent. (12%) to seventeen per cent. (17%) of its revenues over the past five (5) years. Going forward in an environment where information sources and data volumes were multiplying and the use of technology was evolving, Reed Elsevier wanted to be a company that delivered demonstrably improved outcomes to professional customers across industries by combining content and data with analytics and technology in global platforms. **Mr Erik Engstrom** continued that Reed Elsevier wants to be in leading positions in long-term global growth markets and wanted to leverage its institutional skills, assets and resources within Reed Elsevier across platforms and across markets. Reed Elsevier wanted to continue to migrate its business mix towards this type of business across Reed Elsevier and within all five (5) umbrella business areas. **Mr Erik Engstrom** concluded his presentation by stating that overall, the full year two thousand and twelve was on track to be another year of underlying revenue and profit growth.

The **Chairman** thanked Mr Erik Engstrom and offered the Meeting the opportunity to ask questions and to share observations.

Mr Ton Rennen, representing Triodos Investment Management, and also speaking on behalf of Robeco and MN-Services'clients, complimented Reed Elsevier for both the annual report and the corporate social responsibility report. **Mr Ton Rennen** said that he had a preference for integration of both reports and would undoubtedly come back to this in the future, but at this stage he noted that both reports had a very clear lay-out, adequate descriptions and interesting and relevant information. **Mr Ton Rennen** indicated that he would like to raise questions about three topics: (i) bank covenants (ii) the boycott in the academic world and (iii) Reed Elsevier's remuneration. First on the bank covenants, **Mr Ton Rennen** noted that nearly all Dutch based multinationals in the AEX index now included in the annual report the contents and ratios of their bank covenants. He added that this was highly relevant for shareholders in order to judge financial risks and costs. **Mr Ton Rennen** said that in previous contacts that they had had with the company, Reed Elsevier had made clear that it did not provide these details as they would be competitively sensitive information. **Mr Ton Rennen** said he did not understand this reasoning because the majority of the large multinationals already published this information and, for instance, the biggest competitor in the Netherlands, Wolters Kluwer, had

also started publishing these details of the bank covenants this year. Therefore, **Mr Ton Rennen** challenged Reed Elsevier to also publish the requested information. **Mr Ton Rennen** then elaborated on his second question regarding the boycott in the academic world. He said that there were currently nearly ten thousand (10,000) boycotters in the academic world, people that were not satisfied with the way the information was available in scientific research. This might seriously affect Reed Elsevier's revenues from subscriptions. He added that according to the risk assessment in the annual report, page 48, Reed Elsevier was aware of the risk. **Mr Ton Rennen** added that he considered the mitigation of the risk as described on that page not very convincing. He said that, for instance, alternative business models like open access did not seem to be explored seriously. **Mr Ton Rennen** added that he thought that Reed Elsevier underestimated the risk of subscriptions being cancelled and/or of loss of quality of information due to decreasing cooperation with academics. He noted that for that reason he would like to know what Reed Elsevier was actually doing currently to avoid such problems in the future. **Mr Ton Rennen** then asked his third question, which was on remuneration. He said that last year, he had asked Reed Elsevier to bring the remuneration report to an annual vote at the Dutch annual meeting, like Reed Elsevier already did for the UK shareholders. Reed Elsevier then said that it would monitor such practices. **Mr Ton Rennen** noted that in his view, the trend was very clear: a steady increase of remuneration reports being brought forward to shareholders' vote. In previous contacts, Reed Elsevier had informed the shareholders that it wanted to wait for UK-developments on this matter. **Mr Ton Rennen** noted that the developments in the UK would only lead to an increase of rights to shareholders in the UK. So this should encourage Reed Elsevier to provide Dutch shareholders with the same rights as their UK colleagues. **Mr Ton Rennen** continued that the remuneration practices for the executive board missed linkage to sustainability performance targets. There was only a vague reference that those play a role somewhere but details, let alone clear confrontations with targets such as energy use, suppliers' compliance, etcetera, were missing. He would like to challenge Reed Elsevier to make this an integrated and balanced part of the remuneration practices.
The **Chairman** thanked Mr Ton Rennen for the compliments on the corporate social responsibility report of which Reed Elsevier was actually quite proud. The **Chairman** noted that three (3) years ago, Reed Elsevier had not published it at the same time as the financial report and that the VEB at least was one of the organisations who had requested that Reed Elsevier would do so. Reed Elsevier had now done that. The **Chairman** continued that he did not want to make the annual report even longer than its current two hundred (200) pages by actually integrating both full reports. He noted that Reed Elsevier already had a substantial condensed version of it within the report. The **Chairman** then noted that Mr Ton Rennen had asked three (3) specific questions. The **Chairman** indicated that he would briefly

talk about the first and the third question and would ask Mr Erik Engstrom, who had been with the Reed Elsevier business for a long time now, to address the boycott question. With respect to the first question on the bank covenants, the **Chairman** confirmed that Reed Elsevier had taken the decision that it would not publish those. He added that Reed Elsevier would of course continue to monitor what the practice was for other companies. The **Chairman** said that the reason Reed Elsevier had decided so far not to do that was not because it was anywhere near its covenants. Reed Elsevier was very comfortable within its covenants. He was just not sure why Reed Elsevier would want to put that information into the public domain. Regarding the third question on remuneration, the **Chairman** noted that Mr Ton Rennen was right and that Reed Elsevier had said before that it would monitor the developments in the UK as well. The **Chairman** indicated that the Meeting and the annual general meeting in the UK the next day had a number of resolutions which were identical. Those only related to the re-election of the directors. The **Chairman** added that all the other resolutions were slightly different in one way or another. He noted that what Reed Elsevier had tried to do was to present a set of resolutions to the Meeting which complied with Dutch practice and present a series of resolutions in the UK that complied with British practice. Those two practices were not quite the same. He further said that there were tighter votes to be put on the specific remuneration policy changes to a Dutch annual general meeting than there were to a British one. The **Chairman** pointed out that the British annual general meeting had required an overall vote on the remuneration report. He added that that was again up for review and that the British government had got various consultation documents, just to highlight that the practice in the UK would evolve as well. The **Chairman** said that he was sure there would be evolution here as well and that Reed Elsevier was not currently minded to put all the remuneration votes that were required at the Meeting to the London one, nor all the ones that are required in London to this Meeting. He could imagine that such procedure would be an unnecessary lengthening and complication of the meeting. On the other hand the **Chairman** confirmed that if practice developed that way or if the rules changed that way, then of course Reed Elsevier would consider it.
On the question of link to sustainability, the **Chairman** said that Reed Elsevier was quite specific in having at least one personal objective of each executive team member, which was directly linked to the corporate social responsibility objectives of the company. He elaborated that it was hard to know exactly where to pitch that but Reed Elsevier had introduced it some years ago and continued to take it very seriously. The **Chairman** noted that sustainability generally, the longer term welfare of the company and its stakeholders was very much in the mind of the supervisory board through the whole management process and in the remuneration policy. The **Chairman** then asked Mr Erik Engstrom whether he would like to address the boycott question.

Mr Erik Engstrom responded to Mr Rennen's second question by indicating that Reed Elsevier took it very seriously when any of their stakeholders had concerns about Reed Elsevier's substantial support for the research community. **Mr Erik Engstrom** pointed out that as soon as this particular petition emerged earlier this year, Elsevier had pro-actively engaged with the relevant academic community stakeholders, including researchers, reviewers and editors to make sure Reed Elsevier fully understood, and could address, their specific concerns. **Mr Erik Engstrom** addressed a few other points that might have come up in that petition that Mr Ton Rennen mentioned earlier. For example, Reed Elsevier's price levels were around the industry average on a per article basis. He added that over time, the value Reed Elsevier delivered to its customers had increased substantially. Moreover, the cost per article downloaded had decreased significantly over the past decade in the way Reed Elsevier currently provided them. He added that Reed Elsevier's current subscription-based licensing models each year delivered around six hundred million (600 million) article downloads to its ten million (10 million) research customers and that Reed Elsevier's current active customer number globally, as well as the subscriber choices under that umbrella of subscription models, were very wide and very varied in terms of individual title purchase, subject area and broad collections. **Mr Erik Engstrom** also noted that of course the majority of it was in multi-year electronic collections nowadays. Every single year many of Reed Elsevier's customers opted into its broad collections because they thought it offered them significantly improved value and every year a very small number of customers opted out because they did not believe that that specific value or proposition was appropriate for them, and they did something different in one of our other choices. The so-called open access that Mr Ton Rennen mentioned was an umbrella term that was really used to refer to several different concepts and business models where a journal article or the author manuscript was available for free even to non-subscribers and their institutions. **Mr Erik Engstrom** noted that Reed Elsevier actually offered a wide range of options to authors that fell under this umbrella; it had done so for a long time. For example, individual authors had been allowed to voluntarily post their accepted manuscripts on their own websites from Reed Elsevier from two thousand and four onwards, which was a very long time. Over twelve hundred (1,200) of Reed Elsevier's journals offered authors or institutions the option to sponsor access to their articles for non-subscribers, so a model of author-paid on an article basis. Reed Elsevier had also introduced several author-paid journal titles so that Reed Elsevier was engaged in all different types of models that one would consider falling under the open access umbrella. **Mr Erik Engstrom** added that the interest levels from the different scientific community was different depending on what discipline someone came from and what someone's objectives were. **Mr Erik Engstrom** pointed out that it might also be worth mentioning that while Reed Elsevier had been taking this petition very seriously and had been engaging directly with its stakeholders to make sure it fully understood and addressed all their concerns over the past few months, Reed Elsevier had also continued to see strong growth in the number of articles submitted to its journals, further growth in usage and that the quality of what it had published had continued to increase over the last twelve months, even measured by external bench marks. Hence **Mr Erik Engstrom** said that Reed Elsevier did not at all underestimate what was going on in the scientific community; as a matter of fact it was something Reed Elsevier had been very engaged in over a period of time and would continue to do so.

Mr Ton Rennen then reflected on the Chairman's and Mr Erik Engstrom's answers. He wanted to ask Reed Elsevier's attention for the fact that not publishing information on bank covenants was in fact not best practice anymore and that for shareholders it was really relevant information and therefore he wanted to put a strong call upon Reed Elsevier to consider this.

Mr Ton Rennen went on to state that regarding the remuneration policy, the Chairman had indeed said there were differences between the UK and the Netherlands. However, in the UK they were also proposing to give a vote for the remuneration policy, whereas in the Netherlands the shareholders had no separate vote for the remuneration report. **Mr Ton Rennen** went on to say that they thought that it was really evolving that way and that they would very much appreciate such alignment for Dutch shareholders. Regarding the sustainability performance targets linked to remuneration, **Mr Ton Rennen** said that Reed Elsevier completely left shareholders in the blind about what things it was taking into account. He said that the Chairman just mentioned, as in the report, that there was at least one subject that Reed Elsevier took into account. He wanted to know what subject this was, what targets Reed Elsevier would have in mind and what would happen if this target is met or not. **Mr Ton Rennen** said that he would really welcome this information in more detail than there was now. On the last subject, he would like to take away perhaps a misunderstanding that he would agree with the protesters, but that he just noted that there was a major boycott ongoing which really could impact the Reed Elsevier business and that he had missed more thorough elaborations on the business models that Reed Elsevier could follow and that Reed Elsevier already did follow. These things were also part of the future; it was important that Reed Elsevier would give more information on the way it moved forward. **Mr Ton Rennen** then thanked the Chairman.

The next question came from **Mr Keyner**, representing the VEB, the Dutch Shareholder Association, also speaking on behalf of a number of retail investors who collectively owned just over two hundred and fourteen thousand (214,000) shares. **Mr Keyner** had several comments relating to (i) Reed Elsevier's bank covenants (ii) the remuneration policy and (iii) Reed Elsevier's results in two thousand and eleven. **Mr Keyner** first concurred with a lot of the comments from

Mr Ton Rennen. **Mr Keyner** said that the bank covenants were really a key issue these days and that he could not stress enough the importance of this information for shareholders. **Mr Keyner** said that the shareholders needed to understand the risk profile of their investment. Especially in these days it was important what kind of deals, what kind of exact agreement Reed Elsevier had with the banks, and other parties which may have been financing the company. **Mr Keyner** added that it was even more important for Reed Elsevier, since it did not have a lot of debt. **Mr Keyner** therefore urged Reed Elsevier to really reconsider its decision in this case. Regarding the remuneration policy, **Mr Keyner** also agreed with Mr Ton Rennen. He said that he, on behalf of the VEB, had also asked the Chairman last year to make this a separate agenda point, as the long discussions about remuneration distracted from all the strategic discussions and the financial discussions which also need to be done in the annual general meeting. It would streamline the discussion in a much more efficient way. He noted that the VEB also believed that the remuneration system of Reed Elsevier was extremely complex, even more complex than Shell which probably earned the silver medal. **Mr Keyner** said he did not see any reason why this kind of complexity was needed and that it took him a while to understand what the maximum compensation or bonus would be for the chief executive. He asked whether this was seven base salaries, nine or ten? **Mr Keyner** said he just did not know, and did not understand. He could not believe that this complexity was on purpose and he also could not believe that a system like that really made Reed Elsevier´s executives work harder or better, that times had changed and that they were not in the nineties anymore. **Mr Keyner** said that he did not think that if you would grant one million pounds (£1,000,000) fixed salary to the chief executive and one million euro (€1,000,000) to the other executives, they would work less hard or worse than they were doing right now. **Mr Keyner** then asked what the point was of having this kind of very complex system with outrageous bonus potential? He said that if Reed Elsevier thought that this helped the shareholders in the long run he would ask Reed Elsevier to look backwards. Reed Elsevier had had a very complicated and generous remuneration system for a long time and wondered how much that had helped, looking backwards, to shareholders and to the share price? He thought that the result was very poor. **Mr Keyner** then put forward another comment, that the results were reasonable, but reasonable at best. He said that the kind of words Mr Erik Engstrom was using like ‘cash flow is very strong, profits are very strong’ when in fact it was not strong. **Mr Keyner** continued that if the operating cash flow dropped by one per cent. (1%) in constant currencies, it was not a strong performance, unless Reed Elsevier feared that it could have been much worse, which would mean that the risk profile of Reed Elsevier was much higher than it had assumed so far. He was wondering why Mr Erik Engstrom used such positive optimistic words when the financial results and

the growth rates were so low or even negative? What was the reason behind that? He then concluded that he would come to the financial questions later on.
The **Chairman** responded to Mr Keyner's last question. It is hard to judge when 'good' is 'good', when 'strong' is 'strong', but that the cash flow performance of Reed Elsevier was naturally strong because it converted profit into cash at a rate which was very high. The Chairman indicated that there were not many companies around which converted profit into cash in the ninety (90) to one hundred per cent. (100%) range. Rather than comparing it year by year, the **Chairman** said he was talking about converting profit into cash at a very high rate.
Mr Keyner replied that if cash flow would increase by ten per cent. (10%), what would the number be? Astronomical? He was not saying that this was easy in their business, but that using words like strong might give investors a wrong impression about the growth potential of Reed Elsevier. **Mr Keyner** continued that not presenting the information about bank covenants, might not give shareholders the complete picture about the risk profile of Reed Elsevier. **Mr Keyner** said that in terms of growth potential as well as risk profile, he felt that they were not getting all the information they needed or maybe the information was sugar coated.
The **Chairman** responded that he would be very interested in Mr Keyner's specific comments on the risks that were laid out throughout Reed Elsevier's Annual Report in several places but specifically gathered together in the pages 48 to 50 of the Annual Report. The **Chairman** said he thought they were pretty specific and pretty straight forward and that Reed Elsevier were not sugar coating anything and that those were the risks as they saw them. The **Chairman** then added that Mr Keyner might see them differently and of course he had a right to do that, but the Chairman did not think there was any sugar coating going on. The **Chairman** pointed out that Reed Elsevier had come out of a very difficult period as Mr Erik Engstrom was saying in two thousand and nine, partly self-inflicted, partly market-inflicted and Reed Elsevier had developed reasonably well since then, for instance the cash flow strong performance. The **Chairman** said he did not think that two per cent. (2%) growth of sales was described as strong sales growth. **Mr Keyner** then asked whether the chief executive and other executives would work less hard or leave Reed Elsevier immediately if the remuneration system was changed into something very straightforward, without any bonuses. The **Chairman** replied that he would be interested in getting the Chairman of Reed Elsevier's remuneration committee to comment on that. He added that the level of compensation that Reed Elsevier was providing was in Reed Elsevier's view a competitive level of remuneration, having taken into account the size and complexity of the organisation. The **Chairman** stressed that appointing someone who was unqualified and inexperienced would probably have been the single worst thing one could have done to an organization. **Mr Keyner** then said that he fully agreed with that, but that was not the alternative he was indicating. **Mr Keyner** said that the question he was asking was whether the

current executives would leave if they would only be given a very high fixed salary without any bonus and whether they would work as hard or as effectively as they were doing right now. The **Chairman** responded that this was a hypothetical question that he could not answer. **Mr Keyner** then said that if Reed Elsevier had decided to create a very complicated compensation system, there must have been a reason behind it. Reed Elsevier must have assumed that these kind of very high potential bonuses would make the executives work very hard or much harder. The **Chairman** said that from his perspective, he inherited a level of compensation in Reed Elsevier which he judged to be more or less competitive relative to other similarly complex organisations around the world. He added that he would be interested in Mr Mark Elliott's comments and invited Mr. Mark Elliott to reply. **Mr Mark Elliott** answered that the first point would be that they all believe that the total compensation in the system was appropriate if the aim is to attract the kind of leaders that they wanted for this company. The risk of losing Reed Elsevier's leaders as a result of cutting their income by eighty per cent. (80%) seemed to be an unwise thing to do. **Mr Mark Elliott** then pointed out that three (3) years ago there had been an unprecedented level of consultation with Reed Elsevier's shareholders by talking to almost forty (40) of them individually asking for their input on the structure of the long term plans and that indeed a number of changes had been made to reflect their input. He concluded it had been approved by a very large percentage of shareholders and this was the same plan that Reed Elsevier had been running on ever since. **Mr Keyner** then suggested to work with some interim system while waiting for the next system to arrive. He suggested for Reed Elsevier to consider coming up with a simple system and asking the opinion of shareholders about that, so as to give them an alternative, and if the shareholders in large majority said that they wanted more complexity and more growth as far as bonuses concerned **Mr Keyner** would be more than happy to adhere to the decision of the shareholders. He did not think this kind of alternative had been provided to the shareholders in the past. The **Chairman** indicated he would like to address this comment and stated that he had been involved in such a process – with a different company – where shareholders had been engaged in such a discussion, which had led to a very complex structure as well. **Mr Mark Elliott** added that Reed Elsevier intended to do a full consultation over the course of the next year before introducing new systems.
The next question came from **Ms Branderhorst** representing the VBDO, the association of investors for sustainable development. **Ms Branderhorst** had three questions relating to (i) human rights, (ii) climate and (iii) remuneration, but since the latter had already been discussed **Ms Branderhorst** only wanted to state that the VBO completely sided with the sentiments of Mr Keyner and Mr Ton Rennen. Regarding the first question, **Ms Branderhorst** asked whether Reed Elsevier followed the developments regarding the two thousand and eleven amendment of the OECD guidelines for multinationals consistent with the UN Guiding Principles

on Business and Human Rights and if so, whether this had any concrete consequences for Reed Elsevier's policy. **Ms Branderhorst then** asked whether there was a concrete plan for Reed Elsevier to improve its scores on the carbon disclosure project, which reports on the CO_2 emissions for multinationals. **Ms Branderhorst** also complimented Reed Elsevier for its leading position. The **Chairman** thanked Ms Branderhorst for the compliments on the carbon disclosure issue and stated that Reed Elsevier took these things very seriously. He added that Reed Elsevier was a committed supporter of human rights and had been a signatory of the UN Global Compact for a long time. The **Chairman** further answered that of course a lot had to be done through the suppliers of Reed Elsevier rather than through Reed Elsevier and that this was something where the CSR team was continuously trying to sign up more suppliers and to keep up to date with suppliers as they changed. The **Chairman's** own experience was that the sub-suppliers of suppliers was the most difficult area in this respect, but that Reed Elsevier had tried very hard to keep up and that Reed Elsevier's track record had been reasonably good as well. Replying to **Ms Branderhorst**'s question about the amendments of the OECD guidelines, the **Chairman** answered that he was not familiar with that and that Reed Elsevier's CSR team could certainly engage on this matter. He then asked whether Mr Mark Armour had anything to add on this topic. **Mr Mark Armour** suggested a separate meeting with the CSR team. **Ms Branderhorst** asked whether the CSR team could also comment on the second question about carbon disclosure. **Mr Mark Armour** answered that he thought that the report showed that Reed Elsevier had actually received a lot of plaudits for the amount of disclosure that Reed Elsevier did. Reed Elsevier was very much engaged with all the communities, including around carbon disclosure, to make sure that Reed Elsevier could evolve its disclosures that best fitted its industry. He thought Reed Elsevier had managed to do quite well. He further stated that in the disclosures Reed Elsevier had made in this year's report, a lot more disclosure and segmentation of that disclosure could be seen than in the past. **Mr Mark Armour** added that Reed Elsevier's goal was to continue to develop that, as information gets better and as the disclosure regime evolves. He therefore thought there would be a continued progress regarding the carbon disclosure.

Mr Mark Armour continued that he would like to make a comment on the financial covenants. The vast majority of Reed Elsevier's debt was through public bonds, which did not contain any financial covenants. He said that therefore, the financial covenants really related to Reed Elsevier's revolving credit facility which was 'on call' and used as a backup line for its commercial paper. He added that Reed Elsevier had very favourable covenants and would like to keep it that way, which was why the covenants were commercially sensitive. **Mr Mark Armour** elaborated that if Reed Elsevier would disclose what it had, then everybody would want it and

Reed Elsevier would not get it. **Mr Mark Armour** concluded that there were commercial reasons why it was appropriate to maintain the current approach.

The next question came from **Mr Visser**, who had a question about the developments in China. He had learnt that the Beijing office was developing very actively because some Dutch employees had been sent to work there. Also, he learnt that a number of preferred supplier arrangements had been concluded with the Chinese government agencies and universities for supplying scientific information.

The **Chairman** thanked Mr Visser for his question and invited **Mr Erik Engstrom** to address the question. **Mr Erik Engstrom** answered that China was of course a very large part of the global economy today and therefore also a very large part of many other markets that Reed Elsevier operated in. He added that Reed Elsevier had been active in China for a very long time and that the Chinese input into Reed Elsevier's global scientific publishing arm was over ten per cent. (10%) of the global volume of what Reed Elsevier published. He then pointed out that China was also the world's largest publishing market by volume, which meant that Reed Elsevier needed to be engaged in different ways. He further stated that Reed Elsevier saw China as a large source of information as well as a large customer base.

The **Chairman** noted that the discussion of the annual report for two thousand and eleven was concluded as there were no further questions.

3. Adoption of the 2011 annual financial statements.

The **Chairman** proceeded to the adoption of the annual financial statements for two thousand and eleven as contained in the Reed Elsevier annual reports and financial statements for two thousand and eleven. He informed the Meeting that the financial statements were drawn up by the Executive Board and audited by Reed Elsevier's external auditors Deloitte Accountants B.V., Amsterdam, who had issued an unqualified opinion. The **Chairman** reported that first the Audit Committee had discussed the financial statements with the Executive Board, the Supervisory Board and the external auditors and subsequently the financial statements had been discussed by the Executive Board and the Supervisory Board with the external auditors both from Amsterdam and the London offices of Deloitte. The **Chairman**, on behalf of the Executive Board, proposed to the shareholders' meeting to adopt the annual financial statements for two thousand and eleven and the proposed allocation of the net results, such in accordance with article 105 subsection 3 of Book 2 of the Dutch Civil Code and article 31 subsection 1 of the articles of association. On the Chairman's question whether there were any questions or remarks on the financial statements, **Mr Keyner** indicated that he had a number of questions about the financials. The first one was about wording, since Mr Keyner was of the opinion that the Chairman was using too optimistic words when for example concluding that the balance sheet was strong. He wondered how that was consistent with the amount of goodwill and intangible assets on Reed Elsevier's balance sheet. He pointed out that last year, one of Reed Elsevier's competitors, Thomson Reuters, had to write off a couple of billion euros. **Mr Keyner** asked whether the Chairman had some kind of scenario, which described what would happen financially to Reed Elsevier if thirty per cent. (30%) of the goodwill intangible assets had to be written off. What kind of extra interest would have to be paid? The **Chairman** answered that he would ask Mr Mark Armour specifically to answer that question and added that he thought that it was a legitimate scenario to look at certainly. He emphasized that he thought it was a very low probability scenario. **Mr Keyner** replied that although there might be a low probability, the potential impact would be high, and that he would like to understand how high this impact would be. **Mr Mark Armour** indicated that first, he would like to comment on the balance sheet. He noted that Reed Elsevier was a publishing company, an information provider and therefore most of Reed Elsevier's assets were really intangible. He explained that since Reed Elsevier did not manufacture goods and did not have factories and plants and things of that order, he thought the nature of the asset was a feature of the industry Reed Elsevier was in. He emphasized it was all about business being sustainable in the long term and generating cash. **Mr Mark Armour** added that the biggest single component of Reed Elsevier's revenues were subscriptions, long multi-year subscriptions, because people really valued Reed Elsevier's information and needed it in order to be successful. So, people subscribed on a long term basis and even though Erik Engstrom pointed out the difficulties Reed Elsevier had in two thousand and nine with the recession, its core subscription businesses had come through that pretty well and had continued to generate a huge amount of cash. **Mr Mark Armour** pointed out that in two thousand and eleven Reed Elsevier had generated an operating cash flow of one point seven billion euros (€1,700,000,000) and after interests and tax it had generated one point one billion euros (€1,100,000,000), so its balance sheet strength was not a reflection of the goodwill and intangibles on it, it was a reflection of the power of the company to generate cash and to do it on a sustainable basis. He added that it was clear that if Reed Elsevier did not generate cash then it would have difficulties: the earnings would decline, the ratios would come under strain and Reed Elsevier would get downgraded as a company, its cost of debt would go up and it might have to sell businesses or do rights issues in order to continue as a company. **Mr Mark Armour** added that this was true for any company, whether it had physical assets or intangible assets. He concluded that if one looked at Reed Elsevier's business, its history and the market positions it had and the market it was in, Reed Elsevier was a very strong business and that this was the context he used the word 'strong' in. **Mr Keyner** replied that it was a strong business now, but that the question was what this meant: in two (2) years from now one might look backwards and conclude that it was less strong than assumed. Mr Keyner repeated that it had happened to Thomson Reuters as well, that had to write off three billion dollars ($3,000,000,000). **Mr Keyner** asked what the impact would be and whether Reed Elsevier would indeed have to sell other (healthy) parts of the businesses, or whether would it just be acceptable for Reed Elsevier to spend fifty or one hundred million euros per year extra on interest? **Mr Mark Armour** replied that even though Mr Keyner was talking specifically about Thomson Reuters' write-off, in essence a write-off of goodwill and intangibles did not affect cash flow in a single jolt, it was an accounting entry. He explained that because the value would have been lost and the money was paid out a long time ago, it was now in, for example, the debt programs and the write off would be the recognition that the expectations from that acquisition were not going to bear fruit. Hence, there would be a balance sheet adjustment, but it did not change the cash flow generating part. It was a reflection of decreased expectations of what that cash flow generation will be. **Mr Mark Armour** added that the other point he made was that because of the multi year subscriptions there was much more sustainability and visibility on cash flow than many other businesses. Therefore, the ability of the business to respond to changes in its market and in terms of balance sheet position and debt position was probably much greater than in many other industries and certainly many other parts of the media industry. He added that the key ratio for Reed Elsevier was net debt to EBITDA, and that even on a pension and lease adjusted basis Reed Elsevier was down at two point three (2.3) times at the end of last year and that it had been steadily coming down, which was why he thought he was entitled to say that Reed Elsevier had a strong balance sheet. **Mr Keyner** reacted that the question really was to what degree the business was more consistent, more predictable, more certain than it had been for Thomson Reuters and whether Thomson Reuters was more erratic in its business type. **Mr Mark Armour** responded that he thought Reed Elsevier and Thomson Reuters overlapped or that Reed Elsevier competed with Thomson Reuters in certain markets but not in others. He added that the write-off Thomson Reuters made was in the financial market sector where Reed Elsevier did not compete with Thomson Reuters. Therefore he would not comment on their business model in the financial markets. **Mr Keyner** said that he disagreed with Mr Mark Armour. He added that it would be more like seeing that cash generation was dropping. He said that the issue came from two sides: cash was not coming in as expected and at the same time the quality of the balance sheet was really going down. He asked what would happen if thirty per cent. (30%) of the goodwill in the tangible assets had to be written off, because the cash generation of that part of the business was dropping very suddenly. **Mr Mark Armour** answered that he thought they were saying the same thing and that typically, the write off was a recognition that the cash flow characteristics had been unlikely to meet the expectations that were set at the time of the acquisition. He added that the write off did not alter the cash flow generation at that time, and that it was merely a reflection of it. In terms of a company's positioning in its debt markets, it was looking at the cash generation that it produced today and was likely to produce in the future. **Mr Mark Armour** concluded that a write-off like that was an indication of overpayment for past acquisitions and/or a business not developing or getting into trouble in a way that was not anticipated. He stated that was the same in any industry. Mr Keyner agreed with this and Mr Mark Armour emphasized that the write-off itself did not alter the characteristic: it was a reflection of the characteristic. **Mr Keyner** replied that he thought Mr Mark Armour understood him well and that he would like to ask the question the other way around. He asked that if the cash generation were to drop consistently and afterwards Reed Elsevier had to write off, what would happen to the interest it would have to pay? Would this mean it would hurt and the profit per share would go down but Reed Elsevier would not have to do drastic things, or would Reed Elsevier have to sell healthy parts of the business? **Mr Mark Armour** then referred to his earlier answer to that point. If cash flow power came down by a third then clearly Reed Elsevier would have to address the situation through paying down debt more quickly, maybe having to raise money, maybe having to sell assets and that was absolutely no different from any other company that would see its business decline. **Mr Mark Armour** added that it was Reed Elsevier's job to make sure that did not happen and to continue to grow the business, which was what it was focused on. He continued that in Mr Keyner's hypothetical situation, if cash flow was cut by a third then Reed Elsevier would become more constrained and the cost of debt would go up and depending on this impact, action would have to be taken. But that was a statement of the obvious.

The **Chairman** asked if there were any other questions. Since there were no further questions, he asked everyone kindly to vote on the proposal to adopt the two thousand and eleven annual financial statements. The **Chairman** reminded the Meeting that number one was 'yes', number two was 'no' and number three was 'abstain'.

The **Chairman** noted that the annual financial statements for the financial year two thousand and eleven had been adopted by the meeting. He then thanked the meeting.

4. Release from liability of members of the Executive Board and Supervisory Board.

After that the annual financial statements had been adopted, the **Chairman** requested that in accordance with article 31 subsection 2 of the articles of association the Meeting should release the members of the Executive Board from liability for their management during the two thousand and eleven financial year and should release the members of the Supervisory Board from liability for their performance and in particular their supervision on the management. The **Chairman** noted that as regards its scope, the release of liability was limited to what was apparent from the annual report and financial statements and what was explained during the Meeting, as well as from other official disclosures by the Company.

The **Chairman** said that first he would put item 4A on the agenda to the vote. That was the release from liability for members of the Executive Board. After having asked whether anyone wanted to address the Meeting on that subject, the **Chairman**

invited everyone to vote. He noted that the proposal had been accepted and that members of the Executive Board had been released from liability.
Next the **Chairman** put item 4B on the agenda to the vote, which was the release from liability of members of the Supervisory Board. After the **Chairman** had asked whether anyone wanted to address the Meeting on that subject, he invited everyone to vote on agenda item 4B.
The **Chairman** closed the voting and noted that the proposal had been accepted and that release from liability for the members of the Supervisory Board had been adopted by the Meeting.

5. Determination and distribution of dividend.

The **Chairman** moved on to the next item on the agenda, which was the determination and distribution of dividend. The Chairman noted that the summary of the legal rules in respect of dividend and profit allocation was on pages 45 and 182 of the annual reports.
The equalized final dividends proposed by the Combined Board of Reed Elsevier N.V. and the board of Reed Elsevier PLC were thirty-two point six euro cent (€ 0.326) for Reed Elsevier N.V. and fifteen point nice pence (£ 0.159) for Reed Elsevier PLC. Together with the interim dividend of eleven euro cent (€ 0.11) paid by Reed Elsevier N.V. on the twenty-sixth day of August two thousand and eleven, this equalled a total dividend in two thousand and eleven of forty-three point six (€0.436) euro cent. Compared to the prior year, this was an increase of six per cent. (6%). No share repurchases were made by either Reed Elsevier N.V. or Reed Elsevier PLC in two thousand and eleven. The equalized dividend proposal for Reed Elsevier PLC and Reed Elsevier N.V. implied a distribution in total of six hundred and three million euros (€ 603,000,000) to the shareholders of the parent companies, representing approximately forty-nine point four per cent. (49.4%) of the two thousand and eleven free cash flow. The **Chairman** noted that the dividend proposal was in accordance with the dividend policy approved by the general meeting in two thousand and five, whereby dividends should normally in the longer term be covered at least twice by adjusted earnings. He referred to the dividend paragraph on pages 3 and 45 of the annual report and provided the Meeting the opportunity to discuss the dividend proposal and to ask questions. Since there were no questions, the **Chairman** asked the Meeting to vote on the dividend proposal.
The **Chairman** closed the voting and noted that the dividend proposal had been adopted. He said that the final dividend payable would be payable on the twenty-first day of May two thousand and twelve and the shares would be traded ex dividend from the twenty-sixth day of April two thousand and twelve. He also noted that the dividend proposal would be published in Het Financieele Dagblad on the twenty-sixth day of April two thousand and twelve.

6. Appointment of external auditors.

Next, the **Chairman** informed the Meeting that the Audit Committee had conducted a formal review of the performance of the external auditors during the audit for the financial year that had ended on the thirty-first day of December two thousand and eleven, the effectiveness of the audit process and of the independence of the external auditors in respect of the Board. The **Chairman** noted that this year the annual review of the out performance of the external auditor had been an extensive process. A triennial Client Service Assessment had been conducted involving interviews with Reed Elsevier management across the business, and with the Chairman, the Chief Executive and the Chairman of the Audit Committee. A survey had been conducted across twenty-five (25) senior members of the Reed Elsevier finance community most closely engaged in the audit process. He said that finally, the Audit Committee had considered the report of the AFM relating to the review of the big four and Deloitte in particular and had discussed this report with Deloitte. Based on these reviews and after discussion within the Audit Committee, it had been considered that Deloitte was performing satisfactorily as external auditor. On the basis of this review and the subsequent observations on Deloitte's planning and execution of the audit work, the Audit Committee had recommended the re-appointment of Deloitte Accountants B.V. as external auditors of the Company for the audit of the financial statements and results for two thousand and twelve. The **Chairman** noted that in accordance with the Audit Committee's recommendation, the Supervisory Board had proposed that Deloitte Accountants B.V. of Amsterdam, would be re-appointed as the company's external accountants for a period that would cease at the Annual General Meeting in two thousand and thirteen. The **Chairman** explained that for the audit of the results and financial statements of the Reed Elsevier combined businesses, the external auditors would co-operate with Deloitte LLC London, who were proposed to be re-appointed the next day by the annual general meeting of Reed Elsevier PLC. After the **Chairman** had offered the Meeting to address any questions, **Mr Keyner** asked the Chairman to allow him to ask the external auditor a couple of questions.

Mr Keyner said that first he would be interested to know whether the external accountant considered the assumed returns on equities for the pension scheme of eight point seven per cent. (8.7%) every year to be prudent. Mr Keyner added that he was sure it was allowed, otherwise the external accountant would not have signed the annual report, but whether the external accountant would consider that to be prudent? Next, **Mr Keyner** indicated that secondly, he would like to hear the accountant confirm that he did not have any concerns about the goodwill and the intangible assets of Reed Elsevier.

The **Chairman** thanked Mr Keyner for his questions and asked Mr Van der Veer, the chairman of the Audit Committee, to comment on these two questions and indicated that maybe he would also ask the external auditors to comment on these questions.

Mr Ben van der Veer thanked the Chairman and said that the first thing he wanted to make sure was that Mr Keyner would understand that the external auditors had given their unqualified opinion together with the financial statements. He added that they had extensive discussions with Deloitte in all of the Audit Committee meetings during the year which were quite intense, productive and constructive. He added that if the external auditors gave their unqualified opinion that covered all other information given with the financial statements. **Mr Ben van der Veer** added that the external auditors reviewed those kinds of issues, but as Mr Keyner also asked this specific question last year he would like to refer to Deloitte's Mr. Anton Sandler who was present at this annual meeting. **Mr Ben van der Veer** added that given the constraint of giving an unqualified opinion whilst having only a limited ability to give a specific answer to Mr Keyner's question, Mr Anton Sandler would respond.
Mr Anton Sandler, auditor at Deloitte, thanked Mr. Ben van der Veer. He then went on to respond to the questions raised. He responded that consistent with what had been discussed the external auditors performed the annual audit on whether the financial statements had been fairly stated in accordance with IFRS. He added that in those checks of the accounts and balances the external auditors also considered pensions and intangible assets and challenged management on the assumptions and the estimates made relating thereto. **Mr Anton Sandler** noted that, as was included in the external auditor's unqualified opinion, their conclusion was that the financial statements had been fairly stated.
Mr Keyner enquired whether Mr Anton Sandler believed that eight point seven per cent. (8.7%) return on equities every year was prudent or whether that was only allowed according to IFRS. **Mr Anton Sandler** responded that the external auditors were not going into specific elements of a specific account balance, because they did not report specifically on one element. He added that they reported on the financial statements as a whole and in the auditor's view the financial statements as a whole were fairly stated.
Mr Keyner thanked the Chairman. Mr Keyner stated that very often he received responses like: 'well, Mr. Keyner from the VEB, you see our signature so that says that we agree with whatever is said in there.' Mr Keyner added that however, at the same time there was of course a kind of confidentiality and that the auditor could not say everything he might have liked to. **Mr Keyner** added that of course the external accountant could ask for release from Reed Elsevier or from the Board, to be able to answer openly and directly to questions of shareholders on relevant matters and Mr Keyner said he believed personally that goodwill and intangible assets as well as the pension scheme of Reed Elsevier were very relevant issues. He then said that his question to Deloitte was whether they had asked the Board of Reed Elsevier for a release of confidentiality obligations, so that they were able to answer openly and honestly the questions on these matters. **Mr Chairman** replied that he thought that there was no need for Mr Anton Sandler to answer this question. **Mr Anton Sandler**

replied that he thought that was a formal question to the external auditors. He noted that he thought it was current practice in the Netherlands and also in accordance with the law that the external auditor would report to the Audit Committee and to the Board in general. **Mr Anton Sandler** added that and as he had said earlier, and as was apparent from the Audit Committee's report on the financial statements, the external auditors attended all Audit Committee meetings. **Mr Anton Sandler** noted that the external auditors had full and open discussions with the Audit Committee, which was the culture of the company, but also the way the external auditors liked to operate with them. **Mr Anton Sandler** explained that in addition they had so-called non-executive sessions, where the external auditor had a discussion with the non-executive directors without executive management being present, so that apart from what they had already extensively reported in writing and orally during the meetings, the external auditors also had private sessions with the non-executive directors. **Mr Anton Sandler** continued to explain that if there was anything Mr Keyner wanted to report to the external auditors then of course the Audit Committee and the Board would report in writing to the shareholders and respond to their questions. **Mr Anton Sandler** said that he understood Mr Keyner's question fully, as the external auditors had also been asked the same question at other general meetings, but that he thought the current practice was that they would stick to these guidelines and to this practice.

Mr Keyner asked whether the external auditor had requested permission for release, because it was one thing whether permission would actually be granted, but another question whether at least the external auditor had asked for it.

Mr Anton Sandler replied that it was not necessary for Mr Keyner to have asked that question. **Mr Keyner** then replied that VEB would vote against reappointment of this auditor and thanked the Chairman.

The Chairman thanked Mr Keyner and also thanked Mr Anton Sandler. He then asked whether there were any other questions.

Mr van Heekeren wanted to know whether the auditor in the Netherlands had issued an unqualified statement in conformity with the draft that was submitted to him to audit. **Mr Ben van der Veer** replied that he thought Mr van Heekeren was referring to the possibility that the external auditor would have draft statements and draft reports, after which they might have some issues and then have a second draft. He asked whether this was the background of Mr van Heekeren's question. **Mr van Heekeren** replied that he wanted to know whether the auditor had asked Mr Anton Sandler to make any changes before issuing his unqualified statement. **Mr Ben van der Veer** replied that he understood Mr van Heekeren's point and that with a company like Reed Elsevier, which was quite complex and international, the audit process followed more or less in the same time frame as the closing of the financial statements. He added that if during that closing process the auditors had come up with issues then they immediately addressed those and if appropriate and possible, adjusted them. **Mr Ben van der Veer** added that once they had discussed the financial statements with the final Audit Committee and Board, then everything was final and then the auditors did not come up with any more surprises. **Mr Ben van der Veer** noted that was not the practice they had at Reed Elsevier and it was not necessary. **Mr van Heekeren** replied that Reed Elsevier's Dutch annual general meeting did not get a report like the PLC got in England. He noted that all the Dutch shareholders had was a sort of statement from the auditor, qualified or unqualified – it was an unqualified statement in this case – but that was the difference with the UK. He noted it was very difficult to infer from the Report. **Mr Ben van der Veer** replied that he did not think there was any difference between Deloitte's reporting in the Netherlands for Reed Elsevier NV and Deloitte's reporting in the UK for Reed Elsevier PLC. He added that he thought there was no difference, apart from the wording and perhaps a couple of sentences but that was it. It was almost the same. The **Chairman** thanked Mr Ben van der Veer. The Chairman then asked whether the Meeting approved the proposal to appoint Deloitte Accountants B.V. of Amsterdam, and kindly asked the Meeting to vote.

After closing the voting on that point the **Chairman** noted that the proposal had been adopted and that accordingly Deloitte Accountants B.V., Amsterdam, had been appointed as the Company's external auditors until the annual general meeting in two thousand and thirteen. The Chairman explained that any additions to the appointment including the fixing of the remuneration of the auditors would be determined by the Supervisory Board in accordance with the proposals from the Audit Committee.

7. Composition of the Supervisory Board.

The **Chairman** turned to the next item on the agenda, which dealt with the composition of and changes in the Supervisory Board. In that respect the **Chairman** referred to the explanatory notes to the agenda and the biographical information concerning the candidates for re-appointment contained therein. Before dealing with the resolution, the **Chairman** pointed out that Reed Elsevier had announced on the sixteenth day of February two thousand and twelve that it was the intention of the Combined Board to have Mr David Brennan, a US citizen, appointed as a member of the Supervisory Board effective of the first day of November two thousand and twelve. The **Chairman** noted that to facilitate that appointment, it was necessary that the General Meeting of Shareholders appointed Mr David Brennan as a member of the Supervisory Board with effect from that date. He added that the Nominations Committee recommended to the Combined Board the appointment of David Brennan as a member of the Supervisory Board and as a non-executive director to the boards of Reed Elsevier PLC and Reed Elsevier Group Plc. The **Chairman** added that the Combined Board recommended Mr David Brennan's appointment in accordance with this recommendation. He noted that due to prior commitments,

unfortunately Mr David Brennan was not able to be present at the annual general meeting.
The **Chairman** stated that during two thousand and eleven, the Corporate Governance Committee had conducted a review of the functioning of the constitution of the Reed Elsevier Boards and their Committees. He noted that the Corporate Governance Committee had appointed an external evaluator to carry out an independent evaluation of the board's effectiveness. The **Chairman** said that based on their review, the Nominations Committee believed that the contribution and performance of each board member seeking re-appointment continued to be valuable and effective and that they each demonstrated commitment to their respective roles in Reed Elsevier. The **Chairman** said that accordingly, the Nominations Committee recommended the re-appointment of all Supervisory Board members, each of whom was eligible and had indicated his willingness to serve. In accordance with the recommendation of the Nominations Committee, the Combined Board recommended the re-appointment of these members of the Supervisory Board. The **Chairman** said that all complied with the independence criteria of the Dutch Corporate Governance Code. For further detail, the **Chairman** kindly referred to the explanatory notes in the agenda. He indicated that all vacancies on the Supervisory Board were filled in accordance with the profile adopted by the Supervisory Board. The **Chairman** then offered the Meeting the opportunity to raise questions on the re-appointments.
The **Chairman** observed that there were no questions, and so he proceeded to voting under agenda item 7A, the appointment of David Brennan. The **Chairman** closed the voting and established that the proposal had been approved and that David Brennan had been appointed for a maximum period of three (3) years, starting on first day of November two thousand and twelve and ending at the conclusion of the annual general meeting in two thousand and sixteen. The **Chairman** thanked the Meeting for their confidence and congratulated David Brennan on his appointment.
The **Chairman** noted that agenda item 7B related to the re-appointment of Mark Elliott. He asked whether anyone wished to address the Meeting on the recommended re-appointment of Mark Elliott. He noted that there were no questions and proceeded to voting under agenda item 7B, the re-appointment of Mark Elliott.
The **Chairman** closed the voting and established that the proposal had been approved and that Mark Elliott had been re-appointed for a one (1) year term which would be ending at the conclusion of the annual general meeting in two thousand and thirteen. The **Chairman** thanked the Meeting for their confidence and congratulated Mark Elliott on his re-appointment.
The **Chairman** noted that agenda item 7C related to his own re-appointment. He passed over to Reed Elsevier's senior independent director, David Reid, to deal with this agenda item.

Mr David Reid thanked the Chairman and asked whether anyone wished to address the Meeting on the recommended re-appointment of the Chairman. As there were no further questions, he proceeded to voting under agenda item 7C and invited the Meeting to vote on the re-appointment of the Chairman.

Mr David Reid closed the voting and established that the proposal had been approved and that the Chairman had been re-appointed, his current three-year term ending at the conclusion of the annual general meeting of two thousand and fifteen. He thanked the Meeting for their confidence and congratulated the Chairman and Reed Elsevier on the re-appointment.

The **Chairman** thanked David Reid and asked whether anyone wished to address the Meeting on the recommended re-appointment of Adrian Hennah. As there were no questions, the Chairman proceeded to vote on agenda item 7D and he invited the Meeting to vote on the re-appointment of Adrian Hennah.

The **Chairman** closed the voting and noted that the proposal had been approved and that Adrian Hennah had been re-appointed, his current term ending at the conclusion of the annual general meeting in two thousand and fourteen. The **Chairman** thanked the Meeting for their confidence and congratulated Adrian Hennah on his re-appointment.

Next the **Chairman** asked whether anyone wished to address the Meeting on the recommended re-appointment of Lisa Hook. There being no questions, he proceeded to vote on agenda item 7E.

The **Chairman** closed the voting and noted that the proposal had been approved and that Lisa Hook had been re-appointed, her current term ending at the conclusion of the annual general meeting in two thousand and fifteen. He thanked the Meeting for their confidence and congratulated Lisa Hook on her re-appointment.

As nobody wished to address the meeting on the recommended re-appointment of Marike van Lier Lels, the **Chairman** proposed to proceed to vote under agenda item 7F and invited the Meeting to vote on the re-appointment of Marike van Lier Lels.

The **Chairman** closed the voting and established that the proposal had been approved and that Marike van Lier Lels had been re-appointed, her current three-year term ending at the conclusion of the annual general meeting in two thousand and thirteen. The **Chairman** thanked the Meeting for their confidence and congratulated Marike van Lier Lels on her re-appointment.

As there were also no questions on the recommended re-appointment of Robert Polet, the **Chairman** proceeded to vote on item 7G, being the re-appointment of Robert Polet. He closed the voting and established that the proposal had been approved and that Robert Polet had been re-appointed, his current three-year term ending at the conclusion of the annual general meeting in two thousand and thirteen. The **Chairman** thanked the Meeting for their confidence and congratulated Robert Polet on his re-appointment.

As there were no questions on the recommended re-appointment of Sir David Reid, the **Chairman** proceeded to vote on item 7H, being the re-appointment of Sir David Reid. The **Chairman** closed the voting and established that the proposal had been approved and that Sir David Reid had been re-appointed for a one (1) year term ending at the conclusion of the annual general meeting in two thousand and thirteen. The **Chairman** thanked the Meeting for their confidence and congratulated Sir David Reid on his re-appointment.

Finally, he asked whether anyone wished to address the Meeting on the recommended re-appointment of Ben van der Veer. As there were no questions, the Chairman proposed to proceed to vote on agenda item 7I and invited the Meeting to vote on the re-appointment of Ben van der Veer.

The **Chairman** closed the voting and established that the proposal had been approved and that Ben van der Veer had been re-appointed for a period ending at the conclusion of the annual general meeting in two thousand and fifteen. Again, the **Chairman** thanked the Meeting for their confidence and he congratulated Ben van der Veer on his re-appointment.

The **Chairman** expressed his thanks to the Meeting for their confidence in all the candidates and said that he would like to move on to the next item on the agenda.

8. Composition of the Executive Board.

The **Chairman** then moved on to the following item on the agenda, which was the composition of and the changes in the Executive Board. The **Chairman** referred to the explanatory notes, the agenda and the biographical information concerning the candidates for re-appointment contained therein. The **Chairman** explained that based on the review of the Corporate Governance Committee and the external evaluator, the Nominations Committee believed that the contribution and performance of each board member seeking re-appointment had continued to be valuable and effective and that they each demonstrated commitment to their respective roles in Reed Elsevier. The **Chairman** moved on to say that accordingly, the Nominations Committee recommended the re-appointment of both members of the Executive Board and that both were eligible and had indicated their willingness to serve. The **Chairman** added that in accordance with the recommendation of the Nominations Committee and article 15, subsection 2 of the articles of association, the re-appointment of these members of the Executive Board was recommended by the Combined Board. In accordance with article 15, subsection 7 of the articles of association, the **Chairman** explained that the re-appointment would be for a period of three (3) years, starting at the conclusion of the annual meeting and ending at the conclusion of the annual meeting in two thousand and fifteen. The **Chairman** noted that there was no limitation on the number of times that members of the Executive Board could be re-appointed. The **Chairman** noted that with regard to Mark Armour, the re-appointment would effectively be until his retirement that was expected to commence at the end of two thousand and twelve.

After having said that, the **Chairman** asked whether anyone wished to speak on the supposed re-appointments. The **Chairman** observed that there were no questions and proceeded with the proposed re-appointment under item 8A and invited the Meeting to vote on the re-appointment of Erik Engstrom.

The **Chairman** closed the voting and noted that the proposal had been adopted and that Erik Engstrom had been re-appointed as a member of the Executive Board for a maximum period of three (3) years, thus ending at the conclusion of the annual general meeting in two thousand and fifteen. The **Chairman** added that the Executive Board would re-appoint Erik Engstrom as chairman and as Chief Executive Officer. The **Chairman** thanked everyone for their confidence in Erik Engstrom and he then congratulated Erik Engstrom with his re-appointment.

Next the **Chairman** kindly invited the Meeting to vote on the re-appointment of Mark Armour, under item 8B.

The **Chairman** closed the voting and established that the proposal had been approved and that Mark Armour had been re-appointed as a member of the Executive Board until his retirement, which was expected to start at the end of two thousand and twelve. The **Chairman** thanked the Meeting for their confidence and congratulated Mark Armour with his re-appointment.

The **Chairman** thanked everyone again for their confidence in the candidates for the Executive Board. He then congratulated both gentlemen and Reed Elsevier on the appointments.

9. Delegation to the Executive Board of the authority to acquire shares in the Company.

The **Chairman** continued with item 9 regarding the renewal of the delegation to the Executive Board of the authority to acquire shares in the Company. The **Chairman** noted that that was annually recurring business. The **Chairman** explained that in accordance with article 9 of the articles of association, the Company may acquire its own shares on the basis of a resolution of the Executive Board. The delegation of authority of the general meeting of shareholders would be required for this purpose, which delegation of authority would be valid for a maximum period of eighteen (18) months from the date of the Meeting. The **Chairman** noted that the General meeting granted the Executive Board the authority to acquire shares in the Company on the nineteenth day of April two thousand and eleven for a period up to and including the eighteenth day of October two thousand and twelve. The **Chairman** noted that in accordance with article 9 of the articles of association it was proposed to renew the authorization of the Executive Board to acquire shares in the Company through stock exchange trading or otherwise, for a period of eighteen (18) months from the date of the annual general meeting of shareholders and therefore up to and including the twenty-third day of October two thousand and thirteen.

The **Chairman** explained that this item was put on the agenda every year, as circumstances might occur where the Executive Board should have the authority to acquire shares in the Company. Although no shares were purchased under the delegation of authority last year and there were no plans to exercise the authority, it was considered prudent to maintain the flexibility that it provided, the **Chairman** said. He went on and proposed to grant the authority to the Executive Board to acquire shares in the Company through the stock exchange trading or otherwise for a period of eighteen (18) months from the date of the annual general meeting of shareholders and therefore up to and including the twenty-third day of October two thousand and thirteen for a maximum amount of ten per cent. (10%) of the issued capital, as stated in the articles of association. The **Chairman** noted that the prices applicable should be within the margins stated in the explanatory notes of the agenda. He then asked whether there were any questions on this proposal.

After having established that there were no questions, the **Chairman** proposed to vote.

The **Chairman** closed the voting and told the Meeting that the proposal had been adopted.

10. Delegation of the Combined Board as authorised body to issue shares, grant options and to restrict pre-emptive rights.

The **Chairman** went on and informed the Meeting that item 10 on the agenda was also annually recurring business. Both resolutions would renew authorities approved by the shareholders at the two thousand and eleven annual general meeting. He explained that under article 6, subsection 2 and article 7, subsection 4 of the articles of association, the annual general meeting may appoint the Combined Board as the authorised body to issue shares, to grant share options and thereby to restrict pre-emptive rights to existing shareholders. The **Chairman** said that pursuant to a resolution passed by the general meeting of shareholders on the nineteenth day of April two thousand and eleven, the designation of the Combined Board as the authorised body to issue shares and to grant rights to subscribe for shares as referred to in article 6 of the articles of association, was extended for a period expiring the eighteenth day of October two thousand and twelve. The **Chairman** noted that under agenda item 10A, the Combined Board recommended and proposed to the general meeting of shareholders for a period of eighteen (18) months from the date of this annual general meeting of shareholders and therefore up to and including the twenty-third day of October two thousand and thirteen, in accordance with and within the limits of article 6.2 of the articles of association, to designate the Combined Board as the authorised body to issue shares and grant rights to acquire shares in the Company, provided this authority would be limited to ten per cent. (10%) of the issued capital of the Company at close of trading on NYSE Euronext Amsterdam the day of the Meeting, plus an additional ten per cent. (10%) of the issued capital of the Company as per the same date in relation to mergers and acquisitions.

The **Chairman** continued and said that shares might be issued on exercises of share options that had been granted under authorities granted by the general meeting of prior years, since this was an implementation of existing commitments of the

Company that had been entered into before. The **Chairman** noted that item 10B was the necessary complement of the authority to issue shares and concerned a proposal to authorise the Combined Board as a corporate body entitled to restrict or cancel the pre-emptive rights of existing shareholders on an issue of shares or a grant of share options for a period of eighteen (18) months from the date of the Meeting. The **Chairman** added that it concerned issues of shares and grants of share options pursuant to resolutions of the Combined Board and the authority to restrict or cancel pre-emptive rights. It would also end on the twenty-third day of October two thousand and thirteen, the **Chairman** noted. He then asked whether there were any questions on items 10A and 10B. After having established that there were no questions, the **Chairman** invited everyone to vote on the proposal under item 10A, which authorised the Combined Board to issue shares and grant options.

The **Chairman** closed the voting and declared that the proposal had been adopted. Subsequently, he asked the Meeting to vote on the proposal in the explanatory notes to the agenda under item 10B, authorising the Combined Board to restrict or cancel pre-emptive rights.

The **Chairman** closed the voting and noted that again the proposal had been adopted.

12. Any other business.

Reaching the end of the Meeting, the **Chairman** gave the Meeting the opportunity to ask questions on any other business.

Mr Keyner asked whether there was any kind of consideration from the Chairman's part to grant Mr Mark Armour some kind of special allowance or golden goodbye or something similar, or for example an extra contribution to his pension scheme? The **Chairman** stated that the answer to that was 'no', and that Mr Mark Armour was retiring under the normal terms of the schemes that Reed Elsevier ran. **Mr Keyner** thanked Mr Chairman for his answer and asked whether in the search for Mr Mark Armour's replacement, Reed Elsevier was considering the possibility of providing a golden hello. The **Chairman** replied that he would exclude nothing in the search for somebody. He added that he did not think that would be a foolish thing to do, so the simple answer to that question was 'yes'. The **Chairman** added that it was simply because Reed Elsevier would go into the market and had to find the most suitable candidate, which is when Reed Elsevier would have to see what made sense. **Mr Keyner** thanked the Chairman.

It was then indicated that there was one more question about the minutes of the previous annual general meeting of shareholders. The question was whether in the future it would be an option to combine the UK and the Dutch annual general meeting of shareholders. The **Chairman** replied that his objection to that was that the two (2) formats of the two (2) annual general meetings were rather different. He added that he understood that Unilever might try to do a combined annual general meeting of the two parent companies and that Reed Elsevier would see how they did. The **Chairman** further stated that from his perspective, looking at the agenda of

the Meeting and the agenda of the annual general meeting in London, in the interests of lack of complexity, trying to do both of them at the same time would be quite hard. He said that they considered the review and whether it was practicable to have one annual general meeting rather than two.
Then the **Chairman** indicated that they had come to the conclusion of the Meeting. On behalf of the Combined Board, he thanked all shareholders for attending and participating, and in particular for seeing them through till the end. The **Chairman** invited those who were able to stay for a little while for some light refreshments. He kindly asked the shareholders to make their way to the foyer and to hand in the headphones and hand sets to the hostess when leaving the Meeting. Once more, the **Chairman** thanked everyone for coming.

13. Close of meeting.

No further questions or comments, the **Chairman** declared the Meeting closed at fourteen hours and forty-nine minutes post meridiem.

Voting results.

The exact results of the voting have been set out in a document that was provided to me, civil law notary, by the Company after the Meeting, a copy of which is attached to this deed (*Annex 2*).

Final.

In witness of the proceedings in the meeting the original of this deed, which shall be retained by me, civil law notary, was executed in Amsterdam, the Netherlands, on the sixth day of December of two thousand and twelve.
This deed was executed by Marrigje Elisabeth de Wilde, deputy civil law notary, born in Kampen, the Netherlands, on the twentieth day of March nineteen hundred and eighty-four, for the purposes hereof acting as attorney authorised in writing of the Chairman, which authorisation is attached to this deed, and which person is known to me, civil law notary, and by myself, civil law notary at Amsterdam.
(was signed) M.E. de Wilde; D.J. Smit.