

STICHTING PENSIOENFONDS ELSEVIER-ONDERNEMINGEN

Message to members, ex-employees and pensioners

Unofficial translation of an original document in Dutch

Amsterdam, 2 April 2009

Re: Recovery Plan

Dear Employee, Ex-Employee or Pensioner,

In February of this year, we wrote to you to inform you that the Elsevier Pension Fund Foundation (*Stichting Pensioenfonds-Elsevier Ondernemingen*, SPEO) was experiencing problems due to the persistent turbulence on the financial markets. As mentioned in this letter the funding ratio decreased to 84% at the end of 2008, significantly below the legal requirement of 105%.

We have also informed you that one of the options to restore the funding ratio of the funds, was a financial contribution by the employer.

Agreement with the employer

Over the last few weeks, we have been having intensive discussions with the employer in order to find a solution to the situation that has arisen. Last week we reached agreement; the employer has agreed to make a financial commitment of €54 million in the form of a cash contribution to be made available over the next five years in support of the short term recovery plan. This contribution helps the fund to restore the funding ratio to above the prescribed 105% by 31 December 2013.

Thanks to this financial commitment neither the accrued pension rights nor the pensions being paid out will have to be reduced as part of this recovery plan. However, during the recovery period, in principle a period of five years, it will not be possible for any indexation to be granted.

While the SPEO Board is extremely relieved that for now there is no necessity in the recovery plan to reduce either the pensions or the accrued rights, it deeply regrets the fact that in the coming years no indexation can be granted. Moreover, with developments in interest rates and capital markets, the current situation could still change, either for the better or for the worse.

Below, you will find an outline of the measures taken by the Board - in consultation with the employer - to strengthen the Fund's financial position.

Why is a recovery plan necessary?

SPEO is in a very difficult position; Dutch pension law prescribes a minimum funding ratio target of 105% within five years. The funding ratio is the ratio calculated from the invested capital and the pension liability, that is the total amount needed to pay out all accrued pension rights. Currently, SPEO cannot meet the 105% funding ratio requirement. Over the last quarter the funding ratio declined from 84% to approximately 80% per the end of March 2009.

Consequently, for the benefit of the Netherlands Central Bank (DNB), the Fund has compiled a recovery plan for the Fund; in this plan we explain how we intend to get SPEO back onto a sound footing. The recovery plan was submitted to the DNB on 31 March 2009.

Which measures were included in the recovery plan?

In the recovery plan the Fund demonstrates how it can restore the funding ratio to a position of 105% within a period of 5 years; in particular by means of the following measures.

- Maximum contribution of 17%: during the period of the recovery plan, the pension contributions will be maintained at the maximum of 17% of the salary sum.
- No indexation: there will be no indexation until the funding ratio is above 105%.

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- Employer's commitment: in the recovery plan account has been taken of the €54 million financial commitment from the employer.

Due to these measures, it is anticipated that the Fund's funding ratio will have reached the required level of 105% by 31 December 2013.

What is the employer's commitment?

The employer has indicated that it wishes to provide its support in preventing any reduction of the pension accruals and the pensions being paid out. Consequently, the employer has committed an amount of € 54 million that will be made available over the next five years and will help restore the funding ratio to a level above 105%. The amount will be paid to the Fund in five annual instalments until the 105% level is achieved. After that the payments will cease.

What are the implications regarding any reduction of my pension?

The employer's commitment means that, for now, neither the accrued pension rights nor the pensions being paid out will have to be reduced. However, the DNB has to be given regular feedback in respect of the progress of the recovery plan and supplementary measures would have to be taken if the Fund's recovery progress lagged behind the plan. Were this situation to arise, we have agreed with the employer that more discussions would be held in order to find a suitable solution. The intention of both the employer and the Fund is focused on avoiding any reduction of your rights.

How does this affect the indexation of my pension?

It is anticipated that over the next five years, i.e. as long as the funding ratio remains below 105%, there will be no indexation of your pension. Subsequently, very limited indexation may be possible. Under the current policy framework, complete indexation is only possible when the funding ratio is 130%. This means that in the coming 15 years without a significant recovery in asset values or favourable movement in interest rates your pension will either not be index-linked, or only index-linked to a very limited extent.

How does this affect value transfer?

Given the current funding ratio, value transfer has, for the time being, been suspended. This means that if you change employers your accrued rights cannot be transferred to another pension fund. This also applies to any pension claims accrued with another employer which you might wish to transfer to SPEO. Value transfers will only become possible again once the funding ratio has risen to over 100%. If you consider a value transfer we advise you to inform SPEO, so that the value transfer can be executed when conditions improve.

We trust this letter has answered all the most important questions. Should you have any remaining questions or wish to make a comment, please do not hesitate to contact us, either by telephone: 020-515 9499, or by e-mail: info@speo.nl.

On behalf of the Board of Trustees of SPEO



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