

16 Share option schemes

During the year a total of 405,812 ordinary shares in the company, having a nominal value of €0.02m, were allotted in connection with the exercise of share options. The net consideration received by the company was €3m.

Share options are granted under the Reed Elsevier Group plc Executive Share Option Scheme, the Reed Elsevier Group plc Senior Executive Long Term Incentive Scheme, and, prior to 1999, under the Reed Elsevier NV share option scheme. In addition nil cost options were granted to certain senior executives. Share options will generally be met by the issue of new Reed Elsevier NV shares. Certain share options will be met by the Reed Elsevier Employee Benefit Trust ("EBT") from shares purchased in the market.

A summary of the movement in share options is presented in the table below:

Issued in	Expiring in	Outstanding 1 January 2003	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding 31 December 2003	Exercise price range (Euro)
1998	2004 – 2008	1,245,040	–	–	681,208	563,832	12.50 – 15.70
1999	2004 – 2009	8,391,092	–	694,689	469,216	7,227,187	Nil – 17.07
2000	2004 – 2010	10,868,544	–	36,137	579,052	10,253,355	Nil – 15.70
2001	2006 – 2011	6,138,599	–	–	340,574	5,798,025	11.65 – 15.43
2002	2007 – 2012	6,058,445	–	–	262,884	5,795,561	11.97 – 16.00
2003	2006 – 2013	–	11,141,912	43,919	317,137	10,780,856	Nil – 11.04
Total		32,701,720	11,141,912	774,745	2,650,071	40,418,816	

The average exercise price of share options outstanding at the end of the year was €11.62 (2002: €12.36) and the average term of these options is four years (2002: four years).

17 Called up share capital

	Authorised		Issued and fully paid			
	No. of shares	€m	2003 No. of shares	€m	2002 No. of shares	€m
Ordinary shares €0.06	2,100,000,000	126	738,760,906	44	738,355,094	44
R-shares €0.60	30,000,000	18	4,679,249	3	4,679,249	3
Total		144		47		47

The R-shares are held by a subsidiary company of Reed Elsevier PLC. The R-shares are convertible at the election of the holder into ten ordinary shares each. They have otherwise the same rights as the ordinary shares, except that Reed Elsevier NV may pay a lower dividend on the R-shares.