



Reed Elsevier Interim Results 2007

Sir Crispin Davis
Mark Armour



2007 Interim Results: Highlights

Good momentum across the businesses

Growing impact of Online Solutions;
Digital revenues up 12%; now 45% of revenues

Firm progress on plans to drive further cost efficiencies

Harcourt Education sale on very good terms

2007: On track for minimum of 10% EPS growth*

** Adjusted eps growth at constant currencies*

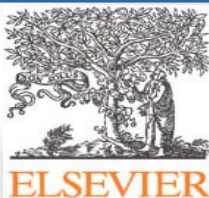
Focused Strategy

Deliver authoritative content through leading brands

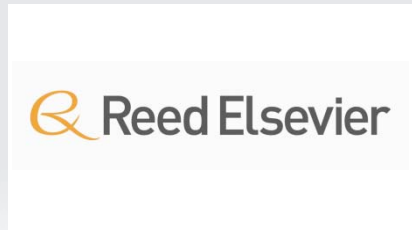
Drive online solutions

Improve cost efficiency

Upgrade portfolio



Deliver Authoritative Content Through Leading Brands



Developments to date in 2007

	Beilstein	THE LANCET.com		Procedures CONSULT
	Leading database of chemical compounds acquired	65% of journals increased impact factors Lancet and Cell widened lead	Breadth and depth of content expanded	

	New York online forms New Jersey specific research solutions LexisNexis® Tax Advisor Federal Topical			
	New specialist content	UK precedent and court forms added	Relunched with enhanced functionality and content	Content for small law firm business development

	New verticals on leading UK recruitment site	Relunched as largest general aviation website	Unique online content: daily video news; mini-sites for festivals; blogs; careers	Launch of leading Asian property show

Drive Online Solutions

Developments to date in 2007



MD | CONSULT

Relaunched with enhanced functionality and ease of use

GOLD STANDARD

Integrated with clinical diagnostic tools and workflow applications

 ScienceDirect

500 ebooks added, 56 titles from The Clinics series

evolve

Additional modules to extend reach of professional development online solution



LexisNexis Total Practice Advantage™

Content and workflow tools for small law in practice management and client development

LexisNexis® Concordance™

New 2007 version with greater ease of use and integration with Total Litigator

 **LexisNexis® Risk & Information Analytics**

New risk information and analytics offerings for commercial markets



eMedia

Expanding online direct marketing

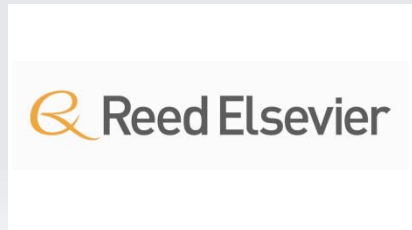
BuyerZone

Lead generation matching buyers and sellers

NewScientist

Leading online resource for science and technology news and features

Drive Online Solutions



Digital revenues up 12%; now 45% of revenues
Digital revenues: Exceed \$4 billion in 2007

\$bn



Improve Cost Efficiency

- Consolidation of data centres and IT support underway
- New Chief Technology Officer appointed

- Build stronger outsourcing capabilities
- Chief Outsourcing and Offshoring Officer appointed

- Move from coordinated to centralised purchasing
- Chief Procurement Officer appointed

- Detailed implementation plans under development
- Continuous margin development

Upgrade Portfolio

Build synergy and cohesiveness

Focus on attractive fast growth sectors

Financial discipline vs. established criteria

Upgrade Portfolio

Sale of Harcourt Education agreed

Acquisitions building content, solutions, global footprint

	<p>S&T</p>	<ul style="list-style-type: none"> • Beilstein (chemical compounds database); solutions to pharma-biotech market
	<p>Legal Solutions</p>	<ul style="list-style-type: none"> • Juris (US legal time and billing); expand Total Practice Solutions in mid size law firms • Datops (data analysis tools); expand business intelligence in news and business
	<p>Reed Business Reed Exhibitions</p>	<ul style="list-style-type: none"> • BuyerZone and DoubleTrade (online tender and lead generation); expand services across sectors • Emerging markets – Alcantara Machado (Brazil) and SinoExpo (China)

Upgrade Portfolio

Acquisition Performance: 2004-2006

All Acquisitions		Revenue CAGR*	2006 post-tax return	2007E post-tax return
Including:				
2004	Seisint, Saxon, Interface, Ordinate	18%	10%	12%
2005	MediMedia MAP, PC Law, Univentio, Examen	7%	6%	8%
2006	Gold Standard, HESI, Dataflight, Casesoft, Visualfiles, emedia	10%	5%*	8%

* pro forma basis from year prior to acquisition

Market environment positive

More cohesive business

Consistent focused strategy

Good business momentum

Significant online opportunity

Minimum 10% EPS growth targeted*

** Adjusted eps growth at constant currencies*



Mark Armour
Chief Financial Officer



2007 First Half Performance

Continuing Operations: Revenue +6%; Adjusted operating profit +10%

- Good revenue and profit performance across business
- Good subscription renewals and demand for online solutions
- Lower H1 contribution from biennial exhibitions; largely reverses in H2
- Operating margin up 0.8% pts

Total Operations: Adjusted earnings per share
Reed Elsevier PLC +1%; Reed Elsevier NV +0%; constant currency +8%

- Good revenue and operating profit growth from continuing businesses
- Small adjusted operating loss at Harcourt Education (2006 H1: small profit) in unrepresentative first half
- Currency translation impact of weaker US dollar

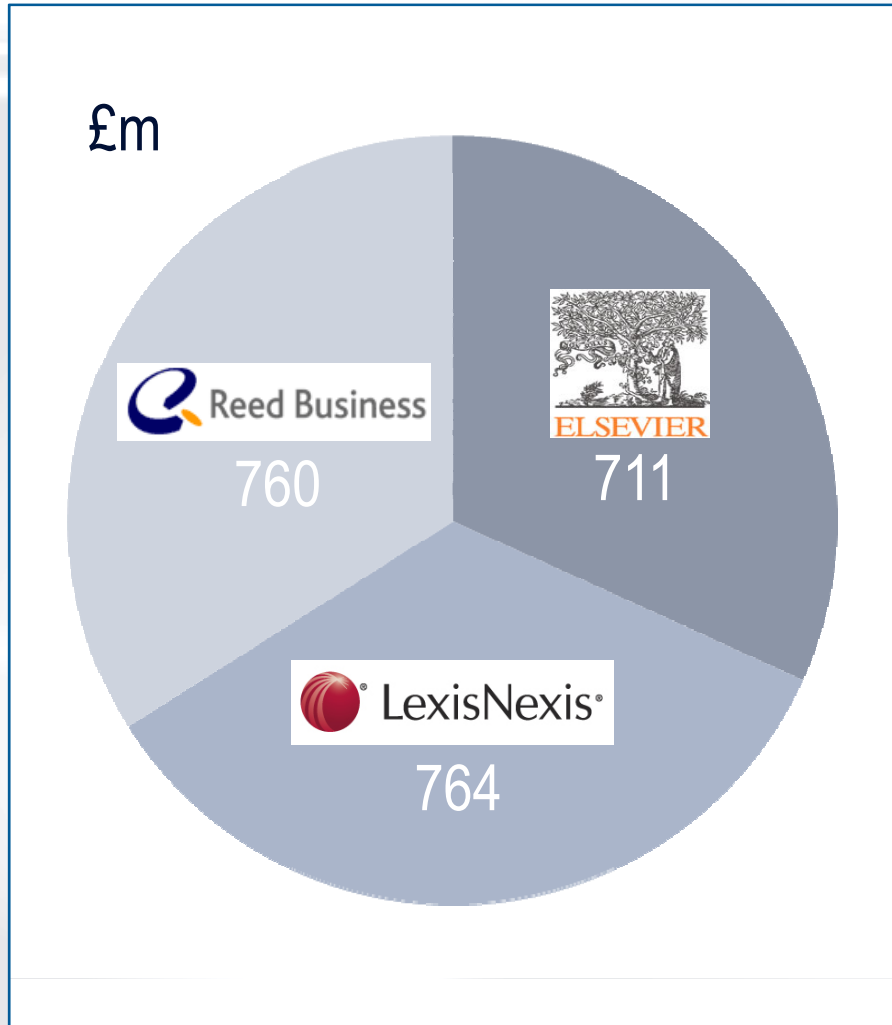
*Revenue and adjusted operating profit growth at constant exchange rates.
Results for Harcourt Education are presented as discontinued operations.*

Adjusted Profit and Loss Continuing Operations

6 months to 30 June	2007 £m	2006 £m	% change constant
Revenue	2,235	2,237	+6%
Adjusted operating profit	530	513	+10%
Adjusted operating margin	23.7%	22.9%	
Net interest expense	(70)	(77)	
Adjusted profit before tax	460	436	+12%

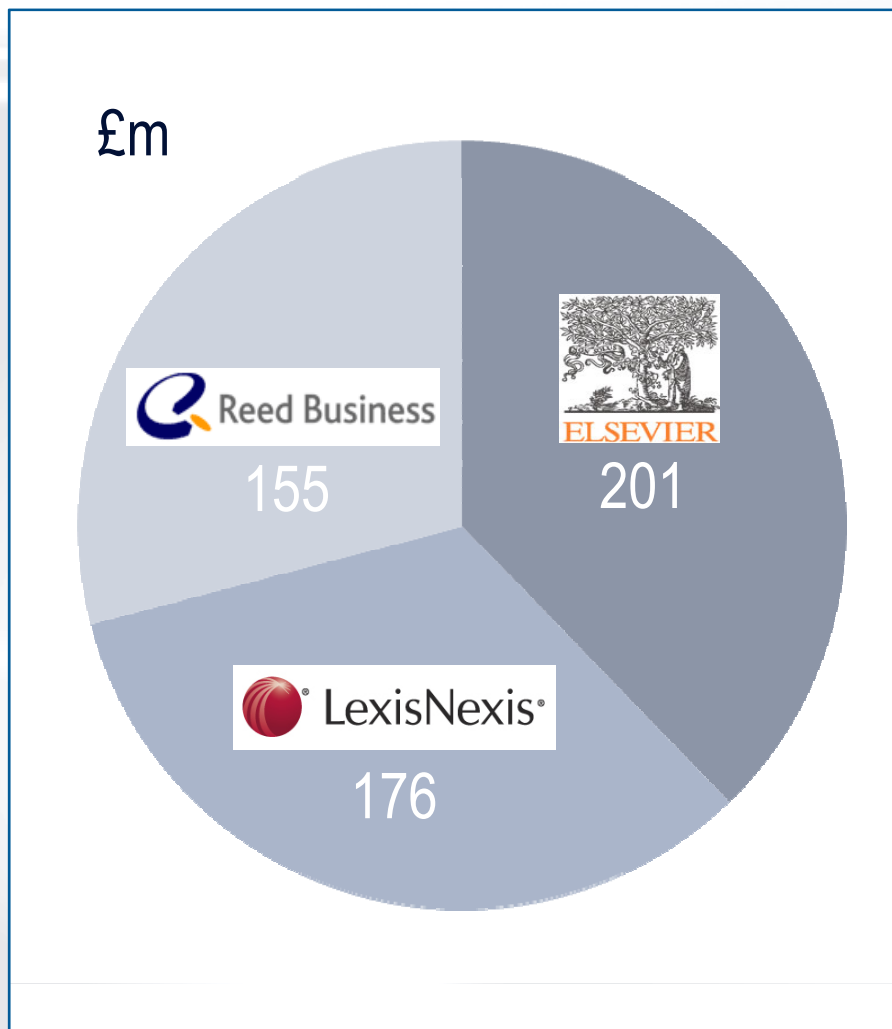
Adjusted figures are stated before amortisation of acquired intangible assets, acquisition integration costs and disposal gains

Revenue: Continuing Operations



6 months to 30 June	% change constant	
	total	underlying
Elsevier	+4%	+5%
LexisNexis	+8%	+6%
Reed Business	+6%	+6%
Continuing Businesses	+ 6%	+6%

Adjusted Operating Profit: Continuing Operations



6 months to 30 June	% change constant	
	total	underlying
Elsevier	+10%	+9%
LexisNexis	+13%	+11%
Reed Business	+7%	+4%
Continuing Businesses	+10%	+9%



6 months to 30 June	2007 £m	2006 £m	% change constant
Revenue	711	721	+4%
Adjusted operating profit	201	196	+10%
Adjusted operating margin	28%	27%	

- Underlying: revenues up 5%; adjusted operating profits up 9%
- Strong subscription renewals, growing online sales; good growth expected from H2 book publishing
- Margin up 1.1% pts: revenue growth, stable investment, cost efficiency and portfolio mix; reduced drag from currency

6 months to 30 June	2007 £m	2006 £m	% change constant
Revenue	764	768	+8%
Adjusted operating profit	176	169	+13%
Adjusted operating margin	23%	22%	

- Underlying: revenues up 6%; adjusted operating profits up 11%
- Strong subscription sales, new total solutions sales in US and internationally, good growth in risk and analytics and patent volumes
- 1.0% pts improvement in margin due to revenue growth and cost efficiency

Reed Business



6 months to 30 June	2007 £m	2006 £m	% change constant
Revenue	760	748	+6%
Adjusted operating profit	155	152	+7%
Adjusted operating margin	20%	20%	

Exhibitions

- Underlying revenues up 12%; profits down 4% reflecting show cycling
- Strong performance across portfolio

Publishing

- Underlying revenues up 3%; profits up 5% pre lower restructuring costs
- Strong online growth >20%; now 29% of RBI revenues
- Margin ahead through tight cost control

Adjusted Operating Cashflow: Continuing Operations

6 months to 30 June	2007 £m	2006 £m
Adjusted operating profit	530	513
Capital expenditure	(65)	(70)
Depreciation	76	73
	11	3
Share based payments	17	24
Working capital and other items	(79)	(108)
Adjusted operating cashflow	479	432
Cash flow conversion rate	90%	84%

Free Cashflow

6 months to 30 June	2007 £m	2006 £m	% change £	% change €
Adjusted operating cashflow	479	432	+11%	+12%
Interest and tax paid	(193)	(167)	+16%	+18%
Free Cashflow	286	265	+8%	+9%
Dividends	(299)	(269)		
Buybacks	(61)	(288)		
Share option proceeds	156	43		
Acquisitions (net of disposals)	(270)	(110)		
Cash outflow from continuing operations	(188)	(359)		
Cash outflow from discontinued operations	(43)	(182)		
Change in net debt from cashflows	(231)	(541)		

Harcourt Divestment

- Sale for \$950 million of Harcourt Assessment and Harcourt Education International businesses to Pearson
 - sale of International business largely completed
- Sale for \$4.0 billion of Harcourt US Schools Education businesses to Houghton Mifflin Riverdeep
- Assessment and US Schools Education subject to US regulatory approval; expected to complete by early 2008
- Total proceeds of \$4.95 bn: 3.0 x 2006 revenue; 20.8 x 2006 adjusted operating profit
- Net proceeds of circa \$4.0 billion to be returned to shareholders following completion of both sales; special dividend followed by share consolidation
- Broadly neutral to adjusted earnings per share

Harcourt Education: Discontinued Operations



6 months to 30 June	2007 £m	2006 £m	% change constant
Revenue	322	390	-10%
Adjusted operating profit	(12)	10	
Adjusted operating margin	-4%	3%	

- Underlying revenues down 8%
 - earlier product call in 2006
 - some weakness in supplemental and open territories
 - impact of prior year state testing contract losses
- Small operating loss
 - lower revenues and higher sales and marketing spend
 - improved operational efficiency at Assessment
- Strong share performance in adoptions; will come through as H2 sales

Adjusted Profit and Loss: Total Operations

6 months to 30 June	Continuing £m	Discontinued £m	Total £m
Adjusted operating profit	530	(12)	518
Interest	(70)	-	(70)
Adjusted profit before tax	460	(12)	448
Tax	(106)	(1)	(107)
Minorities	(1)	-	(1)
Adjusted profit attributable	353	(13)	340

Adjusted figures are stated before amortisation of acquired intangible assets, acquisition integration costs and disposal gains, and reflect a tax rate that excludes the movements in deferred tax assets and liabilities not expected to crystallise in the near term

Adjusted Earnings and Dividends: Total Operations

	Reed Elsevier PLC		Reed Elsevier NV		% change constant
Adjusted EPS	14.3p	+1%	€0.32	0%	+8%
Equalised dividends	4.5p	+10%	€0.114	+12%	

Adjusted figures are stated before amortisation of acquired intangible assets, acquisition integration costs and disposal gains.

2007 Outlook



- Continued momentum: good subscription renewals, strong book programme, growing online sales



- Positive outlook: growing demand for online services and total solutions, and risk information and analytics



- Good H2 growth: cycling in of biennial shows; continued online growth more than offsetting print decline

On track to deliver 2007 target



Appendices



From print...



From information...



From local...



...to online



...to solutions



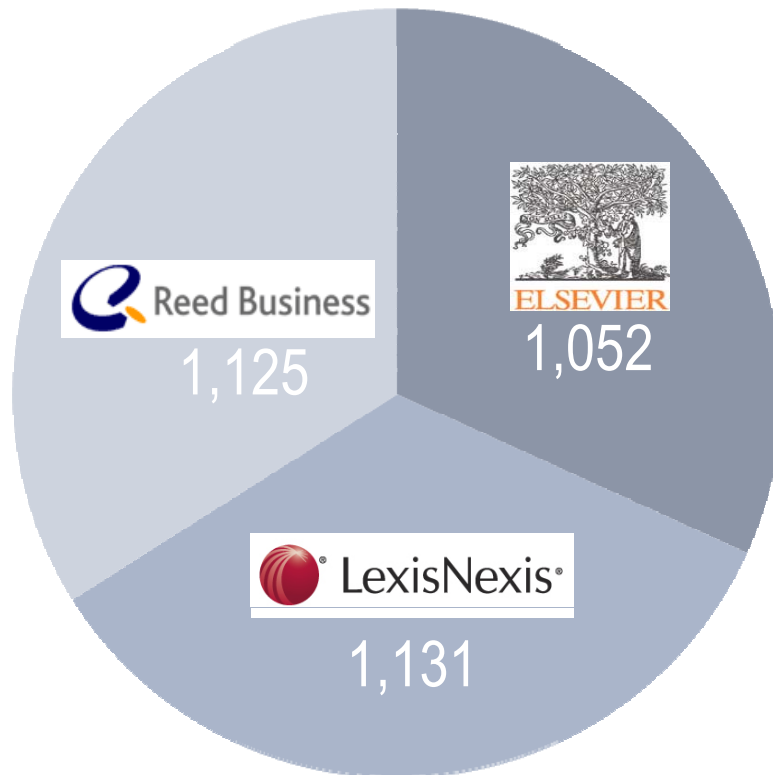
...to global

Financial Information in Euros

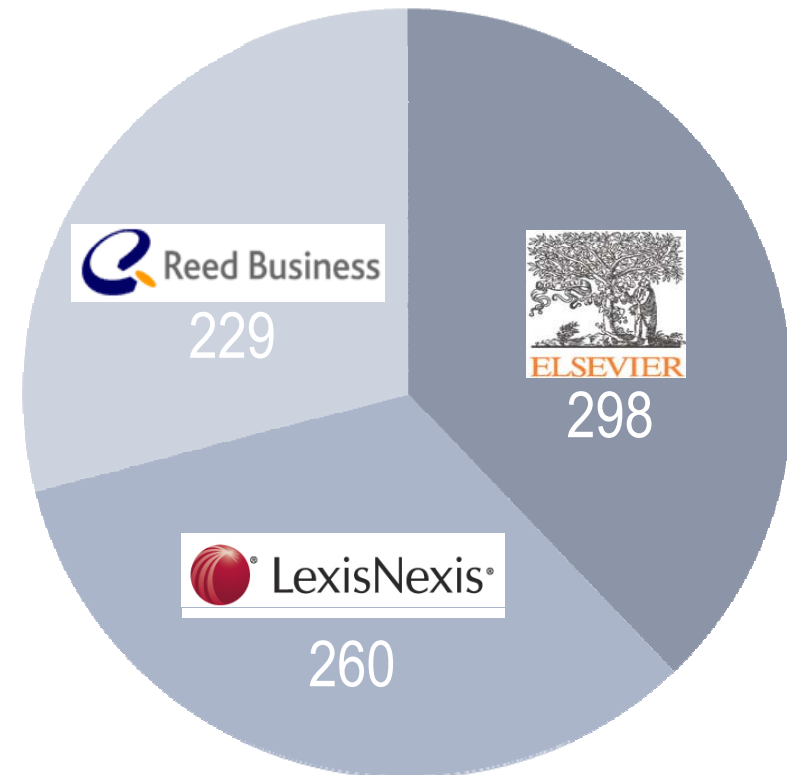
 Reed Elsevier

Revenue and Adjusted Operating Profit Continuing Operations (in Euros)

Revenue: €m



Profit: €m



Adjusted Profit and Loss Continuing Operations

6 months to 30 June	2007 £m	2006 £m	2007 €m	2006 €m	% change constant
Revenue	2,235	2,237	3,308	3,266	+6%
Adjusted operating profit	530	513	784	749	+10%
Adjusted operating margin	23.7%	22.9%	23.7%	22.9%	
Net interest expense	(70)	(77)	(104)	(113)	
Adjusted profit before tax	460	436	680	636	+12%

Results for Harcourt Education are presented as discontinued operations and are excluded from revenue, adjusted operating profit and adjusted profit before tax

Adjusted figures are stated before amortisation of acquired intangible assets, acquisition integration costs and disposal gains



6 months to 30 June	2007 £m	2006 £m	2007 €m	2006 €m	% change constant
Revenue	711	721	1,052	1,053	+4%
Adjusted operating profit	201	196	298	286	+10%
Adjusted operating margin	28%	27%	28%	27%	

- Underlying: revenues up 5%; adjusted operating profits up 9%
- Strong subscription renewals, growing online sales; good growth expected from H2 book publishing
- Margin up 1.1% pts: revenue growth, stable investment, cost efficiency and portfolio mix; reduced drag from currency

6 months to 30 June	2007 £m	2006 £m	2007 €m	2006 €m	% change constant
Revenue	764	768	1,131	1,121	+8%
Adjusted operating profit	176	169	260	247	+13%
Adjusted operating margin	23%	22%	23%	22%	

- Underlying: revenues up 6%; adjusted operating profits up 11%
- Strong subscription sales, new total solutions sales in US and internationally, good growth in risk and analytics and patent volumes
- 1.0% pts improvement in margin due to revenue growth and cost efficiency

Reed Business



6 months to 30 June	2007 £m	2006 £m	2007 €m	2006 €m	% change constant
Revenue	760	748	1,125	1,092	+6%
Adjusted operating profit	155	152	229	222	+7%
Adjusted operating margin	20%	20%	20%	20%	

Exhibitions

- Underlying revenues up 12%; profits down 4% reflecting show cycling
- Strong performance across portfolio

Publishing

- Underlying revenues up 3%; profits up 5% pre lower restructuring costs
- Strong online growth >20%; now 29% of RBI revenues
- Margin ahead through tight cost control

6 months to 30 June	2007 £m	2006 £m	2007 €m	2006 €m	% change constant
Revenue	322	390	477	569	-10%
Adjusted operating profit	(12)	10	(18)	15	
Adjusted operating margin	-4%	3%	-4%	3%	

- Underlying revenues down 8%
 - earlier product call in 2006
 - some weakness in supplemental and open territories
 - impact of prior year state testing contract losses
- Small operating loss
 - lower revenues and higher sales and marketing spend
 - improved operational efficiency at Assessment
- Strong share performance in adoptions; will come through as H2 sales

Adjusted Operating Cashflow Continuing Operations

6 months to 30 June	2007	2006	2007	2006
	£m	£m	€m	€m
Adjusted operating profit	530	513	784	749
Capital expenditure	(65)	(70)	(96)	(102)
Depreciation	76	73	112	107
	11	3	16	5
Share based payments	17	24	25	35
Working capital and other items	(79)	(108)	(116)	(158)
Adjusted operating cashflow	479	432	709	631
Cash flow conversion rate	90%	84%	90%	84%

Results for Harcourt Education are presented as discontinued operations and are excluded from adjusted operating profit

Free Cashflow

6 months to 30 June	2007 £m	2006 £m	2007 €m	2006 €m	% change £	% change €
Adjusted operating cashflow	479	432	709	631	+11%	+12%
Interest and tax paid	(193)	(167)	(286)	(243)	+16%	+18%
Free Cashflow	286	265	423	388	+8%	+9%
Dividends	(299)	(269)	(443)	(393)		
Buybacks	(61)	(288)	(90)	(420)		
Share option proceeds	156	43	231	63		
Acquisitions (net of disposals)	(270)	(110)	(399)	(162)		
Cash outflow from continuing operations	(188)	(359)	(278)	(524)		
Cash outflow from discontinued operations	(43)	(182)	(64)	(266)		
Change in net debt from cashflows	(231)	(541)	(342)	(790)		



From print...



From information...



From local...



...to online



...to solutions



...to global

Further Information

 Reed Elsevier

Revenue: Continuing Operations

Reconciliation

6 months to 30 June	£m	% change	€m	% change
2006 Revenue	2,237		3,266	
Base business	123	+6%	178	+6%
Acquisitions	45	+2%	67	+2%
Disposals	(35)	-2%	(49)	-2%
Currency effects	(135)	-6%	(154)	-5%
2007 Revenue	2,235	+0%	3,308	+1%

Results for Harcourt Education are presented as discontinued operations and are excluded from revenue, adjusted operating profit and adjusted profit before tax

Adjusted Operating Profit: Continuing Operations Reconciliation

6 months to 30 June	£m	% change	€m	% change
2006 Adjusted operating profit	513		749	
Base business	43	+9%	63	+9%
Acquisitions / disposals	9	+1%	13	+1%
Currency effects	(35)	-7%	(41)	-5%
2007 Adjusted operating profit	530	+3%	784	+5%

Results for Harcourt Education are presented as discontinued operations and are excluded from revenue, adjusted operating profit and adjusted profit before tax

Adjusted figures are stated before amortisation of acquired intangible assets, acquisition integration costs and disposal gains

Elsevier Growth and Currency Analysis



	Organic	Acquisitions/ Disposals	Constant currency	Year on year change in hedge rates	Other currency	Total
6 months to 30 June 2007						
Revenue	+5%	-1%	+4%	-1%	-4%*	-1%
Adjusted operating profit	+9%	+1%	+10%	-4%	-3%	+3%
Adjusted operating margin	+0.9%	+0.5%	+1.4%	-0.7%	+0.4%	+1.1%

12 months to 31 December 2006

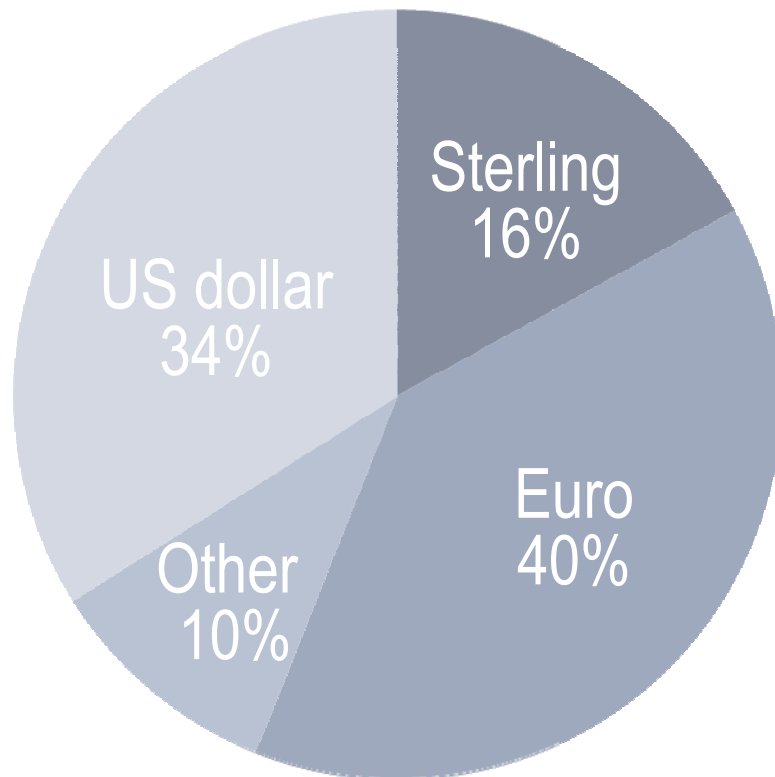
Revenue	+5%	+3%	+8%	-2%	-1%*	+6%
Adjusted operating profit	+8%	+2%	+10%	-5%	-1%	+4%
Adjusted operating margin	+0.9%	-0.2%	+0.7%	-1.2%	-0.2%	-0.7%

**includes effect of recognising revenues (IFRS) at spot rates where cross currency revenues and costs are internally matched*

Currency Profile

6 months to 30 June 2006

Adjusted profit before tax



First half average rates:

	2007	2006
£:\$	1.97	1.79
€:\$	1.33	1.23
€:£	1.48	1.46

Full year average rates:

	2007*	2006
£:\$	2.01	1.84
€:\$	1.36	1.25
€:£	1.48	1.47

*2007 average rates (approx) if recent spot rates of \$2.06:£1; \$1.38:€1; €1.49:£1 applied for remainder of year

Balance Sheet

	30 June 2007 £m	31 Dec 2006 £m	30 June 2007 €m	31 Dec 2006 €m
Goodwill and intangible assets	4,520	5,326	6,735	7,936
Tangible fixed assets	235	298	350	444
Investments	157	123	234	183
Net pensions assets / (obligations)	196	(236)	292	(351)
Working capital	(315)	(71)	(674)	(106)
Net assets held for sale	1,266	-	1,887	-
Capital employed	6,059	5,440	8,824	8,106
Shareholders' equity	2,347	1,966	3,497	2,929
Net debt	2,518	2,314	3,752	3,448
Current & deferred tax (net)	1,093	1,159	1,629	1,727
Other net liabilities / minorities	101	1	(54)	2
	6,059	5,440	8,824	8,106

Dividend Equalisation

	Interim		
	2007	2006	% change
Reed Elsevier PLC (p)	4.50	4.10	+10%
UK tax credit rate	10%	10%	
Reed Elsevier PLC (gross)(p)	5.00	4.56	
Equalisation ratio	1.538	1.538	
Exchange rate (€:£)	1.48	1.46	
Reed Elsevier NV (€)	0.114	0.102	+12%

Reported Profit Attributable

	2007	2006	2007	2006
6 months to 30 June 2006	£m	£m	€m	€m
Adjusted profit before tax	460	436	680	636
Amortisation, acquisition integration, other	(110)	(126)	(162)	(184)
Reported profit before tax	350	310	518	452
Adjusted tax charge	(106)	(108)	(156)	(158)
Deferred tax adjustment, other	18	40	26	59
Reported tax charge	(88)	(68)	(130)	(99)
Net profit from continuing operations	262	242	388	353
Net profit from discontinued operations	50	(24)	77	(35)
Reported profit attributable	311	217	464	317
Reed Elsevier PLC EPS	12.5p	8.6p		
Reed Elsevier NV EPS			€0.30	€0.20

Information for US Institutions

- Reed Elsevier PLC ADR (ticker: RUK) and Reed Elsevier NV ADR (ticker: ENL) traded on NYSE
- Each Reed Elsevier PLC ADR represents 4 Reed Elsevier PLC ordinary shares
- Each Reed Elsevier NV ADR represents 2 Reed Elsevier NV ordinary shares
- PLC and NV ADRs members of following indices:
 - NYSE Composite index
 - BoNY Composite ADR index
 - BoNY Developed Markets ADR index
 - BoNY Europe ADR index
 - BoNY Europe 100 ADR index
- Depositary is The Bank of New York



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