

Reed Elsevier Interim Results 2008
Sir Crispin Davis
Mark Armour

Highlights

Strong performance across the business

Restructuring on track to deliver further margin improvement

Divestment of RBI in progress

ChoicePoint expected to close in H2

On track to deliver accelerated growth

Consistent Strategy

Deliver authoritative content through leading brands

Drive online workflow solutions

Improve cost efficiency and margin

Upgrade portfolio



Deliver Authoritative Content Through Leading Brands



- Continued growth in scientific research output. Continued rise in demand for health information / analytics
- Encouraging progress in quality journal publishing: citation, impact factors, article quantity, usage, renewals, contract length
- Strong book programme: e-formats, front list, geo-cloning, accelerating revenue growth
- ScienceDirect, Scopus, Evolve and Consult brands increasingly well regarded by customers

Deliver Authoritative Content Through Leading Brands



- Continued demand growth in litigation, compliance and regulatory
- High quality publishing: new products, and practice specific tools: lawyer.com, state legislation impact reports, Elsevier content for patent lawyers, etc
- Increased depth of offering in Risk Analytics: health fraud, collections, law enforcement, insurance
- Acquired leading US analytics brand Redwood, leading Indian legal publisher Wadhwa

Deliver Authoritative Content Through Leading Brands



- Continued high customer ROI from face-to-face meeting
- Leading shows attract strong demand:
 - Strong performances in US and Europe: JCK Las Vegas, National Hardware, MIPIM, In-Cosmetics, London Book Fair
- Launched 11 new shows in H1 2008



- Sector and geographic spread, expanding through acquisitions
 - Russia: paper, beauty
 - India: aluminium
 - Middle East: energy, oceanology

Drive Online Solutions

- Workflow solutions drive 'stickiness': greater usage, high renewals, longer contracts, new revenue streams, price leverage, etc
- Science: innovative products to deepen market penetration



- Health: new product launches and acquisitions to broaden solutions offering



- Online revenues now >25% of total, growing +27%
- LexisNexis: solutions gaining continued traction in US and internationally. 30-40% of online revenues now solution based

Drive Online Solutions

Online growth >10%
 Online revenues > 50%



Improve Cost Efficiency and Margin: Restructuring Programme

| | |
|------------------------------------|---|
| IT Infrastructure/ Data Hosting | <ul style="list-style-type: none">• Modernisation and consolidation of data centres• IBM co-sourcing agreement for open systems• Rationalisation and upgrade of IT structures |
| Procurement | <ul style="list-style-type: none">• Centralised organisation established• Upgraded tools technology and processes• Increasing momentum |
| Real Estate | <ul style="list-style-type: none">• Global real estate organisation in place• Consolidation of locations underway• Facilities management consolidated |
| Finance / Admin / HR | <ul style="list-style-type: none">• Plans in development |

Improve Cost Efficiency and Margin: Restructuring Programme



- More journal production processes offshored
- Book production ramp up in offshore captive
- Platform development engineering outsourced
- Further consolidation of e-product development



- US Legal and Corporate & Public Markets integrated
- US operations consolidated
- Content management operations and data fabrication outsourced
- Information and content development systems management outsourced

Improve Cost Efficiency and Margin: Savings on Track

| £m (pre tax) | 2008 | 2009 | 2010 | 2011 | Total |
|---------------------------|-------|------|------|------|-------|
| Restructuring charges (e) | (140) | - | - | - | (140) |
| Net cost savings (e) | 15 | 50 | 80 | 100 | 245 |


- Savings after increased investment behind workflow solutions
- Charges and savings principally cash; pay back in 2.5 years
- Accelerated margin development
 - Initial impact in 2008
 - Average 50 basis points per annum 2009-2011
 - Incremental to normal margin improvement

Reed Elsevier estimates based on current plans; excludes Reed Business Information

Upgrade Portfolio: Reed Business Information

- Staple finance in place; vendor due diligence prepared
- Information Memorandum distributed to potential buyers
- Strong level of interest from potential buyers
- Good trading performance despite economic uncertainty
- Divestiture expected in second half

Upgrade Portfolio: Reed Business Information



- Encouraging revenue performance
- Online revenues up 20% (18% underlying); 34% of total

| Region | Company | Revenue Change |
|---------------|-----------------|----------------|
| UK | totaljobs GROUP | +16% |
| NL | BOERDERIJ | +19% |
| US | BuyerZone | +15% |
| International | hotfrog | +30% |

- Diversified revenue streams

| Category | Percentage |
|---------------|------------|
| International | 18% |
| Netherlands | 19% |
| UK | 33% |
| US | 30% |


| Category | Percentage |
|----------|------------|
| Online | 30% |
| Offline | 70% |

| Category | Percentage |
|------------|------------|
| Advertiser | 58% |
| User | 42% |

2007 revenues

- Leading brands are voices of industries


| Brand |
|--------------|
| VARIETY |
| ELSEVIER |
| NewScientist |
| BOERDERIJ |
| BUSINESS |
| EDN |



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Upgrade Portfolio: ChoicePoint Acquisition

- Definitive merger agreement signed in February; approved by ChoicePoint shareholders in April
- Regulatory review in progress; expected to close in H2
- Committed facilities of \$4.35bn in place
- Trading performance meeting expectations
- Integration planning well advanced; cost synergy expectations on track



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2008 Outlook

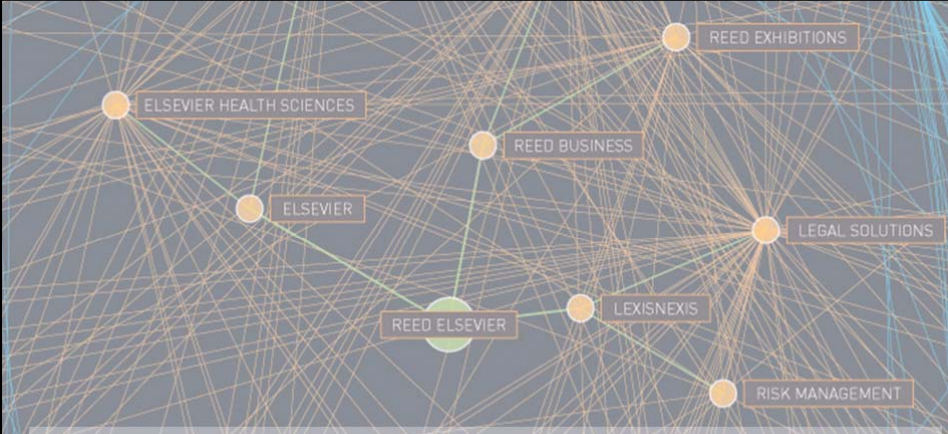


- Strong subscription renewals, growing online sales, positive outlook for H2 book programme
- Growing demand for online solutions; more challenging but manageable economic conditions; strong growth in Risk
- Good exhibition demand; positive momentum for H2 shows; show cycling major growth factor
- Good online growth momentum; broad sector and geographic spread; tight focus on costs

On track to deliver good revenue growth, meaningful margin development and accelerated earnings growth


Reed Elsevier

| | |
|--|---|
| Good momentum and progress on core business | ✓ |
| Online solutions gaining traction, driving growth | ✓ |
| Higher quality more cohesive portfolio | ✓ |
| Acceleration of cost reduction and margin progress | ✓ |
| More integrated company | ✓ |
| Faster, more consistent growth | ✓ |



A network diagram with a central node labeled 'REED ELSEVIER' in a green circle. It is connected to several other nodes: 'ELSEVIER HEALTH SCIENCES', 'ELSEVIER', 'REED BUSINESS', 'LEXISNEXIS', 'REED EXHIBITIONS', 'LEGAL SOLUTIONS', and 'RISK MANAGEMENT'. The nodes are connected by a dense web of thin orange lines.

Mark Armour
Chief Financial Officer



The Reed Elsevier logo, featuring a stylized ampersand symbol followed by the text 'Reed Elsevier'.

2008 First Half Performance

Continuing Operations: Revenue +5%; Adjusted operating profit +12%

- Good revenue and profit performance across the business
- Strong subscription renewals; rapidly growing online sales; good growth in exhibitions and favourable show cycling
- Meaningful operating margin improvement

Total Operations: Adjusted earnings per share
Reed Elsevier PLC +42%; Reed Elsevier NV +25%; constant currency +35%

- Good revenue and operating profit growth
- Harcourt Education sale benefit: no seasonal H1 losses; January 2008 13.4% share consolidation. Largely reverses in second half
- Currency translation impact of stronger euro

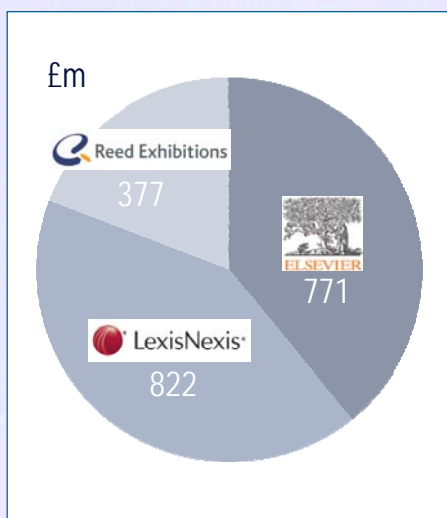
Revenue and adjusted operating profit growth at constant exchange rates

Adjusted Profit and Loss: Continuing Operations

| 6 months to 30 June | 2008 £m | 2007 £m | % change constant |
|----------------------------|------------|------------|----------------------|
| Revenue | 1,970 | 1,790 | +5% |
| Adjusted operating profit | 557 | 475 | +12% |
| Adjusted operating margin | 28.3% | 26.5% | |
| Net interest expense | (67) | (70) | |
| Adjusted profit before tax | 490 | 405 | +15% |

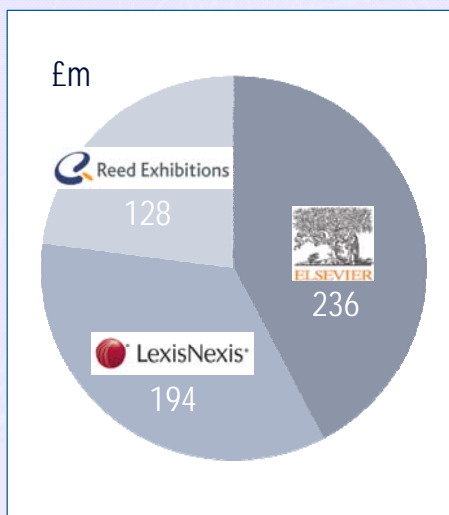
Adjusted figures are stated before amortisation of acquired intangible assets, exceptional restructuring and acquisition integration costs, disposal gains/losses and other non operating items

Revenue: Continuing Operations



| 6 months to 30 June 2008 | % change constant | |
|-----------------------------|-------------------|------------|
| | total | underlying |
| Elsevier | +3% | +5% |
| LexisNexis | +6% | +5% |
| Reed Exhibitions | +9% | +11% |
| Continuing Businesses | +5% | +6% |

Adjusted Operating Profit: Continuing Operations



| | 6 months to 30 June 2008 | % change constant total | % change constant underlying |
|------------------------------|-----------------------------|----------------------------|---------------------------------|
| Elsevier | | +12% | +10% |
| LexisNexis | | +9% | +9% |
| Reed Exhibitions | | +16% | +19% |
| Continuing Businesses | | +12% | +11% |


Elsevier



| 6 months to 30 June | 2008 £m | 2007 £m | % change constant |
|---------------------------|------------|------------|----------------------|
| Revenue | 771 | 711 | +3% |
| Adjusted operating profit | 236 | 201 | +12% |
| Adjusted operating margin | 31% | 28% | |

- Underlying: revenues up 5%; adjusted operating profits up 10%
- Strong subscription renewals, growing online sales; good growth expected from H2 book publishing; weak pharma
- Margin +2.3% pts including portfolio changes; underlying +1.5% pts: revenue growth, cost efficiency

LexisNexis




| 6 months to 30 June | 2008 £m | 2007 £m | % change constant |
|---------------------------|------------|------------|----------------------|
| Revenue | 822 | 764 | +6% |
| Adjusted operating profit | 194 | 176 | +9% |
| Adjusted operating margin | 24% | 23% | |

- Underlying: revenues up 5%; adjusted operating profits up 9%
- Good growth in US large law and online workflow solutions and internationally; growth little behind prior year in more challenging environment; faster H2 growth expected
- Strong growth in Risk, especially collections and government
- Margin +0.6% pts including portfolio changes; underlying +0.9% pts: revenue growth, cost efficiency; restructuring benefits H2

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Reed Exhibitions



| 6 months to 30 June | 2008 £m | 2007 £m | % change constant |
|---------------------------|------------|------------|----------------------|
| Revenue | 377 | 315 | +9% |
| Adjusted operating profit | 128 | 100 | +16% |
| Adjusted operating margin | 34% | 32% | |

- Underlying: revenues up 11%; profits up 19%
- Good performances in annual shows and launches in US and Europe
- Cycling in of biennial Mostra Convegno; H2 cycling impact positive
- Sale of defence shows; exaggerates future cycling effects
- Margin up 2.3% pts: gearing of show contribution from biennial exhibitions
- H1 margin reflects revenue weighting (2007 full year 24%)

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Adjusted Operating Cashflow: Continuing Operations

| 6 months to 30 June | 2008 £m | 2007 £m |
|---------------------------------|------------|------------|
| Adjusted operating profit | 557 | 475 |
| Capital expenditure | (56) | (56) |
| Depreciation | 65 | 65 |
| | 9 | 9 |
| Share based payments | 18 | 15 |
| Pension financing credit | (20) | (19) |
| Working capital and other items | (41) | (54) |
| Adjusted operating cashflow | 523 | 426 |
| Cash flow conversion rate | 94% | 90% |

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Discontinued Operations: Reed Business Information



| 6 months to 30 June | 2008 £m | 2007 £m | % change constant |
|---------------------------|------------|------------|----------------------|
| Revenue | 484 | 445 | +3% |
| Adjusted operating profit | 62 | 55 | +7% |
| Adjusted operating margin | 13% | 12% | |

- Underlying: revenues up 2%; profits up 6%
- Strong online growth 20% (now 34% of RBI revenues); 4% print decline
- Underlying revenues: UK +5%; US -1%; NL +2%; International +3%
- Margin +0.5% pts; tight cost control; increased investment in online services

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Adjusted Profit and Loss: Total Operations

| 6 months to 30 June | 2008 | | | 2007 | % change constant |
|------------------------------|------------------|--------------------|-------------|-------------|-------------------|
| | Continuing £m | Discontinued £m | Total £m | Total £m | |
| Adjusted operating profit | 557 | 62 | 619 | 518 | +14% |
| Interest | (67) | - | (67) | (70) | |
| Adjusted profit before tax | 490 | 62 | 552 | 448 | +17% |
| Tax | (111) | (19) | (130) | (107) | |
| Minorities | (1) | - | (1) | (1) | |
| Adjusted profit attributable | 378 | 43 | 421 | 340 | +17% |

Adjusted figures are stated before amortisation of acquired intangible assets, exceptional restructuring and acquisition integration costs, disposal gains/losses and other non-operating items, and reflect a tax rate that excludes the movements in deferred tax assets and liabilities not expected to crystallise in the near term

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Adjusted Earnings and Dividends: Total Operations

| | Reed Elsevier PLC | | Reed Elsevier NV | | % change constant |
|---------------------|----------------------|------|---------------------|------|----------------------|
| Adjusted EPS | 20.3p | +42% | €0.40 | +25% | +35% |
| Equalised dividends | 5.3p | +18% | €0.114 | 0% | |

- Adjusted EPS benefits from Harcourt Education sale: no seasonal first half losses and benefit of 13.4% share consolidation in January 2008
- Equalised dividends: Differing growth rates reflect 17% appreciation of euro from €1.48:£1 to €1.26:£1 since July 2007 (last interim dividend declaration date)

Adjusted figures are stated before amortisation of acquired intangible assets, exceptional restructuring and acquisition integration costs, disposal gains/losses and other non-operating items, and reflect a tax rate that excludes the movements in deferred tax assets and liabilities not expected to crystallise in the near term

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Free Cashflow

| 6 months to 30 June | 2008 £m | 2007 £m | % change |
|---|------------|------------|-------------|
| Adjusted operating cashflow from continuing operations | 523 | 426 | +23% |
| Interest paid | (57) | (55) | |
| Tax paid* | (90) | (120) | |
| Free cashflow from continuing operations before dividends | 376 | 251 | +50% |

*Before tax credit on exceptional restructuring and acquisition integration costs.

Balance Sheet

- £2.0bn / €2.7bn special distribution in January 2008 from net proceeds of Harcourt Education sale
- Acquisition of ChoicePoint to be financed from new committed bank facilities of \$4.35bn
- Term debt issuance planned
- Sale of Reed Business Information expected H2; proceeds to reduce net debt
- Net debt to EBITDA between 2.0x and 3.0x over longer term, consistent with solid investment grade credit ratings

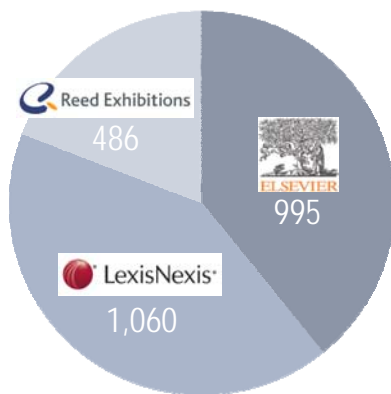
Appendices

Financial Information in Euros

Revenue and Adjusted Operating Profit: Continuing Operations (in Euros)

6 months to 30 June 2008

Revenue: €m



Profit: €m



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Adjusted Profit and Loss: Continuing Operations

| | 2008 €m | 2007 €m | 2008 €m | 2007 €m | % change constant |
|----------------------------|------------|------------|------------|------------|-------------------------|
| 6 months to 30 June | | | | | |
| Revenue | 1,970 | 1,790 | 2,541 | 2,649 | +5% |
| Adjusted operating profit | 557 | 475 | 718 | 703 | +12% |
| Adjusted operating margin | 28.3% | 26.5% | 28.3% | 26.5% | |
| Net interest expense | (67) | (70) | (86) | (104) | |
| Adjusted profit before tax | 490 | 405 | 632 | 599 | +15% |

Adjusted figures are stated before amortisation of acquired intangible assets, exceptional restructuring and acquisition integration costs, disposal gains/losses and other non operating items


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Elsevier

| 6 months to 30 June | 2008 £m | 2007 £m | 2008 €m | 2007 €m | % change constant |
|---------------------------|------------|------------|------------|------------|----------------------|
| Revenue | 771 | 711 | 995 | 1,052 | +3% |
| Adjusted operating profit | 236 | 201 | 304 | 298 | +12% |
| Adjusted operating margin | 31% | 28% | 31% | 28% | |


- Underlying: revenues up 5%; adjusted operating profits up 10%
- Strong subscription renewals, growing online sales; good growth expected from H2 book publishing; weak pharma
- Margin +2.3% pts including portfolio changes; underlying +1.5% pts: revenue growth, cost efficiency


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LexisNexis

| 6 months to 30 June | 2008 £m | 2007 £m | 2008 €m | 2007 €m | % change constant |
|---------------------------|------------|------------|------------|------------|----------------------|
| Revenue | 822 | 764 | 1,060 | 1,131 | +6% |
| Adjusted operating profit | 194 | 176 | 250 | 260 | +9% |
| Adjusted operating margin | 24% | 23% | 24% | 23% | |


- Underlying: revenues up 5%; adjusted operating profits up 9%
- Good growth in US large law and online workflow solutions and internationally; growth little behind prior year in more challenging environment; faster H2 growth expected
- Strong growth in Risk, especially collections and government
- Margin +0.6% pts including portfolio changes; underlying +0.9% pts: revenue growth, cost efficiency; restructuring benefits H2

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Reed Exhibitions 

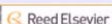
| 6 months to 30 June | 2008 £m | 2007 £m | 2008 €m | 2007 €m | % change constant |
|---------------------------|------------|------------|------------|------------|----------------------|
| Revenue | 377 | 315 | 486 | 466 | +9% |
| Adjusted operating profit | 128 | 100 | 165 | 148 | +16% |
| Adjusted operating margin | 34% | 32% | 34% | 32% | |

- Underlying: revenues up 11%; profits up 19%
- Good performances in annual shows and launches in US and Europe
- Cycling in of biennial Mostra Convegno; H2 cycling impact positive
- Sale of defence shows; exaggerates future cycling effects
- Margin up 2.3% pts: gearing of show contribution from biennial exhibitions
- H1 margin reflects revenue weighting (2007 full year 24%)

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Adjusted Operating Cashflow:
Continuing Operations

| 6 months to 30 June | 2008 £m | 2007 £m | 2008 €m | 2007 €m |
|---------------------------------|------------|------------|------------|------------|
| Adjusted operating profit | 557 | 475 | 718 | 703 |
| Capital expenditure | (56) | (56) | (72) | (83) |
| Depreciation | 65 | 65 | 84 | 96 |
| | 9 | 9 | 12 | 13 |
| Share based payments | 18 | 15 | 23 | 22 |
| Pension financing credit | (20) | (19) | (26) | (28) |
| Working capital and other items | (41) | (54) | (52) | (80) |
| Adjusted operating cashflow | 523 | 426 | 675 | 630 |
| Cash flow conversion rate | 94% | 90% | 94% | 90% |

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Discontinued Operations: Reed Business Information



| 6 months to 30 June | 2008 £m | 2007 £m | 2008 €m | 2007 €m | % change constant |
|---------------------------|------------|------------|------------|------------|----------------------|
| Revenue | 484 | 445 | 624 | 659 | +3% |
| Adjusted operating profit | 62 | 55 | 80 | 81 | +7% |
| Adjusted operating margin | 13% | 12% | 13% | 12% | |

- Underlying: revenues up 2%; profits up 6%
- Strong online growth 20% (now 34% of RBI revenues); 4% print decline
- Underlying revenues: UK +5%; US -1%; NL +2%; International +3%
- Margin +0.5% pts; tight cost control; increased investment in online services

Free Cashflow

| 6 months to 30 June | 2008 £m | 2007 £m | 2008 €m | 2007 €m | % change £ | % change € |
|-----------------------------|------------|------------|------------|------------|------------------|------------------|
| Adjusted operating cashflow | 523 | 426 | 675 | 630 | +23% | +7% |
| Interest paid | (57) | (55) | (74) | (82) | | |
| Tax paid* | (90) | (120) | (116) | (177) | | |
| Free Cashflow | 376 | 251 | 485 | 371 | +50% | +31% |

*Before tax credit on exceptional restructuring and acquisition integration costs.



ChoicePoint: Financial Summary

| 6 months to 30 June | 2008 | | | 2007 | | |
|--|-----------------|-----------------------------|-------------|-----------------|-----------------------------|-------------|
| | Revenues \$m | Operating income* \$m | Margin % | Revenues \$m | Operating income* \$m | Margin % |
| Insurance Services | 284 | 141 | 50% | 250 | 128 | 51% |
| Screening and Authentication Services | 128 | 23 | 18% | 127 | 23 | 18% |
| Business Services | 69 | 1 | 1% | 72 | 4 | 5% |
| Corporate expenses | | (41) | | | (32) | |
| Stock based compensation | | (9) | | | (10) | |
| Continuing operations | 481 | 115 | 24% | 449 | 113 | 25% |
| EBITDA | | 143 | | | 143 | |

Source: ChoicePoint

*Before \$20m (H1 08) and \$1m (H1 07) of other operating charges relating principally to transaction-related expenses (H1 08) and asset write downs

Revenue: Continuing Operations Reconciliation

| 6 months to 30 June | £m | % change | €m | % change |
|---------------------|-------|-------------|-------|-------------|
| 2007 Revenue | 1,790 | | 2,649 | |
| Base business | 103 | +6% | 151 | +6% |
| Acquisitions | 30 | +1% | 44 | +1% |
| Disposals | (37) | -2% | (55) | -2% |
| Currency effects | 84 | +5% | (248) | -9% |
| 2008 Revenue | 1,970 | +10% | 2,541 | -4% |

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Adjusted Profit Before Tax: Continuing Operations Reconciliation

| 6 months to 30 June | £m | % change | €m | % change |
|---------------------------------|-----|-------------|------|-------------|
| 2007 Adjusted profit before tax | 405 | | 599 | |
| Base business | 63 | +15% | 92 | +15% |
| Acquisitions / disposals | (2) | 0% | (3) | 0% |
| Currency effects | 24 | +6% | (56) | -9% |
| 2008 Adjusted profit before tax | 490 | +21% | 632 | +6% |

Adjusted figures are stated before amortisation of acquired intangible assets, exceptional restructuring and acquisition integration costs, disposal gains/losses and other non operating items

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| Adjusted Profit and Loss: Total Operations (£) | | | | | | | |
|---|------------|--------------|-------|------------|--------------|-------|----------|
| 6 months to 30 June | 2008 | | | 2007 | | | % change |
| | Continuing | Discontinued | Total | Continuing | Discontinued | Total | |
| | £m | £m | £m | £m | £m | £m | |
| Adjusted operating profit | 557 | 62 | 619 | 475 | 43 | 518 | +19% |
| Interest | (67) | - | (67) | (70) | - | (70) | |
| Adjusted profit before tax | 490 | 62 | 552 | 405 | 43 | 448 | +23% |
| Tax | (111) | (19) | (130) | (92) | (15) | (107) | |
| Minorities | (1) | - | (1) | (1) | - | (1) | |
| Adjusted profit attributable | 378 | 43 | 421 | 312 | 28 | 340 | +24% |

Adjusted figures are stated before amortisation of acquired intangible assets, exceptional restructuring and acquisition integration costs, disposal gains/losses and other non-operating items, and reflect a tax rate that excludes the movements in deferred tax assets and liabilities not expected to crystallise in the near term

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| Adjusted Profit and Loss: Total Operations (€) | | | | | | | |
|---|------------|--------------|-------|------------|--------------|-------|----------|
| 6 months to 30 June | 2008 | | | 2007 | | | % change |
| | Continuing | Discontinued | Total | Continuing | Discontinued | Total | |
| | €m | €m | €m | €m | €m | €m | |
| Adjusted operating profit | 718 | 80 | 798 | 703 | 63 | 766 | +4% |
| Interest | (86) | - | (86) | (104) | - | (104) | |
| Adjusted profit before tax | 632 | 80 | 712 | 599 | 63 | 662 | +8% |
| Tax | (144) | (24) | (168) | (136) | (22) | (158) | |
| Minorities | (1) | - | (1) | (1) | - | (1) | |
| Adjusted profit attributable | 487 | 56 | 543 | 462 | 41 | 503 | +8% |

Adjusted figures are stated before amortisation of acquired intangible assets, exceptional restructuring and acquisition integration costs, disposal gains/losses and other non-operating items, and reflect a tax rate that excludes the movements in deferred tax assets and liabilities not expected to crystallise in the near term

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Adjusted Earnings Per Share

| | 2008 | 2007 | % | 2008 | 2007 | % |
|--|---------|---------|------|-------|-------|------|
| Adjusted profit attributable for total operations: | | | | | | |
| Combined business | £421m | £340m | +24% | €543m | €503m | +8% |
| Reed Elsevier PLC (52.9%) | £223m | £180m | +24% | | | |
| Reed Elsevier NV (50.0%) | | | | €272m | €252m | +8% |
| Average number of shares: | | | | | | |
| Reed Elsevier PLC (m) | 1,096.9 | 1,257.7 | -13% | | | |
| Reed Elsevier NV (m) | | | | 674.2 | 776.7 | -13% |
| Adjusted Earnings Per Share: | | | | | | |
| Reed Elsevier PLC | 20.3p | 14.3p | +42% | | | |
| Reed Elsevier NV | | | | €0.40 | €0.32 | +25% |

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Shares Outstanding

As at 30 June 2008

| | Reed Elsevier PLC (m) | Reed Elsevier NV (m) |
|--------------------------------|--------------------------|-------------------------|
| Shares in issue | 1,135.8 | 660.6 |
| Held by employee benefit trust | (20.2) | (11.3) |
| Held in treasury | (34.2) | (23.9) |
| R shares (equivalent)* | - | 38.5 |
| | 1,081.4 | 663.9 |
| Average number in period | 1,096.9 | 674.2 |

*R Shares convertible into 10 ordinary shares each

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Dividend Equalisation

| | Interim | | |
|------------------------------|---------|-------|----------|
| | 2008 | 2007 | % change |
| Reed Elsevier PLC (p) | 5.3 | 4.50 | +18% |
| UK tax credit rate | 10% | 10% | |
| Reed Elsevier PLC (gross)(p) | 5.89 | 5.00 | |
| Equalisation ratio | 1.538 | 1.538 | |
| Exchange rate (€:£) | 1.26 | 1.48 | |
| Reed Elsevier NV (€) | 0.114 | 0.114 | 0% |

Reported Profit Attributable

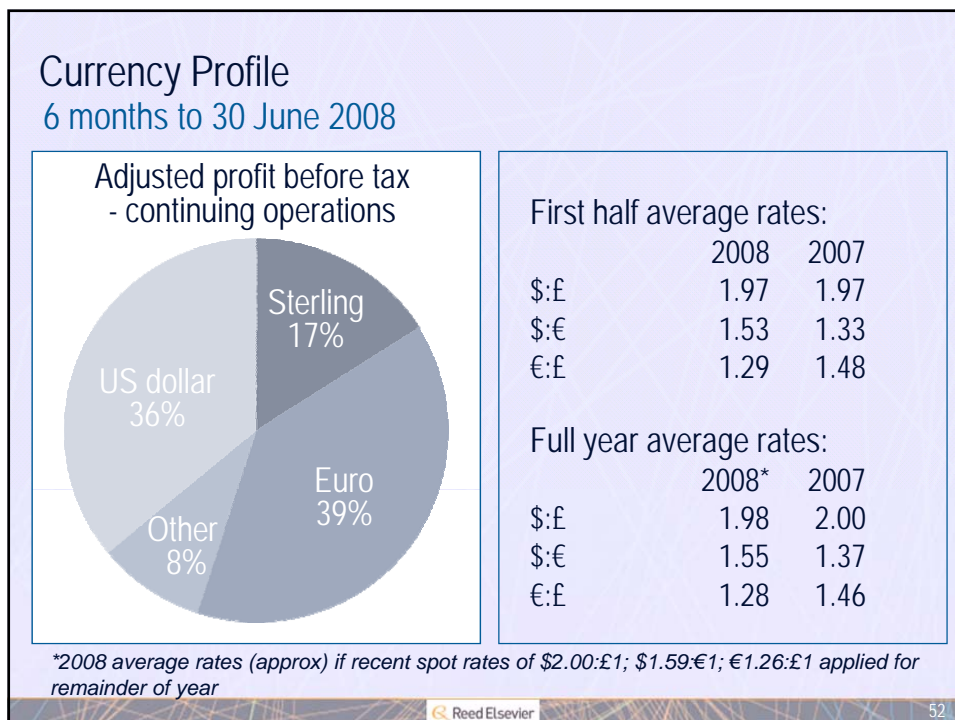
| | 2008 | 2007 | 2008 | 2007 |
|---|-------|-------|-------|-------|
| 6 months to 30 June | £m | £m | €m | €m |
| Adjusted profit before tax - continuing operations | 490 | 405 | 632 | 599 |
| Amortisation, exceptional restructuring, acquisition integration, disposal gains, other | (140) | (97) | (181) | (144) |
| Reported profit before tax - continuing operations | 350 | 308 | 451 | 455 |
| Adjusted tax charge | (111) | (92) | (144) | (136) |
| Tax on adjustments above | 35 | 16 | 46 | 24 |
| Reported tax charge - continuing operations | (76) | (76) | (98) | (112) |
| Profit attributable from continuing operations | 273 | 231 | 352 | 342 |
| Profit attributable from discontinued operations | 36 | 80 | 31 | 122 |
| Reported profit attributable | 309 | 311 | 383 | 464 |
| Reed Elsevier PLC EPS | 14.1p | 12.5p | | |
| Reed Elsevier NV EPS | | | €0.28 | €0.30 |

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 2008 | | | | | | |
| Revenue | +5% | -2% | +3% | -1% | +6% | +8% |
| Adjusted operating profit | +10% | +2% | +12% | -2% | +7% | +17% |
| Adjusted operating margin | +1.5% | +1.0% | +2.5% | -0.4% | +0.2% | +2.3% |
| 12 months to 31 December 2007 | | | | | | |
| Revenue | +6% | -2% | +4% | -1% | -3% | -1% |
| Adjusted operating profit | +10% | -1% | +9% | -3% | -3% | +3% |
| Adjusted operating margin | +1.1% | +0.3% | +1.4% | -0.6% | +0.3% | +1.1% |

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Net Debt

| | £m | €m |
|--|---------|---------|
| Net debt at 31 December 2007 | (492) | (669) |
| Free cash flow from continuing operations | 376 | 485 |
| 2007 final dividend | (298) | (385) |
| Special distribution (net of payment to EBT) | (1,986) | (2,655) |
| Cash inflow from discontinued operations | 4 | 23 |
| Acquisitions net of disposals in continuing operations | (108) | (139) |
| Exceptional restructuring spend | (12) | (15) |
| Share buybacks | (94) | (121) |
| Share option proceeds | 45 | 58 |
| Currency translation | (11) | 171 |
| Other | (3) | (3) |
| Net debt at 30 June 2008 | (2,579) | (3,250) |

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Balance Sheet

| | 30 June 2008 £m | 31 Dec 2007 £m | 30 June 2008 €m | 31 Dec 2007 €m |
|------------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Goodwill and intangible assets | 4,217 | 4,551 | 5,314 | 6,189 |
| Tangible fixed assets | 168 | 239 | 212 | 325 |
| Investments | 232 | 227 | 292 | 309 |
| Net pension (liabilities) / assets | (20) | 50 | (25) | 68 |
| Working capital | (377) | (551) | (475) | (751) |
| Net assets held for sale | 406 | 257 | 511 | 350 |
| Capital employed | 4,626 | 4,773 | 5,829 | 6,490 |
| Shareholders' equity | 916 | 2,965 | 1,154 | 4,032 |
| Net debt | 2,579 | 492 | 3,250 | 669 |
| Current & deferred tax (net) | 1,088 | 1,306 | 1,371 | 1,776 |
| Other net liabilities / minorities | 43 | 10 | 54 | 13 |
| | 4,626 | 4,773 | 5,829 | 6,490 |

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Debt Ratios

| | LTM June 2008 |
|----------------------------------|---|
| Funds from operations / net debt | 31% |
| Retained cashflow / net debt | 17% |
| Net debt / EBITDA | 2.3x |
| Long term credit rating | A- (negative) S&P Baa1 (stable) Moody's A- (stable) Fitch |

*LTM June 2008 ratios adjusted to exclude Harcourt
All ratios pension and lease adjusted*

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
- Depository is The Bank of New York Mellon



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