

## Reed Elsevier Interim Results 2009

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## Highlights

Relatively robust performance in tougher trading conditions; advertising and promotion markets particularly hit

Tight control of cost base; restructuring programme on track

More aggressive market and product strategies to drive organic revenue development

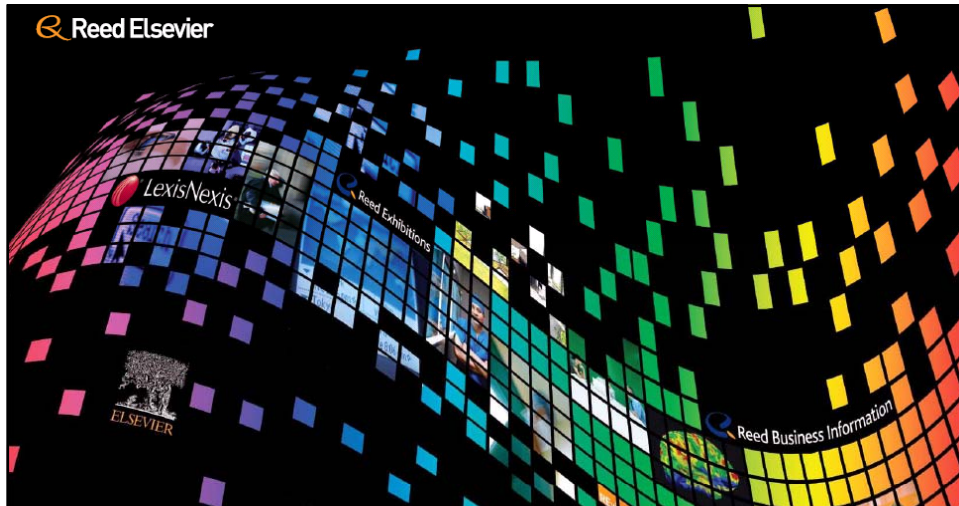
Equity placing to strengthen balance sheet

Outlook remains challenging

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Mark Armour, CFO

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## 2009 first half performance

Revenue +3%; Adjusted operating profit +5%; Adjusted margin +0.4% pts

- Professional information businesses relatively robust
- Advertising and promotion markets significantly impacted by global recession
- First half contribution from ChoicePoint acquisition
- Margin impact of lower underlying revenues and increased investment offset by tight cost control, restructuring and integration benefits

### Adjusted earnings per share

Reed Elsevier PLC +21%; Reed Elsevier NV +5%; constant currency +1%

- Adjusted pre-tax profit -2%
- Lower effective tax rate
- Strong operating cash flow
- Significant currency translation benefits, especially sterling

*Revenue, adjusted operating profit and pre-tax profit growth at constant exchange rates*

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## Adjusted profit and loss

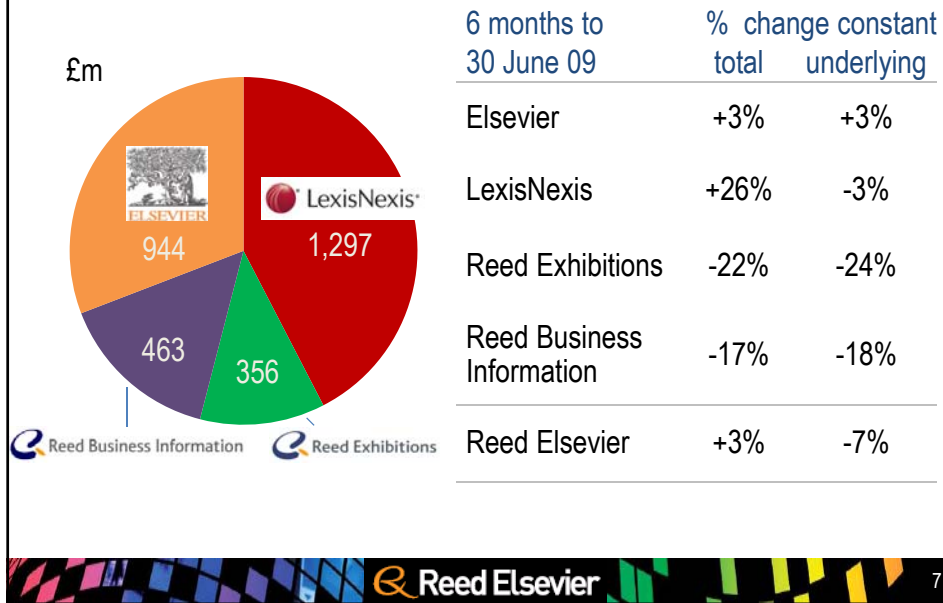
6 months to 30 June	2009 £m	2008 £m	% change sterling	% change constant
Revenue	3,060	2,454	+25%	+3%
Adjusted operating profit	782	619	+26%	+5%
Adjusted operating margin	25.6%	25.2%		
Net interest expense	(138)	(67)		
Adjusted profit before tax	644	552	+17%	-2%

*Adjusted figures are stated before amortisation and impairment of acquired intangible assets and goodwill, exceptional restructuring and acquisition related costs, and disposal gains / losses.*

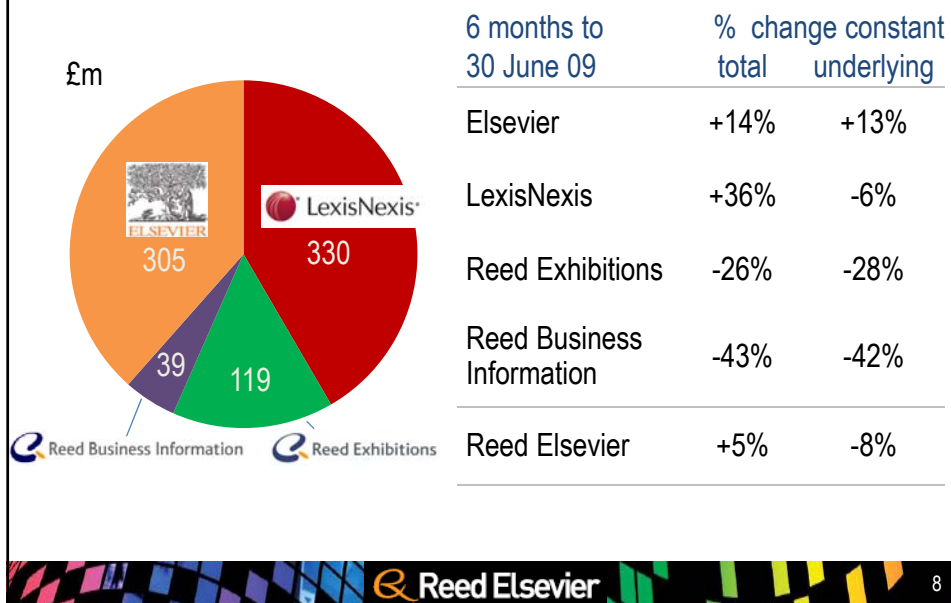
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## Revenue



## Adjusted operating profit



# Elsevier



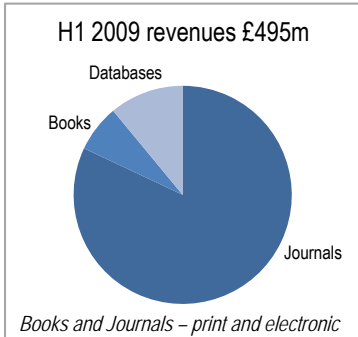
6 months to 30 June	2009 £m	2008 £m	% change constant
Revenue	944	771	+3%
Adjusted operating profit	305	236	+14%
Adjusted operating margin	32%	31%	

- Growing online sales, strong subscription renewals; further weakness in pharma
- Underlying: revenues up 3%; adjusted operating profits up 13%
- Margin +1.7% pts: further restructuring and cost control; adverse margin mix effect of US\$ strength on results translation

# Elsevier: Science & Technology



6 months to 30 June	Revenue*
Science & Technology	+5%
Health Sciences	+2%
Overall	+3%



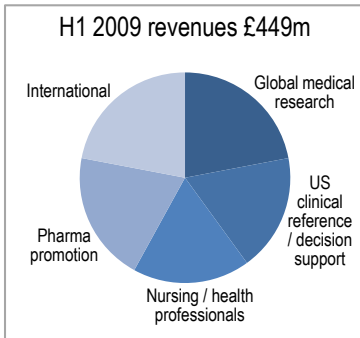
\*Underlying growth

- Good growth in electronic product sales: *ScienceDirect* journal subscriptions, databases, *Scopus*
- Online revenues over 80% of S&T
- Strong 2009 subscription renewals; usage continues to grow close to 20% per annum
- Library budgets expected to be more challenging for 2010; dialogue with institutions on renewals

## Elsevier: Health Sciences



6 months to 30 June	Revenue*
Science & Technology	+5%
Health Sciences	+2%
Overall	+3%



\*Underlying growth

- Revenues up 6% excluding pharma promotion
- Good growth in medical research; strong growth in clinical decision support
- Strong performance in nursing and health professionals education
- Pharma promotional revenues -11%:
  - Fewer drug launches; continued contraction of pharma marketing budgets
- Online revenues over 30% of Health Sciences

## LexisNexis



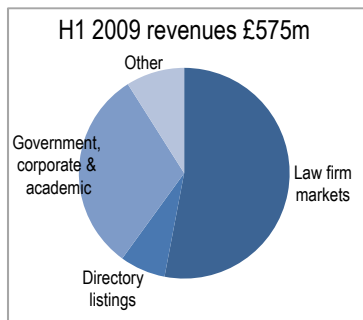
6 months to 30 June	2009 £m	2008 £m	% change constant
Revenue	1,297	822	+26%
Adjusted operating profit	330	194	+36%
Adjusted operating margin	25%	24%	

- Significant contribution of ChoicePoint; key insurance business performing well and integration benefits on track; pre-employment screening business lower
- Underlying: revenues 3% lower; adjusted operating profits 6% lower
- Core law firm business resilient; decline in US legal directory listings; government, corporate and academic markets lower
- Margin +1.8% pts: restructuring and cost control mitigate lower underlying revenues; ChoicePoint contribution benefit; H2 margin expected lower against increased investment

## LexisNexis: US Legal



6 months to 30 June	Revenue*
US Legal	-5%
International	+1%
Risk Solutions	-2%
Overall	-3%



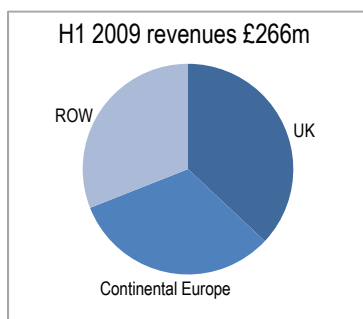
\*Underlying growth

- Law firm revenues +1%, excluding legal directory listings
- Directory listings -29%
  - Adverse publication phasing
  - Law firms cut back on listings
- Government, corporate and academic -7%; budget cutbacks and lower transactions
- Major investment programme:
  - Online legal product
  - Client development web services
  - Infrastructure
- Online revenues 85% of total

## LexisNexis: International



6 months to 30 June	Revenue*
US Legal	-5%
International	+1%
Risk Solutions	-2%
Overall	-3%



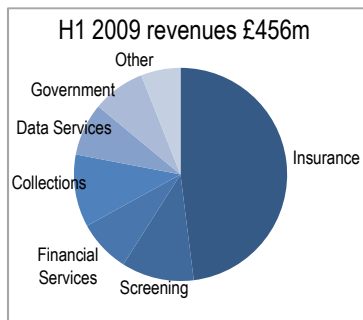
\*Underlying growth

- International law firm markets similar challenges to US
- Online growing well (+10%); increased print decline / migration
- Stronger, better differentiated competitive positions; leading online platform
- Practice management and client development solutions expand behind online adoption
- Online revenues 50% of total

## LexisNexis: Risk Solutions



6 months to 30 June	Revenue*
US Legal	-5%
International	+1%
Risk Solutions	-2%
Overall	-3%



\*Underlying growth

Commentary growth rates on a pro forma basis

- Pro forma revenues 1% lower
- Insurance +9%: policy churn driving volumes; increased adoption of analytics
- Screening -27%: hiring downturn
- Collections -4%: lower transactions; some collection deferral
- Government +8%: continued good growth in data linking and analytics
- ChoicePoint profits up 44%; integration on track to deliver \$150m annual cost savings in 2011
- Online revenues 93% of total

## Reed Exhibitions



6 months to 30 June	2009 £m	2008 £m	% change constant
Revenue	356	377	-22%
Adjusted operating profit	119	128	-26%
Adjusted operating margin	33%	34%	

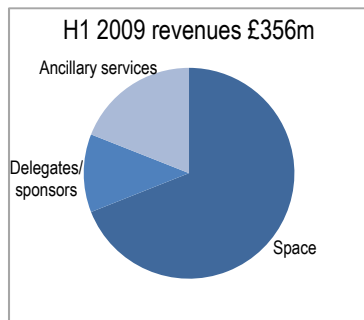
- Exhibitors cutting back on promotional spend
- Underlying: revenues down 24%; adjusted operating profits down 28%
- Significant cycling out of biennial exhibitions
- Ex-cycling: revenues down 15%; adjusted operating profits down 18%
- Margin down 0.6% pts: gearing on decline mitigated by firm action on costs; favourable currency translation mix effects



## Reed Exhibitions



6 months to 30 June	Revenue*
Reed Exhibitions	-24%



\*Underlying growth

- Revenues 15% lower, before effect of shows cycling out, against very buoyant comparative period
- Real estate, retail sectors particularly impacted by recession
- Exhibition space sales and ancillary services -12% (ex-cycling)
- Delegate revenues -33% (ex-cycling)
- Attendances remain strong; shows well received; market share increased
- Exhibitors and delegates committing later; limits visibility beyond H2

## Reed Business Information

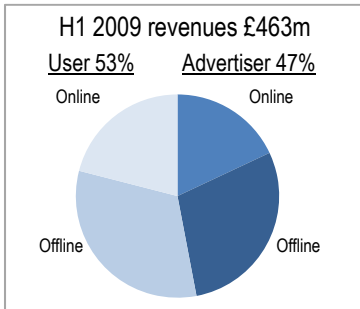


6 months to 30 June	2009 £m	2008 £m	% change constant
Revenue	463	484	-17%
Adjusted operating profit	39	62	-43%
Adjusted operating margin	8%	13%	

- Advertisers cut back substantially on marketing spend from Q4 2008, trend accelerated in H1 2009
- Underlying: revenues down 18%; adjusted operating profits down 42%
- Underlying revenues: UK -16%; NL -11%; International -13%; US -26%
- Margin -4.4% pts: revenue decline; significant cost reduction

## Reed Business Information

6 months to 30 June		Revenue*	
User	• online	+7%	
	• offline	-6%	
	• total		-2%
Advertising	• online	-17%	
	• offline	-36%	
	• total		-30%
	Overall		-18%



\*Underlying growth

- User revenues robust as subscription and circulation revenues more resilient; online user revenues continue to grow (eg XpertHR, ICIS and Bankers' Almanac)
- Print borne brunt of advertising decline; online advertising (-10% excluding recruitment) held up better with more visible ROI for marketers
- Outlook for advertising remains very challenging with limited visibility
- Online revenues 39% of total

## Restructuring programme

\$m	Total costs	Annual savings			
		2008	2009	2010	2011
February 2008/2009 plan	510	45	205	295	350

- Programme on track to deliver expected savings
- Costs to 30 June 2009 \$433m (\$152m in H1)
- Severance, outsourcing migration, real estate
- H1 savings \$86m v \$160m 2009 target

## Reported operating profit

6 months to 30 June	2009 £m	2008 £m	% change constant
Adjusted operating profit	782	619	+5%
Adjustments			
Amortisation of acquired intangible assets	(195)	(109)	
Impairment of acquired intangible assets / goodwill	(140)	-	
Restructuring costs	(103)	(46)	
Acquisition integration costs	(22)	(10)	
Reclassification of tax in joint ventures	(6)	(6)	
Reported operating profit	316	448	-36%

## Adjusted operating cash flow

6 months to 30 June	2009 £m	2008 £m
Adjusted operating profit	782	619
Capital expenditure	(93)	(64)
Depreciation	105	68
	12	4
Share based payments / pensions	(56)	(24)
Working capital and other items	(21)	(13)
Adjusted operating cash flow	717	586
Cash flow conversion rate	92%	95%

## Free cash flow

6 months to 30 June	2009 £m	2008 £m	% change
Adjusted operating cash flow	717	586	+22%
Interest paid	(135)	(57)	
Tax paid	(126)	(123)	
Free cash flow before dividends	456	406	+12%
Ordinary dividends	(326)	(298)	
Restructuring expense / acquisition integration*	(74)	(20)	
Free cash flow before acquisitions / disposals	56	88	-36%

\*Net of cash tax benefit

## Adjusted earnings and dividends

	Reed Elsevier PLC		Reed Elsevier NV		% change constant
Adjusted EPS	24.5p	+21%	€0.42	+5%	+1%
Equalised dividends	5.4p	+2%	€0.107	-6%	

- Equalised dividends: differing growth rates reflect significant appreciation of euro against sterling since last interim dividend declaration date
  - 2009 €1.16 v 2008 €1.26

## 2009 Outlook



- Elsevier: Continued revenue progress; good online sales, strong publishing programme; pressure on academic budgets; continued weakness in pharma promotion



- LexisNexis: Modest decline in 2009 underlying revenues in continuing soft markets; ChoicePoint insurance revenues strong and continued integration progress; margin constrained by investment



- Reed Exhibitions: Continued difficult trading environment; further cycling out in H2



- Reed Business Information: Difficult trading conditions; greater benefit of cost actions

Current trends broadly continuing; adjusted results expected to be under some pressure for full year and going into next; currency translation benefit in 2009

*Charts: 2009 H1 adjusted operating profit*

## Equity placing

Equity raising of up to 9.9% of issued share capital

- Reduces net debt; improves credit metrics
- Maintains solid investment grade rating
- Appropriately resourced to support market and product strategies
- Accelerated book build launched

Net debt \$8.4bn too high / credit metrics too stretched given current economic environment and later cycle nature of business

- All \$4.0bn Education net sale proceeds returned to shareholders (January 2008)
- \$4.1bn acquisition of ChoicePoint (September 2008)
- RBI sale process terminated (December 2008)
- Net debt/ebitda 3.6x; RCF/net debt 13.6%; FFO/net debt 21.0%

Strong financial position from liquidity perspective

- Term debt and facility maturities well spaced
- Strong free cash flow and revolving credit facilities in place

*Credit metrics basis: last 12 months, pensions and lease adjusted, ebitda before certain restructuring costs, pro forma ChoicePoint*



Ian Smith, CEO

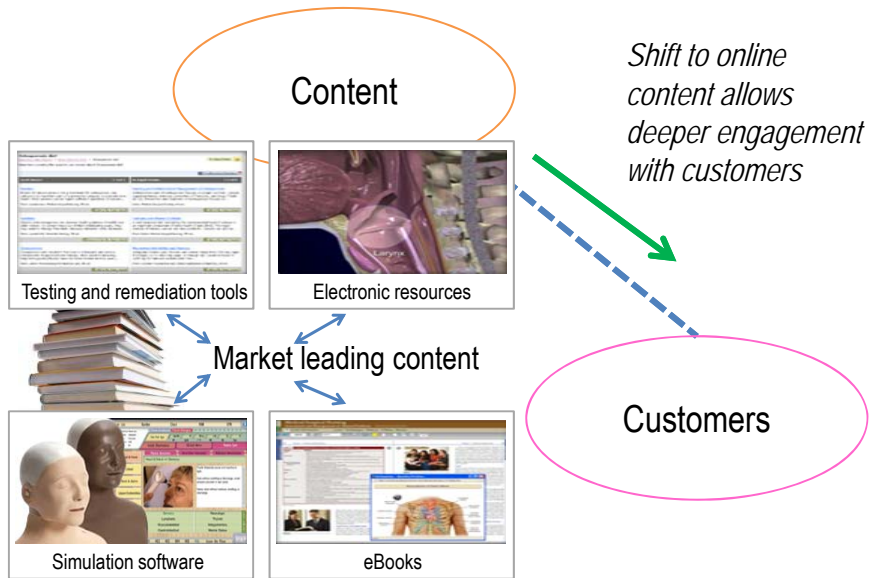
## Delivering on Reed Elsevier's growth potential

- Fundamentally well positioned with clear strategy
  - Authoritative content, driving online solutions, portfolio management, driving cost efficiency
- Great opportunity, due to changing technology and customer needs, to engage more closely with our customers
- Step-up in tempo and ambition of product and market strategies, backed by incremental investment
  - Leverage content, with data, tools and analytics
  - Deeper engagement to produce greater customer value
  - Expand our technology base, skills and competencies

Faster organic growth in information intensive sectors



## Getting closer to our customers

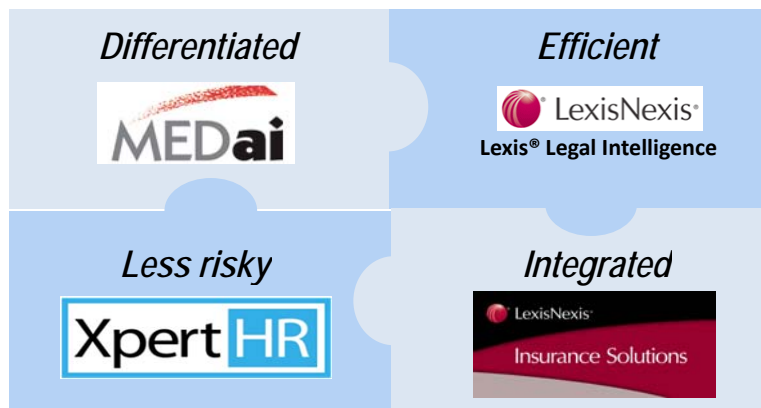


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## Making professionals better:

A broader value proposition



Reed Elsevier

## Making professionals better:

### A broader value proposition

"MEDai's severity methodology is patient specific and clinically focused. Because of this, our physicians trust the data which facilitates behavior change leading to improved outcomes."

- Medical Director, Clinical Improvement - Novant Health

*Differentiated*



 Reed Elsevier

## Making professionals better:

### A broader value proposition

"Lexis Legal Intelligence will save us a small fortune by reducing duplication, getting to information more quickly and most importantly freeing up fee-earner time to earn fees."

-- Practice Manager, Wortley Byers

*Efficient*



 Reed Elsevier



## Making professionals better:

### A broader value proposition

*"I am very impressed by XpertHR. I have found it particularly useful for formulating HR policy and keeping abreast of legal developments."*

-- European HR Director, The Economist



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## Making professionals better:

### A broader value proposition

*"We saw a ten-fold increase in improvement on first call close rate, leading to a significant uplift in new business and reduction in acquisition costs ..."*

-- VP Underwriting, major US insurance carrier

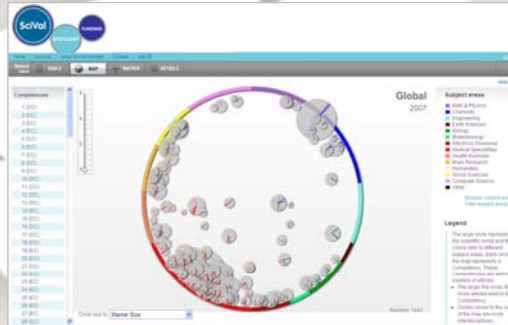


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# Customer insight: the virtuous circle

Deep Customer Insight

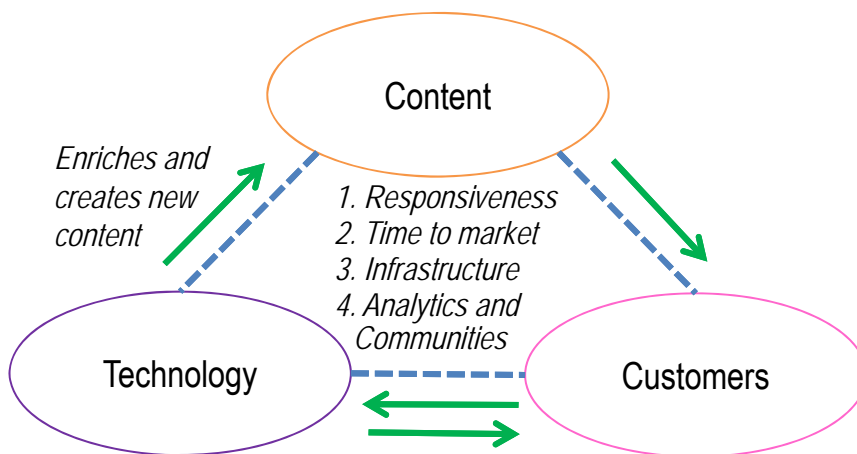
Agile Innovation



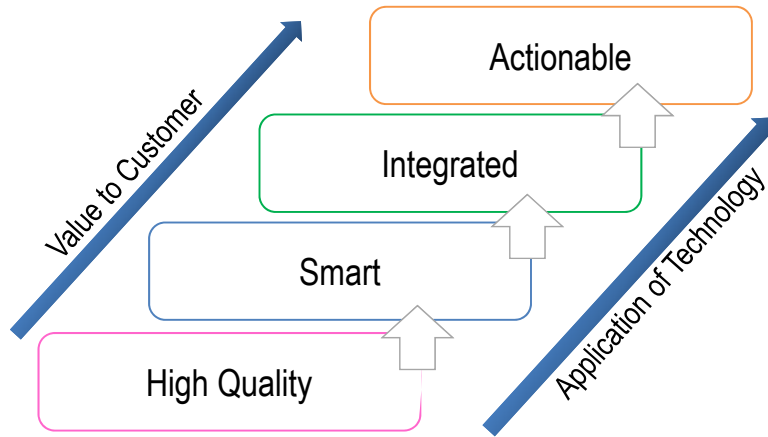
Customer Value Capture

Effective Go To Market

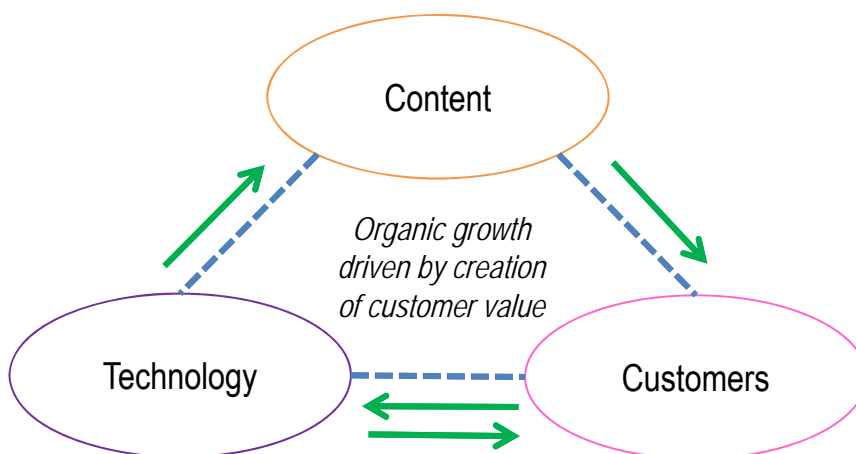
# Technology is an opportunity



## Content that creates value for our customers



## A great opportunity



## Reed Business Information



- RBI sale no longer on our agenda
- Parts badly hit by decline of offline advertising, but we are managing cost and....
- ....rationalising the portfolio
- Parts of the business fit our strategy well (information-intensive sectors where we can leverage content, customer value and technology)

**Xpert HR**  
Online HR Intelligence

**ICIS.com**

**BANKERS Almanac**  
The intelligent source

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## Reed Exhibitions



- Hit by the recession
- But global leader, occupying a crucial position in our customers' marketing mix



- Online potential growing

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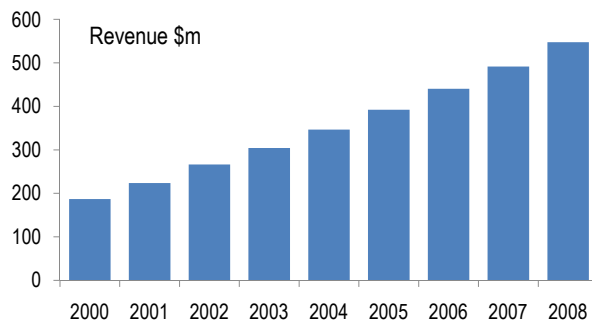
## LexisNexis Legal



- Strong brands, authoritative content, good market positions globally
- Favourable drivers of long term professional growth
  - Increasing legislation, regulatory complexity, litigation and compliance, and growing demand for increasing professional productivity and effectiveness
- Investing in next generation products and infrastructure



## LexisNexis Risk Solutions



Insurance:  
a strong history  
of growth

- Outstanding market leading assets and technology
- Increasing requirements for identity authentication and risk evaluation
- ChoicePoint delivers highly attractive position in insurance markets

## Elsevier Science & Technology



- World class scientific content; #1 share of citations worldwide
- Increasing R&D output; academic budgets currently under pressure
- Opportunity to engage more directly in productivity of research

## Elsevier Health Sciences



- Strong position in research, education and practice
- Growing opportunity in Clinical Decision Support to improve medical outcomes and productivity
- Favourable demographics
- Pharma promotion markets challenged

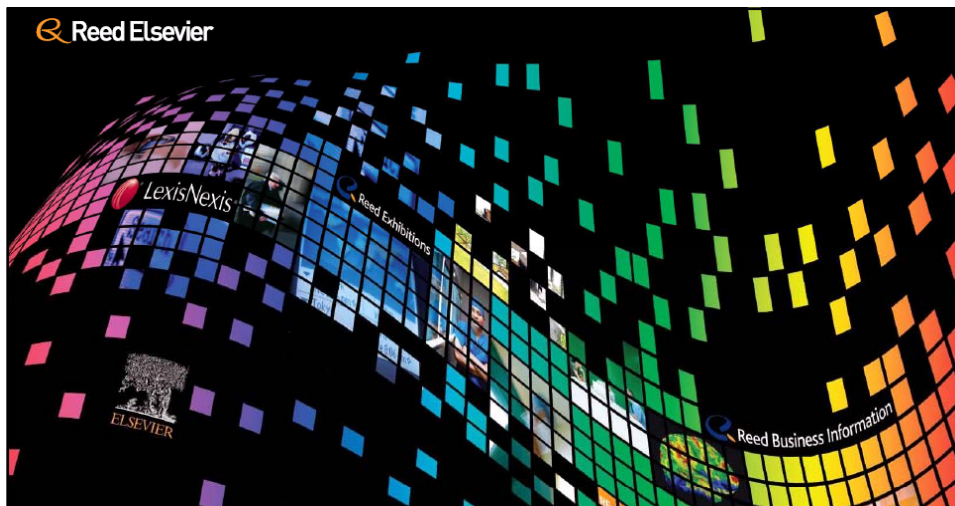
## More aggressive market and product strategies

- Content that creates value for customers
  - Leverage content with information, data, tools, analytics
- Get closer to customers
  - Deeper insight into and integration with customers
- Build on technology base
  - Move from online content to engaging electronically with our customers
  - Integrate technology into all our business decisions

### To deliver ambition

- Step up in investment in marketing, product engineering, infrastructure and sales

Capture market potential, increase competitive differentiation  
Drive organic revenue development



## Appendices

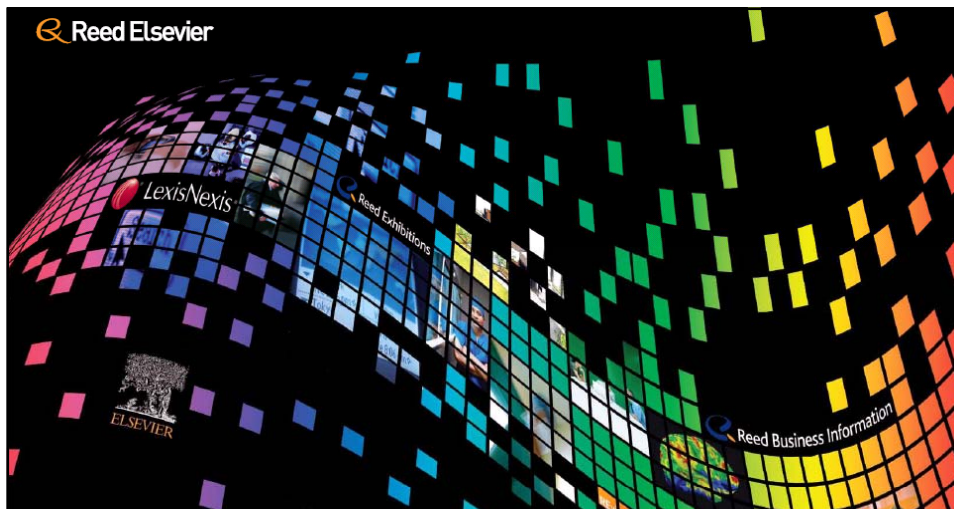
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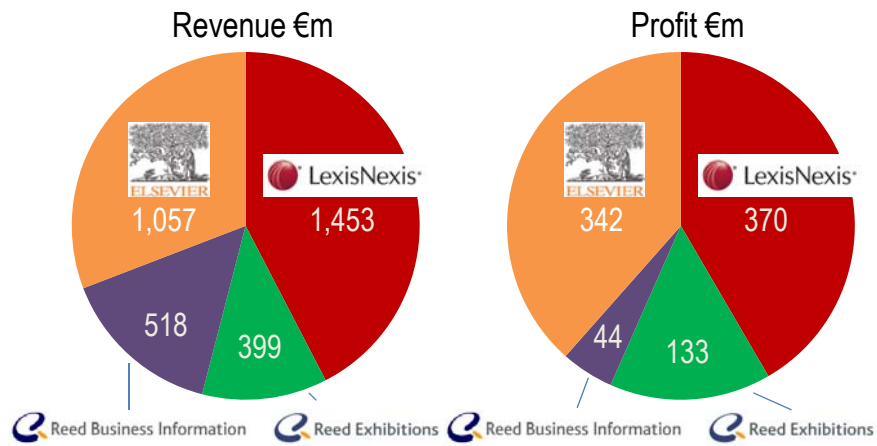
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## Financial information in Euros



## Revenue and adjusted operating profit



## Adjusted profit and loss

	2009 €m	2008 €m	% change euros	% change constant
6 months to 30 June				
Revenue	3,427	3,165	+8%	+3%
Adjusted operating profit	876	798	+10%	+5%
Adjusted operating margin	25.6%	25.2%		
Net interest expense	(154)	(86)		
Adjusted profit before tax	722	712	+1%	-2%

*Adjusted figures are stated before amortisation of acquired intangible assets and goodwill impairment, exceptional restructuring and acquisition related costs, and disposal gains / losses.*

## Elsevier



6 months to 30 June	2009 £m	2008 £m	2009 €m	2008 €m	% change constant
Revenue	944	771	1,057	995	+3%
Adjusted operating profit	305	236	342	304	+14%
Adjusted operating margin	32%	31%	32%	31%	

- Growing online sales, strong subscription renewals; further weakness in pharma
- Underlying: revenues up 3%; adjusted operating profits up 13%
- Margin +1.7% pts: further restructuring and cost control; adverse margin mix effect of US\$ strength on results translation

## LexisNexis



6 months to 30 June	2009 £m	2008 £m	2009 €m	2008 €m	% change constant
Revenue	1,297	822	1,453	1,060	+26%
Adjusted operating profit	330	194	370	250	+36%
Adjusted operating margin	25%	24%	25%	24%	

- Significant contribution of ChoicePoint; key insurance business performing well and integration benefits on track; pre-employment screening business lower
- Underlying: revenues 3% lower; adjusted operating profits 6% lower
- Core law firm business resilient; decline in US legal directory listings; government, corporate and academic markets lower
- Margin +1.8% pts: restructuring and cost control mitigate lower underlying revenues; ChoicePoint contribution benefit; H2 margin expected lower against increased investment

## Reed Exhibitions



6 months to 30 June	2009 £m	2008 £m	2009 €m	2008 €m	% change constant
Revenue	356	377	399	486	-22%
Adjusted operating profit	119	128	133	165	-26%
Adjusted operating margin	33%	34%	33%	34%	

- Exhibitors cutting back on promotional spend
- Underlying: revenues down 24%; adjusted operating profits down 28%
- Significant cycling out of biennial exhibitions
- Ex-cycling: revenues down 15%; adjusted operating profits down 18%
- Margin down 0.6% pts: gearing on decline mitigated by firm action on costs; favourable currency translation mix effects

## Reed Business Information



6 months to 30 June	2009 £m	2008 £m	2009 €m	2008 €m	% change constant
Revenue	463	484	518	624	-17%
Adjusted operating profit	39	62	44	80	-43%
Adjusted operating margin	8%	13%	8%	13%	

- Advertisers cut back substantially on marketing spend from Q4 2008, trend accelerated in H1 2009
- Underlying: revenues down 18%; adjusted operating profits down 42%
- Underlying revenues: UK -16%; NL -11%; International -13%; US -26%
- Margin -4.4% pts: revenue decline; significant cost reduction

## Adjusted operating cash flow

6 months to 30 June	2009 £m	2008 £m	2009 €m	2008 €m
Adjusted operating profit	782	619	876	798
Capital expenditure	(93)	(64)	(104)	(83)
Depreciation	105	68	117	88
	12	4	13	5
Share based payments / pensions	(56)	(24)	(62)	(31)
Working capital and other items	(21)	(13)	(24)	(16)
Adjusted operating cash flow	717	586	803	756
Cash flow conversion rate	92%	95%	92%	95%

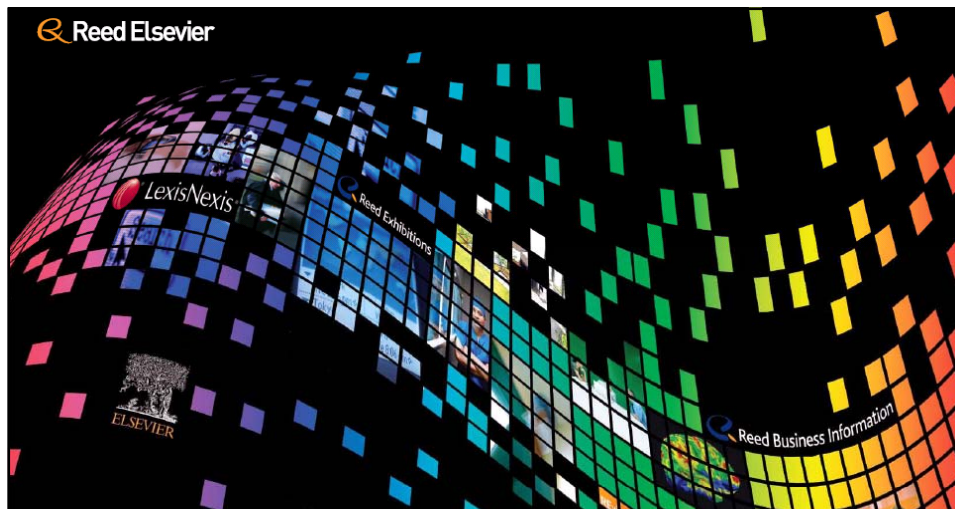
## Adjusted operating cash flow

12 months to 30 June	2009 £m	2008 £m	2009 €m	2008 €m
Adjusted operating profit	1,542	1,226	1,815	1,674
Capital expenditure	(196)	(140)	(232)	(193)
Depreciation	204	140	240	192
	8	-	8	(1)
Share based payments / pensions	(27)	(2)	(25)	2
Working capital and other items	15	(9)	22	(10)
Adjusted operating cash flow	1,538	1,215	1,820	1,665
Cash flow conversion rate	100%	99%	100%	99%

## Free cash flow

6 months to 30 June	2009 £m	2008 £m	2009 €m	2008 €m	% change £	% change €
Adjusted operating cash flow	717	586	803	756	+22%	+6%
Interest paid	(135)	(57)	(151)	(74)		
Tax paid	(126)	(123)	(142)	(159)		
Free cash flow before dividends	456	406	510	523	+12%	-2%
Ordinary dividends	(326)	(298)	(365)	(385)		
Restructuring expense / acquisition integration*	(74)	(20)	(82)	(26)		
Free cash flow before acquisitions / disposals	56	88	63	112	-36%	-44%

\*Net of cash tax benefit



Further information

## Revenue Reconciliation

6 months to 30 June	£m	% change	€m	% change
2008 Revenue	2,454		3,165	
Base businesses	(178)	-7%	(225)	-7%
Acquisitions	267	11%	337	11%
Disposals	(11)	-1%	(14)	-1%
Currency effects	528	22%	164	5%
2009 Revenue	3,060	25%	3,427	8%

## Adjusted profit before tax Reconciliation

6 months to 30 June	£m	% change	€m	% change
2008 Adjusted profit before tax	552		712	
Base business	(45)	-8%	(57)	-8%
Acquisitions / disposals	32	+6%	40	+6%
Currency effects	105	+19%	27	+3%
2009 Adjusted profit before tax	644	+17%	722	+1%

*Adjusted figures are stated before amortisation and impairment of acquired intangible assets and goodwill, exceptional restructuring and acquisition related costs, and disposal gains / losses.*

## Adjusted earnings per share

6 months to 30 June	2009	2008	%	2009	2008	%
Adjusted profit attributable for total operations:						
Combined business	£503m	£421m	+19%	€563m	€543m	+4%
Reed Elsevier PLC (52.9%)	£266m	£223m	+19%			
Reed Elsevier NV (50.0%)				€282m	€272m	+4%
Average number of shares:						
Reed Elsevier PLC (m)	1,085.8	1,096.9				
Reed Elsevier NV (m)				666.0	674.2	
Adjusted Earnings Per Share:						
Reed Elsevier PLC	24.5p	20.3p	+21%			
Reed Elsevier NV				€0.42	€0.40	+5%

## Dividend equalisation

	Interim		% change
	2009	2008	
Reed Elsevier PLC (p)	5.4	5.3	+2%
UK tax credit rate	10%	10%	
Reed Elsevier PLC (p) (gross)	6.0	5.89	
Equalisation ratio	1.538	1.538	
Exchange rate (€:£)	1.16	1.26	
Reed Elsevier NV (€)	0.107	0.114	-6%

## Reported profit attributable

6 months to 30 June	2009 £m	2008 £m	2009 €m	2008 €m
Adjusted profit attributable	503	421	563	543
Adjustments (post tax)				
Amortisation of intangible assets	(220)	(126)	(246)	(163)
Impairment of goodwill and intangible assets	(101)	-	(113)	-
Restructuring programme	(71)	(32)	(79)	(41)
Acquisition related costs	(15)	(8)	(17)	(10)
Disposals and other	8	11	9	14
Deferred tax	57	31	64	40
Reported profit attributable	161	297	181	383

## Elsevier growth and currency analysis



	Organic	Acquisitions/ disposals	Constant currency	Year on year change in hedge rates	Other currency	Total
<b>6 months to 30 June 2009</b>						
Revenue	+3%	0%	+3%	-1%	+20%	+22%
Adjusted operating profit	+13%	+1%	+14%	-2%	+17%	+29%
Adjusted operating margin	+3.0%	+0.1%	+3.1%	-0.4%	-1.0%	+1.7%
<b>12 months to 31 December 2008</b>						
Revenue	+5%	-1%	+4%	-1%	+10%	+13%
Adjusted operating profit	+10%	+1%	+11%	-2%	+10%	+19%
Adjusted operating margin	+1.6%	+0.6%	+2.2%	-0.5%	+0.0%	+1.7%



## ChoicePoint pro forma



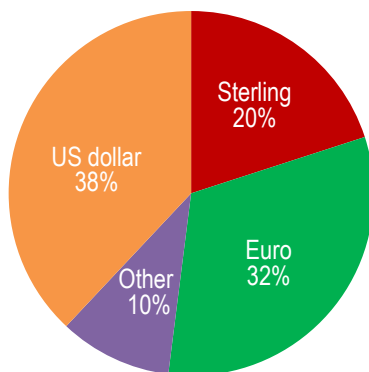
6 months to 30 June	Revenues			Adjusted operating profit		
	2009 \$m	2008 \$m	Change %	2009 \$m	2008 \$m	Change %
Insurance	305	280	+9%	160	140	+14%
Screening & authentication	67	93		4	13	
Business services / other	92	96		23	13	
Non-Insurance	159	189	-16%	27	26	+4%
Corporate / shared	-	-	-	(29)	(56)	
Continuing operations	464	469	-1%	158	110	+44%

*ChoicePoint pro forma: excludes discontinued operations and business sold; before transaction related expenses and other non recurring operating charges*

## Currency profile

6 months to June 2009

2009 Adjusted profit before tax



Average rates:	Half year		Full year	
	2009	2008	2009*	2008
£				
US dollar	1.49	1.97	1.57	1.85
Euro	1.12	1.29	1.14	1.26
€				
US dollar	1.33	1.53	1.38	1.47
Sterling	0.89	0.78	0.88	0.79
Period end rates:				
		30 Jun 2009	31 Dec 2008	30 Jun 2008
£				
US dollar		1.67	1.45	2.00
Euro		1.18	1.03	1.26
€				
US dollar		1.41	1.41	1.59
Sterling		0.85	0.97	0.79

\*Full year 2009 exchange rates if 28 July 2009 rates prevail to end of 2009 (GBP:US\$ 1.64, GBP:EUR 1.16)

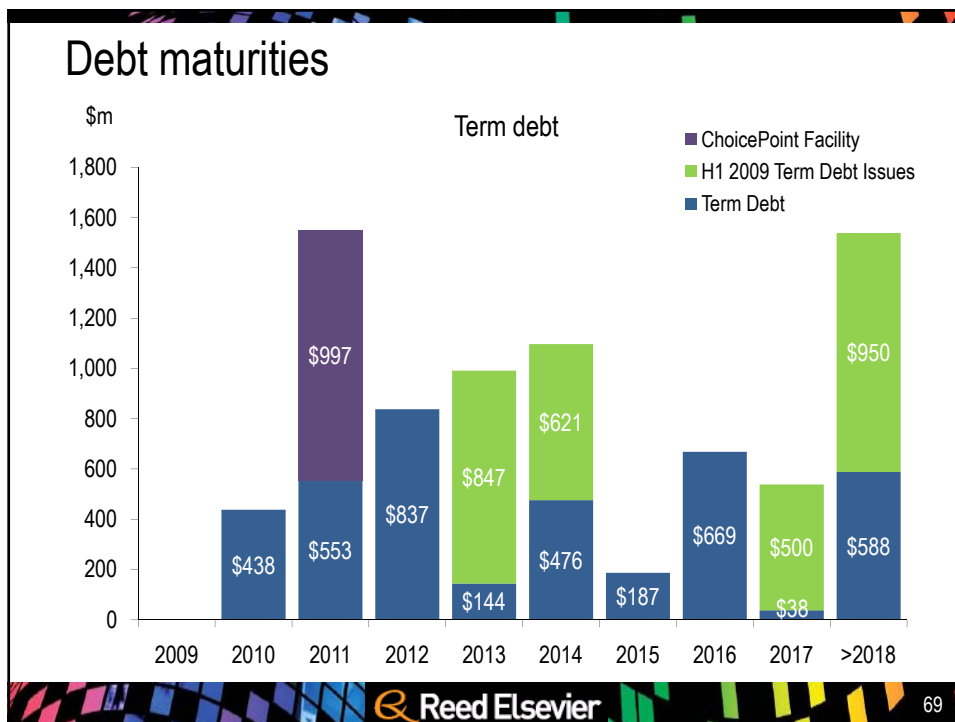
## Balance sheet

	30 June 2009 £m	31 Dec 2008 £m	30 June 2009 €m	31 Dec 2008 €m
Goodwill & intangible assets	7,887	9,305	9,307	9,584
Tangible fixed assets	277	329	327	339
Investments & net assets held for sale	179	241	211	248
Net pensions obligations	(428)	(369)	(505)	(380)
Working capital	(677)	(832)	(799)	(857)
Capital employed	7,238	8,674	8,541	8,934
Shareholders' equity	607	953	717	981
Net debt	5,058	5,726	5,968	5,898
Current & deferred tax (net)	1,454	1,726	1,718	1,778
Other net liabilities / minorities	119	269	138	277
	7,238	8,674	8,541	8,934

## Movements in net debt

	£m	€m
Net debt at 31 December 2008	(5,726)	(5,898)
Free cash flow from continuing operations	456	510
Ordinary dividends	(326)	(365)
Restructuring expense / acquisition integration*	(74)	(82)
Acquisitions net of disposals		
- Prior year transactions*	(82)	(92)
- Current year	(1)	(1)
	(83)	(93)
Currency translation and other	695	(40)
Net debt at 30 June 2009	(5,058)	(5,968)

\*Net of cash tax benefit



## Cost of borrowings

Debt predominantly denominated in US dollars at 30 June 2009

- 79% of gross debt (31 Dec 2008: 85%)
- 84% of net debt (31 Dec 2008: 86%)

Majority of debt fixed at 30 June 2009

- 71% of gross debt (31 Dec 2008: 52%)
- 77% of net debt (31 Dec 2008: 56%)

Blended interest rate

- 5.0% in 6 months to 30 June 2009
- 5.7% estimated for full year 2009 (pre placing)

*Percentage of debt in US dollars and fixed debt stated after impact of swaps*

Reed Elsevier 70

## Debt ratios

	LTM June 2009	LTM Dec 2008
Funds from operations / net debt	21.0%	24.0%
Retained cash flow / net debt	13.6%	17.4%
Net interest cover	5.5x	6.9x
Net debt / EBITDA	3.6x	3.3x
Long term credit rating	BBB+ / Baa1 / A- (negative outlook)	BBB+ / Baa1 / A- (negative outlook)

*Ratios pension and lease adjusted; calculated in US dollars; ebitda before certain restructuring costs; pro forma for ChoicePoint*

## 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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