

Reed Elsevier Interim Results 2010

Mark Armour, CFO

Erik Engstrom, CEO

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Mark Armour, CFO

2010 H1 performance

Revenue -2%; Adjusted operating profit -3%; Adjusted margin -0.3% pts

- Improved overall trading performance; underlying revenues +1%
- Late cycle effects on core subscription revenues
- Advertising and promotional markets appear to be stabilising
- Increased investment particularly in legal business

Adjusted earnings per share:

Reed Elsevier PLC 21.3p -13%; Reed Elsevier NV €0.38 -11%

- 8% H1 dilution from July 2009 equity placings (est 4% for full year)
- Strong cash generation; solid financial position

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 profit and loss

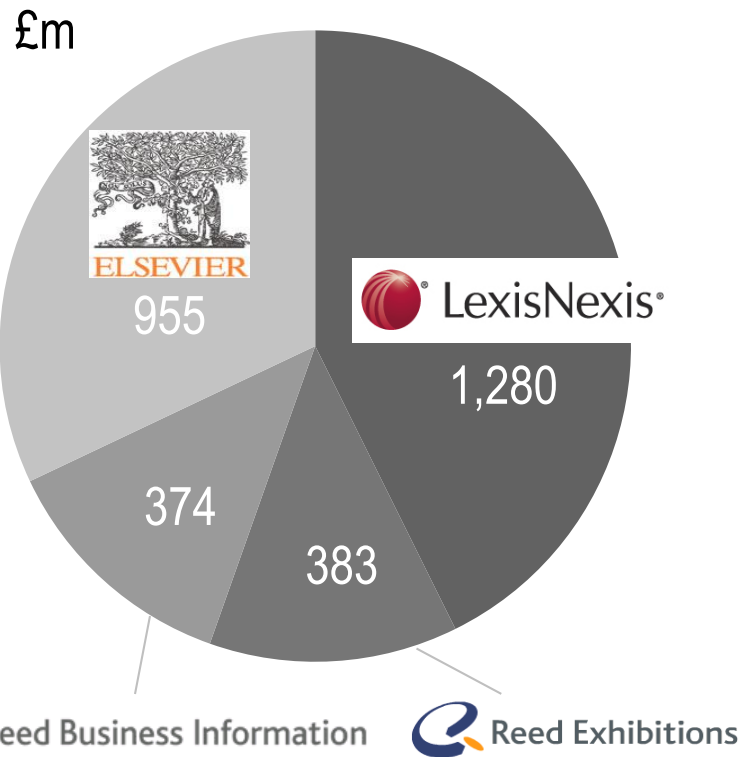
6 months to 30 June	2010 £m	2009 £m	% change	% change constant
Revenue	2,992	3,060	-2%	-1%
Adjusted operating profit	758	782	-3%	-3%
Net interest expense	(134)	(138)		
Adjusted profit before tax	624	644	-3%	-4%
Tax	(140)	(139)		
Minority interests	(2)	(2)		
Adjusted profit attributable	482	503	-4%	-5%

Adjusted profit and loss

6 months to 30 June	2010 £m	2009 £m	% change	% change constant	% change underlying
Revenue	2,992	3,060	-2%	-1%	+1%
Adjusted operating profit	758	782	-3%	-3%	-3%
Adjusted operating margin	25.3%	25.6%	-0.3%pts	-0.4% pts	-1.0%pts

- Underlying margin:
 - weak revenue growth
 - increased spend particularly in legal markets
 - restructuring programme delivering targeted cost savings
- Overall margin: benefit of RBI disposals

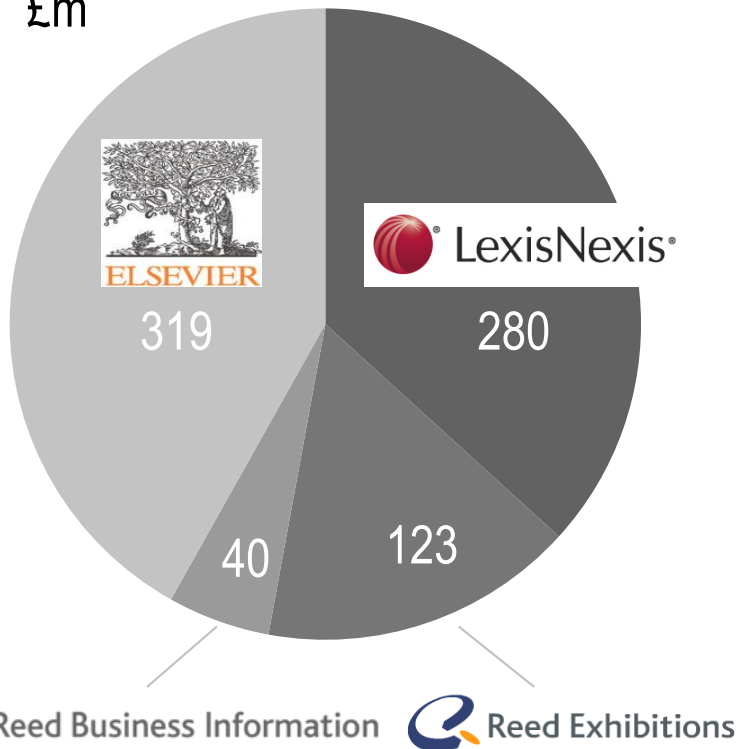
Revenue: £2,992m



	6 months to 30 June 2010	% change constant	% change underlying
Elsevier		+2%	+2%
LexisNexis		0%	0%
Reed Exhibitions		+9%	+8%
RBI		-19%	-4%
Reed Elsevier		-1%	+1%

Adjusted operating profit: £758m

£m



6 months to 30 June 2010	% change constant	% change underlying
Elsevier	+4%	+4%
LexisNexis	-14%	-14%
Reed Exhibitions	+4%	+4%
RBI	+1%	+4%
Reed Elsevier	-3%	-3%

Change in underlying revenue, cost, profit

6 months to 30 June 2010	Revenue	Adjusted operating cost	Adjusted operating profit
Elsevier	+2%	+1%	+4%
LexisNexis	0%	+5%	-14%
Reed Exhibitions	+8%	+10%	+4%
RBI	-4%	-6%	+4%
Reed Elsevier	+1%	+2%	-3%
Change £m	+£29m	+£50m	-£21m

% underlying change excluding acquisitions and disposals

Adjusted operating cash flow

6 months to 30 June	2010 £m	2009 £m
Adjusted operating profit	758	782
Capital expenditure	(131)	(93)
Depreciation	111	105
	(20)	12
Working capital and other items	5	(77)
Adjusted operating cash flow	743	717
Cash flow conversion rate	98%	92%

- Increased capital spend particularly on products and infrastructure in legal markets
- Working capital benefit from timing of subscriptions

Adjusted profit and loss

6 months to 30 June	2010 £m	2009 £m	% change	% change constant
Adjusted operating profit	758	782	-3%	-3%
Net interest expense	(134)	(138)		
Adjusted profit before tax	624	644	-3%	-4%
Tax	(140)	(139)		
<i>Adjusted tax rate %</i>	22.5%	21.5%		
Minority interests	(2)	(2)		
Adjusted profit attributable	482	503	-4%	-5%

- Interest expense: higher coupon on fixed term debt issued in 2009; benefit of free cashflow and July 2009 share placing (repaid lower cost short term debt)
- Adjusted tax rate similar to 2009 full year effective rate

Adjusted earnings per share

6 months to 30 June	2010	2009	%	2010	2009	%
Adjusted profit attributable:						
Reed Elsevier	£482m	£503m	-4%	€554m	€563m	-2%
PLC (52.9%)	£255m	£266m	-4%			
NV (50.0%)				€277m	€282m	-2%
Average number of shares:						
PLC (m)	1,198.6	1,085.8	+10%			
NV (m)				734.4	666.0	+10%
Adjusted earnings per share:						
PLC	21.3p	24.5p	-13%			
NV				€0.38	€0.42	-11%

- July 2009 equity placings: c8% dilutive effect in H1; c4% full year effect

Statutory profit before tax

6 months to 30 June	2010 £m	2009 £m	% change
Adjusted profit before tax	624	644	-3%
Adjustments			
Amortisation of acquired intangible assets	(172)	(195)	
Impairment of acquired intangible assets and goodwill	-	(140)	
Exceptional restructuring costs	(13)	(103)	
Acquisition integration costs	(24)	(22)	
Reclassification of tax in joint ventures	(6)	(6)	
Disposals and other non-operating items	3	10	
Statutory profit before tax	412	188	+119%

- Exceptional restructuring costs in 2010 relate to RBI only

Free cash flow

6 months to 30 June	2010 £m	2009 £m	% change
Adjusted operating cash flow	743	717	+4%
Interest paid	(133)	(135)	
Tax paid	(4)	(126)	
Free cash flow before dividends	606	456	+33%
Ordinary dividends	(356)	(326)	
Restructuring / acquisition integration spend*	(37)	(74)	
Free cash flow post dividends and exceptionals	213	56	

- Benefit of one-off tax repayments relating to prior year

**Net of cash tax benefit*

Movement in net debt

	£m	\$m
Net debt at 31 December 2009	(3,931)	(6,349)
Free cash flow post dividends and exceptionals*	213	326
Acquisitions / disposals		
- Disposals*	79	121
- Acquisitions*	(5)	(8)
	74	113
Net proceeds from share options exercised / other	2	3
Currency translation	(206)	143
Net debt at 30 June 2010	(3,848)	(5,764)

- Net debt / adjusted LTM ebitda 2.7x (pensions and lease adjusted)

**Including cash tax relief/repayments*

Balance sheet

	30 June 2010 £m	31 Dec 2009 £m
Goodwill & intangible assets	8,258	7,971
Tangible fixed assets	291	292
Investments & net assets held for sale	177	176
Net pensions obligations	(453)	(235)
Working capital	(892)	(857)
Capital employed	7,381	7,347
Shareholders' equity	1,596	1,732
Net debt	3,848	3,931
Current & deferred tax (net)	1,758	1,543
Other net liabilities / minorities	179	141
	7,381	7,347

Dividends

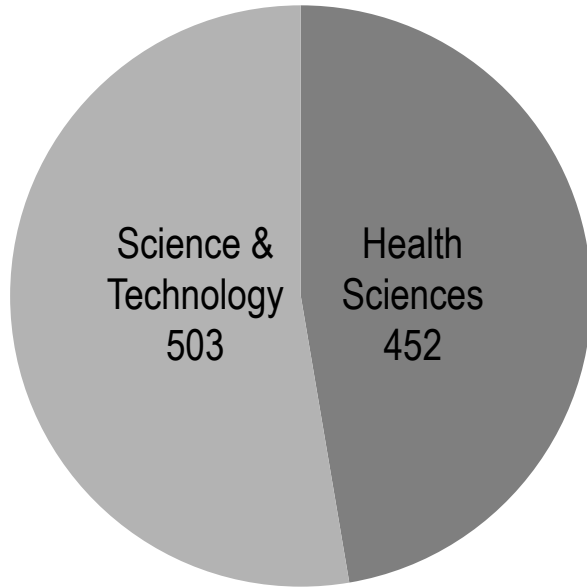
	Reed Elsevier PLC		Reed Elsevier NV	
Interim dividend	5.4p	0%	€0.109	+2%
LTM dividend cover	2.1x		1.9x	

- Difference in dividend growth rates reflects changes in the euro:sterling exchange rate since prior year dividend announcement dates
 - Interim: 2010 €1.18:£1 v 2009 €1.16:£1

Erik Engstrom, CEO

- As expected, H2 2009 business trends continued into early 2010
 - Core subscription revenues saw carry over from 2009 of late cycle effects
 - More cyclical businesses now seeing moderating declines or return to growth
- Underlying revenues +1% against 7% decline in H1 2009
 - Recovery varies by business and by market
- Each business making progress on specific priorities

H1 2010 revenue £955m



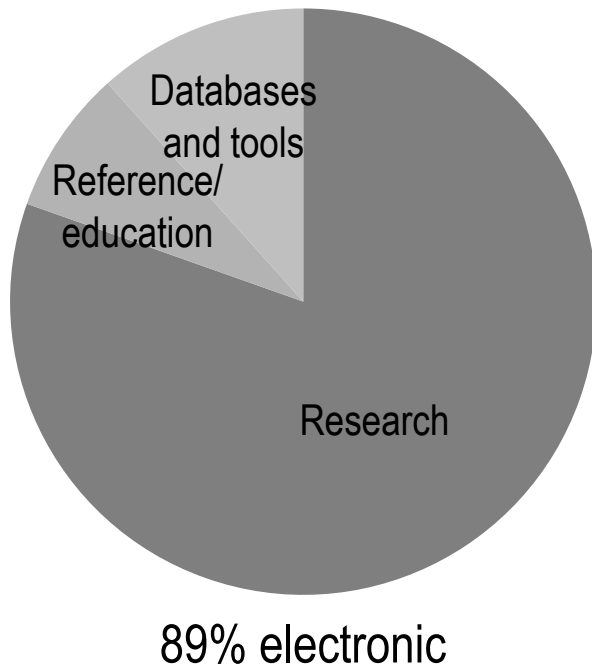
6 months to 30 June	2010 £m	2009 £m	% change constant	% change underlying
Revenue	955	944	+2%	+2%
Science & Technology			+2%	+2%
Health Sciences			+2%	+2%
Adjusted operating profit	319	305	+4%	+4%

- Lower revenue growth as expected
- Pursuit of cost efficiency and process innovation continuing

Elsevier: Science & Technology H1 2010



H1 2010 revenue £503m
Growth +2%



Research
(Journals)

- Strong volume growth
- Academic budgets constrained
- 2010 renewals as expected

Reference/
education
(Books)

- Growth in electronic reference
- Moderating print declines

Databases
and tools

- Solid growth in usage and revenues

Growth underlying

Elsevier: Health Sciences H1 2010



H1 2010 revenue £452m
Growth +2%



34% electronic

Medical research

- Strong volume growth
- Budgets constrained
- Renewals as expected

Clinical reference/ decision support (CDS)

- Good growth online
- Slightly longer sales cycles in some markets

Nursing/health professionals (NHP)

- Continued strong growth in integrated solutions

Pharma promotion

- Modest recovery in US; continuing declines in Europe (overall: -4% v -11% H1 2009)

Growth underlying

Progress

- Continuing to evolve electronic tools for academic researchers
- Growing research performance and planning tools for institutions (SciVal Spotlight, Funding; Collexis)
- Capturing high growth opportunities in health professions (Simulation Learning System, Nurse²)
- Pharma promotion business restructuring underway

Outlook

- Volume growth and demand for electronic tools continuing
- Academic budget environment remains constrained; varies by geography

H1 2010 revenue £1,280m

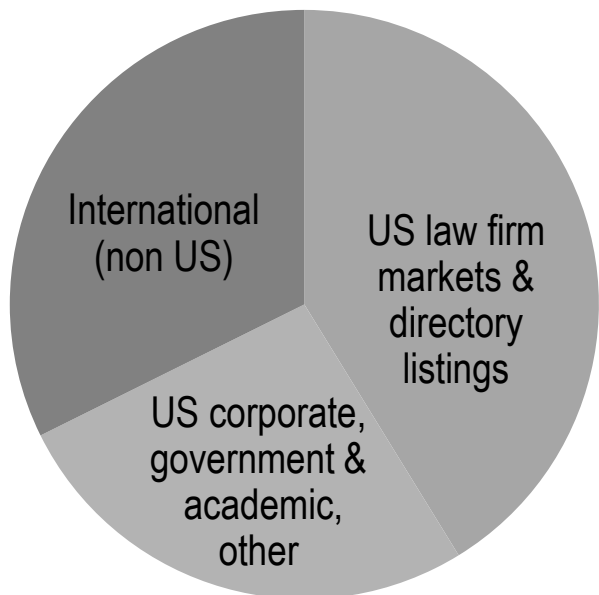


6 months to 30 June	2010 £m	2009 £m	% change constant	% change underlying
Revenue	1,280	1,297	0%	0%
US Legal			-2%	-1%
International Legal			-4%	-4%
Risk Solutions			+4%	+4%
Adjusted operating profit	280	330	-14%	-14%

- Revenues flat
- Profit decline due to increased spend on product development, sales and marketing partly offset by cost actions
- Sharpened focus; preparing to split Legal and Risk Solutions

LexisNexis: Legal H1 2010

H1 2010 revenue £816m
Growth -2%



Growth

US law firms	+2%*	<ul style="list-style-type: none"> • Renewals reflect low activity levels in 2009 • New sales higher; customer retention stable • Martindale Hubbell directory decline moderating
US corporate, government & academic	-6%	<ul style="list-style-type: none"> • Budgets remain under pressure • Declines in news and business
International	-4%	<ul style="list-style-type: none"> • Growth in online and solutions +6% • Print declines and publication phasing

*Excluding 2009 directory listings revenue recognition change – US Law firm markets -2%
Growth underlying

Progress

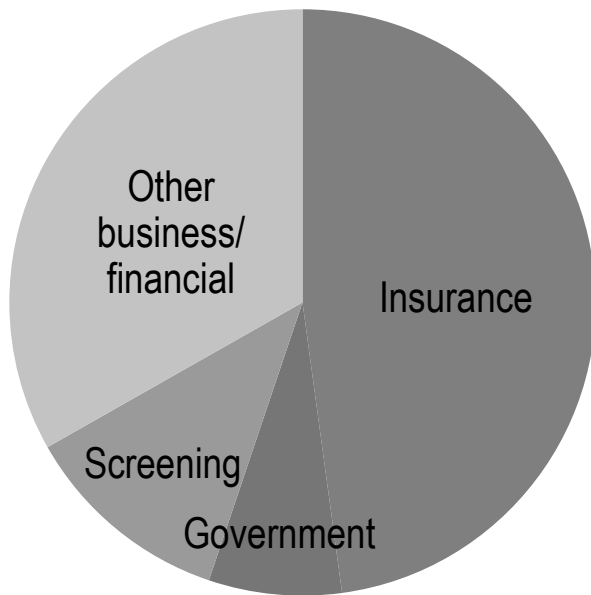
- Expanded US sales coverage and marketing programmes
- Continued to evolve international online tools
- Good progress in developing next generation legal infrastructure
- Early steps well received

Outlook

- Late cycle impact on multi-year subscription revenues continuing
- Pace of legal industry recovery uncertain (billings up, employment stabilising)
- Continued investment partly offset by cost actions

LexisNexis: Risk Solutions H1 2010

H1 2010 revenue £464m
Growth +4%



93% electronic

Insurance

- Strong growth (+8%) driven by high transactional activity
- Increased sales of analytics products

Government

- Market strength continuing; partly offset by federal spend timing

Screening

- Strong spring retail hiring driving growth (+9%); sustainability uncertain

Other

- Declines moderating
- Financial services, collections stabilising; mortgages still weak

Growth underlying

Progress

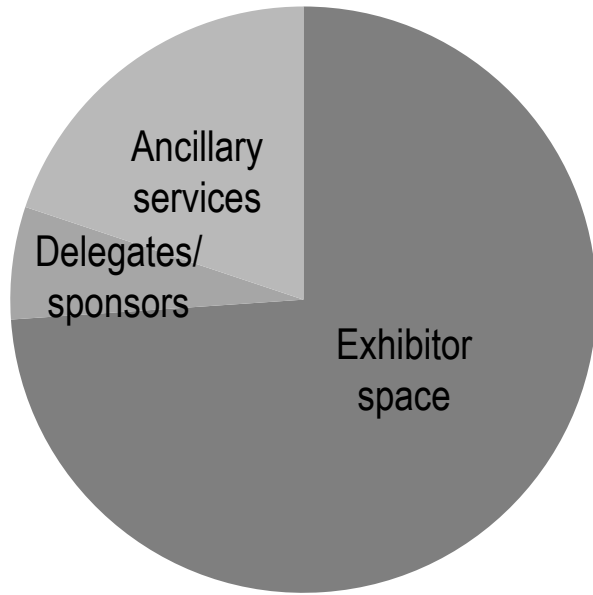
- ChoicePoint integration progressing well; synergies on track
- Leveraging HPCC advanced technology
- Recent product introductions growing well (Data Prefill, MVR Predictor, eCrash)

Outlook

- Continued strong growth in insurance
- Strength and pace of recovery in screening, collections and financial services uncertain

Reed Exhibitions H1 2010

H1 2010 revenue £383m



6 months to 30 June	2010 £m	2009 £m	% change constant	% change underlying
Revenue	383	356	+9%	+8%
Adjusted operating profit	123	119	+4%	+4%

- Revenue declines in annual shows significantly moderated (-6% v 2009 H1 -17%)
- Revenue benefit from net cycling in of biennial events (+14%)

Progress

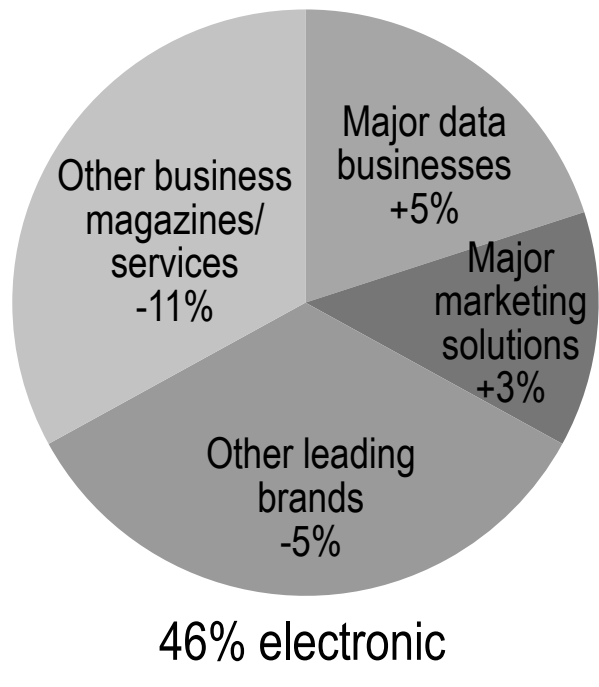
- Emerging economic recovery:
 - Revenue declines moderating
 - Attendee levels up at most annual events
 - Forward bookings trending up for 2011 events
- Customer value proposition strong (good exhibitor and visitor satisfaction)
- Strong growth in China, Russia, Brazil, Middle East
- Stepped up launches in high growth markets (15 new shows)

Outlook

- Full year 2010: Overall growth (including benefit of net cycling in of biennial shows)
- Encouraging signs emerging for 2011 (but net cycling out year)

Reed Business Information H1 2010

H1 2010 revenue £374m



6 months to 30 June	2010 £m	2009 £m	% change constant	% change underlying
Revenue	374	463	-19%	-4%
Adjusted operating profit	40	39	+1%	+4%

- Revenue declines moderated: (-4% v H1 2009 -18%)
- Profit slide halted (+4% v H1 2009 -42%)
- Online advertising returned to growth; print still declining

Growth underlying

Progress

- Continued to grow data services
- Restructured print portfolio
 - Completed exit from US magazine titles
 - Additional titles sold in Germany, Asia, Netherlands and UK
- Reduced cost base further

Outlook

- Slow recovery in advertising: online growth continuing, print recovery uncertain
- Continued portfolio development; cost reduction
- Expanding data services; pursuing emerging market opportunities

First Half 2010

- Considerable progress on business unit priorities
- Overall return to modest growth; variations by business / markets

Outlook

- Some improvement in general economic environment
- Actions taken; beginning to have impact
- Recovery gradual; conditions constrained in many markets
- Business developing as expected

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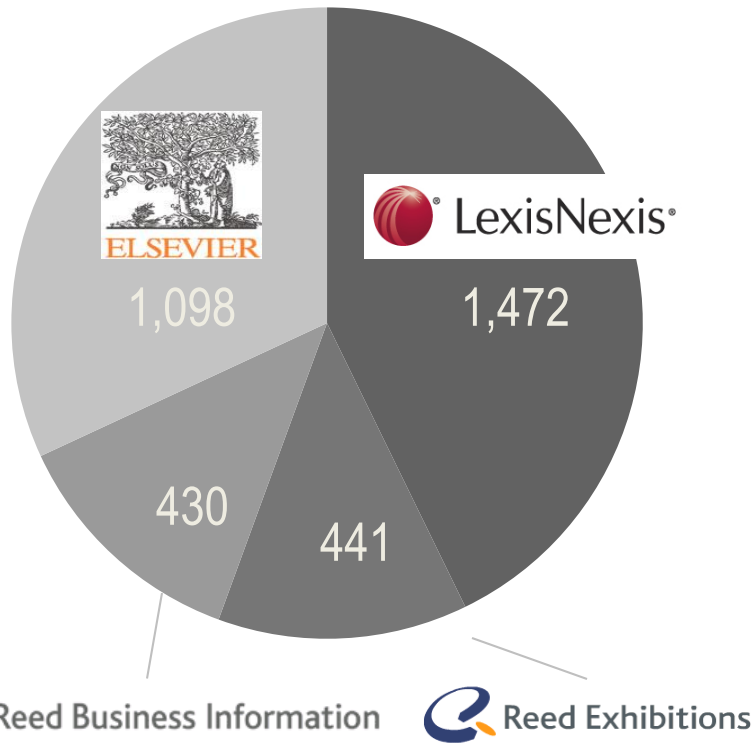
Financial information in Euros

Adjusted profit and loss

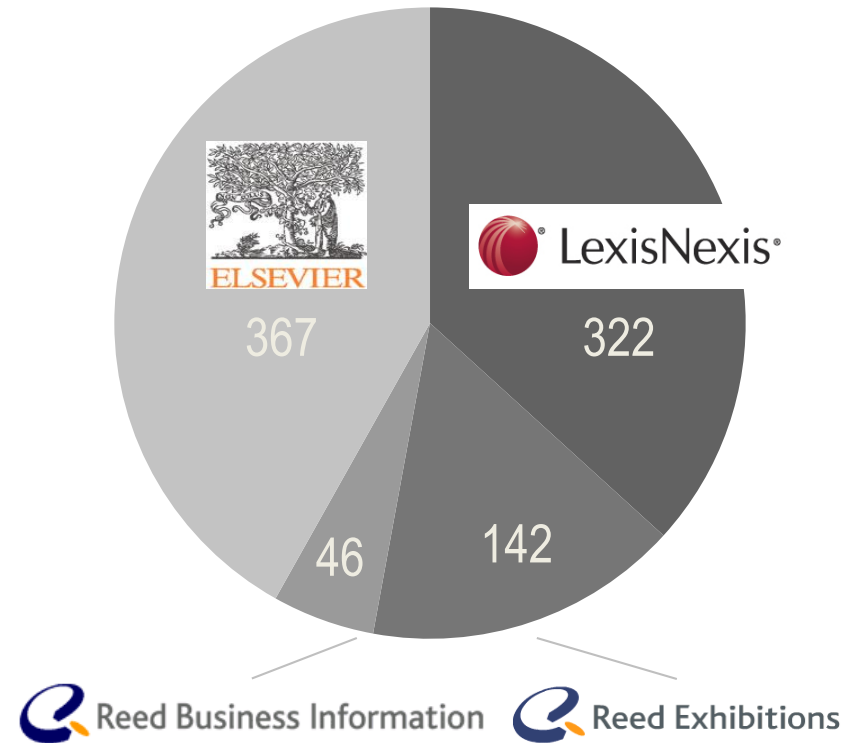
6 months to 30 June	2010 €m	2009 €m	% change	% change constant
Revenue	3,441	3,427	0%	-1%
Adjusted operating profit	872	876	0%	-3%
Net interest expense	(154)	(154)		
Adjusted profit before tax	718	722	-1%	-4%
Tax	(161)	(157)		
Minority interests	(3)	(2)		
Adjusted profit attributable	554	563	-2%	-5%

Revenue and adjusted operating profit

Revenue
€3,441m



Adjusted operating profit
€872m



Adjusted operating cash flow

6 months to 30 June	2010 €m	2009 €m
Adjusted operating profit	872	876
Capital expenditure	(151)	(104)
Depreciation	128	117
	(23)	13
Working capital and other items	5	(86)
Adjusted operating cash flow	854	803
Cash flow conversion rate	98%	92%

Statutory profit before tax

6 months to 30 June	2010 €m	2009 €m	% change
Adjusted profit before tax	718	722	-1%
Adjustments			
Amortisation of acquired intangible assets	(198)	(218)	
Impairment of acquired intangible assets and goodwill	-	(157)	
Exceptional restructuring costs	(15)	(115)	
Acquisition related costs	(28)	(25)	
Reclassification of tax in joint ventures	(7)	(7)	
Disposals and other non-operating items	4	11	
Statutory profit before tax	474	211	+125%

Free cash flow

6 months to 30 June	2010 €m	2009 €m	% change
Adjusted operating cash flow	854	803	+6%
Interest paid	(153)	(151)	
Tax paid	(4)	(142)	
Free cash flow before dividends	697	510	+37%
Ordinary dividends	(409)	(365)	
Restructuring expense / acquisition integration*	(43)	(82)	
Free cash flow post dividends and exceptionals	245	63	

**Net of cash tax benefit*

Movement in net debt

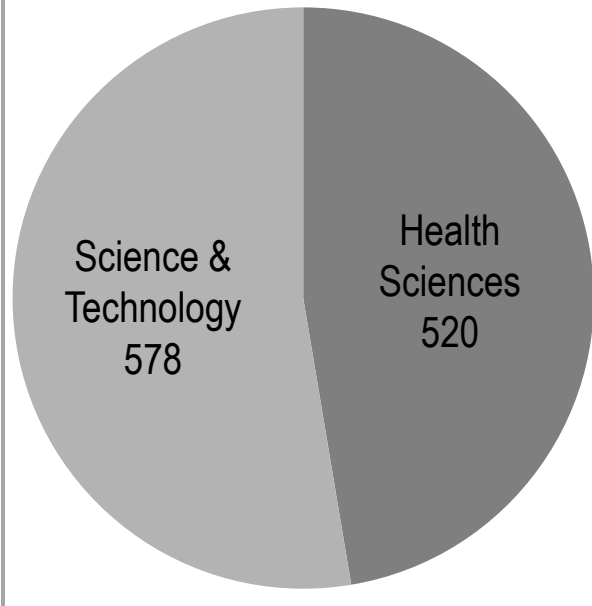
	€m
Net debt at 31 December 2009	(4,402)
Free cash flow post dividends and exceptionals*	245
Acquisitions / disposals	
- Disposals*	91
- Acquisitions*	(6)
	85
Net proceeds from share options exercised / other	1
Currency translation	(623)
Net debt at 30 June 2010	(4,694)

**Including cash tax relief/repayments*

Balance sheet

	30 June 2010 €m	31 Dec 2009 €m
Goodwill & intangible assets	10,074	8,928
Tangible fixed assets	355	327
Investments & net assets held for sale	217	197
Net pensions obligations	(553)	(263)
Working capital	(1,088)	(960)
Capital employed	9,005	8,229
Shareholders' equity	1,947	1,940
Net debt	4,694	4,402
Current & deferred tax (net)	2,145	1,728
Other net liabilities / minorities	219	159
	9,005	8,229

H1 2010 revenue €1,098m



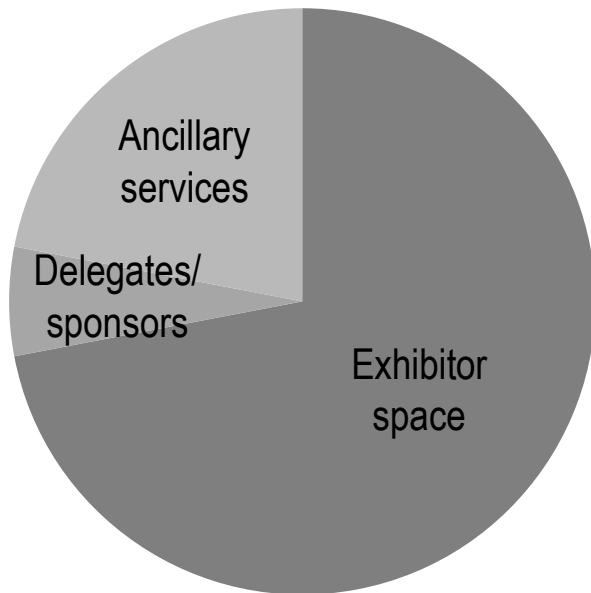
6 months to 30 June	2010 €m	2009 €m	% change constant	% change underlying
Revenue	1,098	1,057	+2%	+2%
Adjusted operating profit	367	342	+4%	+4%

H1 2010 revenue €1,472m



6 months to 30 June	2010 €m	2009 €m	% change constant	% change underlying
Revenue	1,472	1,453	0%	0%
Adjusted operating profit	322	370	-14%	-14%

H1 2010 revenue €441m



6 months to 30 June	2010 €m	2009 €m	% change constant	% change underlying
Revenue	441	399	+9%	+8%
Adjusted operating profit	142	133	+4%	+4%

H1 2010 revenue €430m



6 months to 30 June	2010 €m	2009 €m	% change constant	% change underlying
Revenue	430	518	-19%	-4%
Adjusted operating profit	46	44	+1%	+4%

Growth underlying

Further information

Revenue Reconciliation

6 months to 30 June	£m	% change	€m	% change
2009 Revenue	3,060		3,427	
Base businesses	29	+1%	33	+1%
Acquisitions	1	-	1	-
Disposals	(70)	-2%	(78)	-2%
Currency effects	(28)	-1%	58	+1%
2010 Revenue	2,992	-2%	3,441	0%

Adjusted operating profit Reconciliation

6 months to 30 June	£m	% change	€m	% change
2009 Adjusted operating profit	782		876	
Base business	(21)	-3%	(24)	-3%
Acquisitions / disposals	(1)	-	(1)	-
Currency effects	(2)	-	21	+3%
2010 Adjusted operating profit	758	-3%	872	0%

Adjusted profit before tax Reconciliation

6 months to 30 June	£m	% change	€m	% change
2009 Adjusted profit before tax	644		722	
Base business	(22)	-3%	(25)	-3%
Acquisitions / disposals	(1)	-	(1)	-
Currency effects	3	-	22	+2%
2010 Adjusted profit before tax	624	-3%	718	-1%

Dividend equalisation

	Interim		
	2010	2009	% change
Reed Elsevier PLC (p)	5.40	5.40	0%
UK tax credit rate	10%	10%	
Reed Elsevier PLC (p) (gross)	6.0	6.0	
Equalisation ratio	1.538	1.538	
Exchange rate (€:£)	1.18	1.16	
Reed Elsevier NV (€)	0.109	0.107	+2%

Statutory profit attributable

6 months to 30 June	2010 £m	2009 £m	2010 €m	2009 €m
Adjusted profit attributable	482	503	554	563
Adjustments (post tax)				
Amortisation of acquired intangible assets	(193)	(220)	(222)	(246)
Impairment of acquired intangible assets / goodwill	-	(101)	-	(113)
Restructuring programme	(9)	(71)	(10)	(79)
Acquisition related costs	(16)	(15)	(18)	(17)
Disposals and other	3	8	3	9
Deferred tax	49	57	56	64
Statutory profit attributable	316	161	363	181

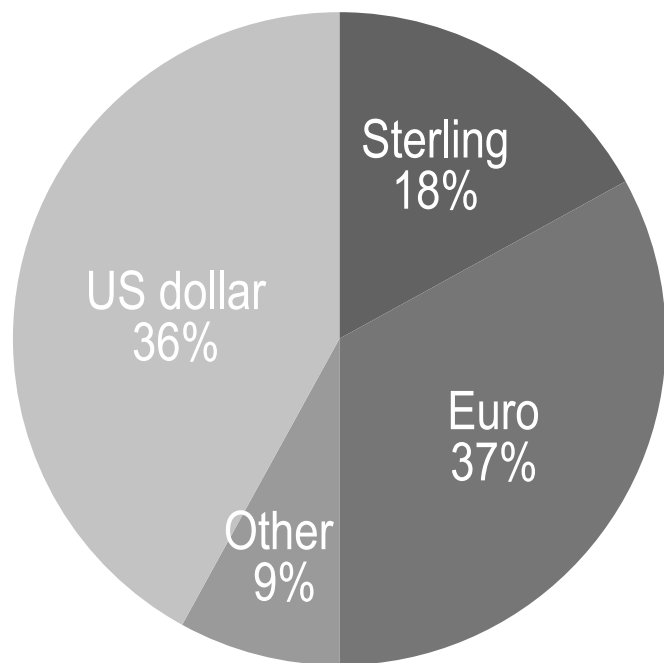
Elsevier growth and currency analysis



	Underlying	Acquisitions/ disposals	Constant currency	Year on year change in hedge rates	Other currency	Total
6 months to 30 June 2010						
Revenue	+2%	0%	+2%	+1%	-2%	+1%
Adjusted operating profit	+4%	0%	+4%	+2%	-1%	+5%
Adjusted operating margin	+0.7%	0.0%	+0.7%	+0.4%	0.0%	+1.1%
12 months to 31 December 2009						
Revenue	+4%	0%	+4%	0%	+13%	+17%
Adjusted operating profit	+9%	0%	+9%	-1%	+14%	+22%
Adjusted operating margin	+1.7%	+0.2%	+1.9%	-0.4%	0.0%	+1.5%

Currency profile

2010 Adjusted profit before tax



Average rates for year:	Half year		Full year	
	2010	2009	2010*	2009
£				
US dollar	1.53	1.49	1.54	1.57
Euro	1.15	1.12	1.17	1.12
€				
US dollar	1.33	1.33	1.32	1.40
Sterling	0.87	0.89	0.85	0.89

Period end rates:	30 June 2010	31 Dec 2009	30 June 2009
£			
US dollar	1.50	1.62	1.67
Euro	1.22	1.12	1.18
€			
US dollar	1.44	1.45	1.41
Sterling	0.82	0.89	0.85

*Full year 2010 exchange rates if 27 July 2010 rates prevail to end of 2010 (GBP:US\$ 1.56; GBP:EUR 1.20)

Cost of borrowings

Debt predominantly denominated in US dollars at 30 June 2010

- 78% of gross debt (31 Dec 2009: 74%)
- 89% of net debt (31 Dec 2009: 83%)

Majority of debt fixed at 30 June 2010

- 76% of gross debt (31 Dec 2009: 75%)
- 91% of net debt (31 Dec 2009: 90%)

Blended interest rate on gross debt

- 5.7% in 6 months to 30 June 2010
- 6.2% estimated for full year 2010

Blended interest rate on net debt

- 6.9% in 6 months to 30 June 2010
- 7.0% estimated for full year 2010

Percentage of debt in US dollars and fixed rate debt stated including impact of swaps

Credit metrics

LTM 30 June 2010

LTM 31 Dec 2009

Net debt / EBITDA	2.7x	2.9x
Funds from operations / net debt	37.3%	28.9%
Retained cash flow / net debt	19.3%	17.7%
Net interest cover	5.0x	5.0x
Long term credit rating	BBB+ / Baa1 / A-	BBB+ / Baa1 / A-

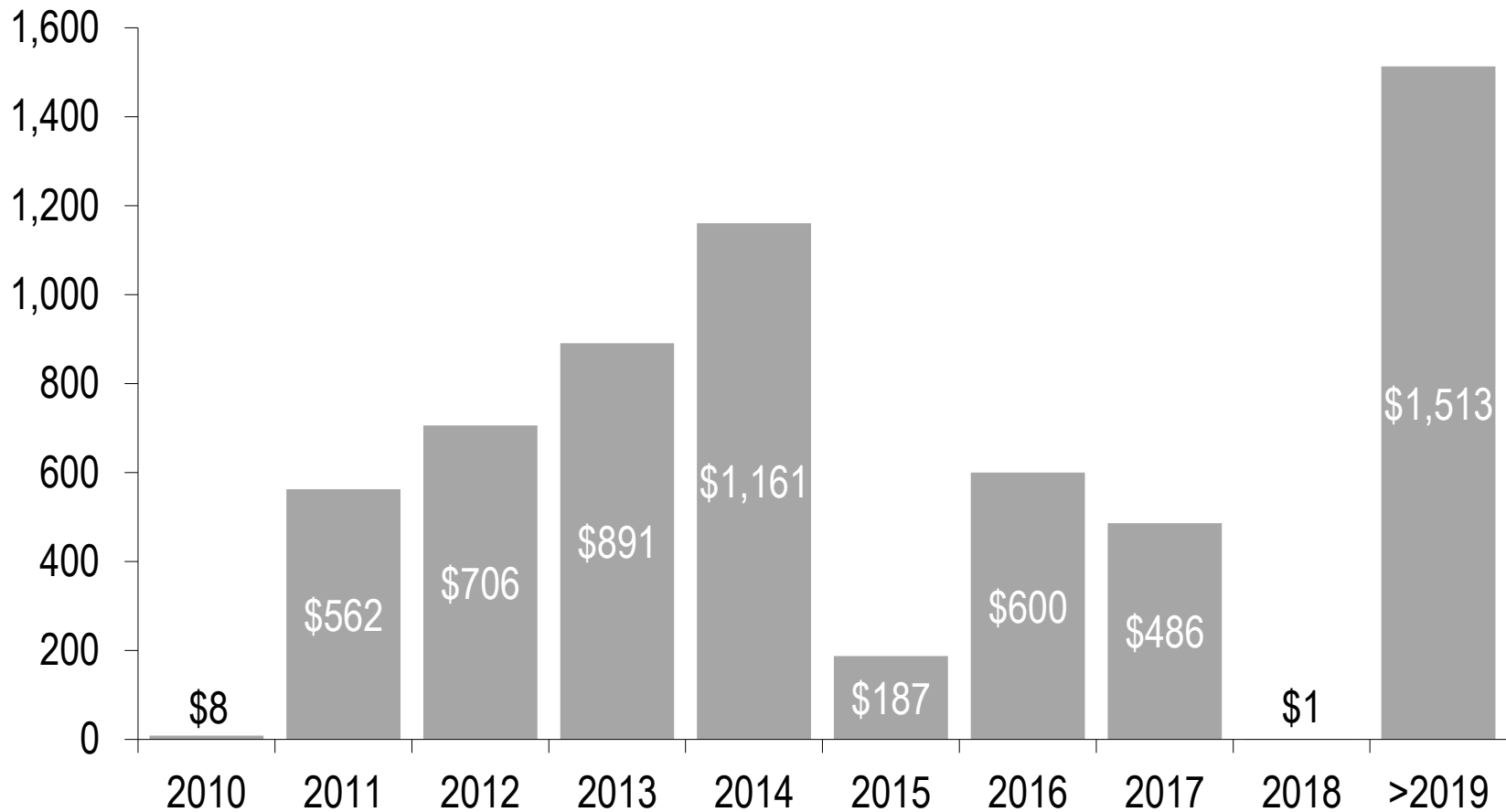
Long term target range of 2-3x net debt / ebitda

Ratios pension and lease adjusted; calculated in US dollars; ebitda before certain restructuring costs

Debt maturities

Term debt

\$m



Term debt translated at 30 June 2010 exchange rates

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 Mellon



RUK
LISTED
NYSE

ENL
LISTED
NYSE



BNY MELLON

The Bank of New York Mellon

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