
Indispensable Global Information



Interim Statement 2005

For the Reed Elsevier Combined Businesses,
Reed Elsevier PLC and Reed Elsevier NV



Interim Statement 2005

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Financial highlights

For the six months ended 30 June 2005

Reed Elsevier combined businesses

| Year ended 31 December | | | £ | | € | | % |
|------------------------|------------|--------------------------------|--------------------------|------------|--------------------------|------------|-------------------------------------|
| 2004 £m | 2004 €m | | Six months ended 30 June | | Six months ended 30 June | | |
| | | | 2005 £m | 2004 £m | 2005 €m | 2004 €m | Change at constant currencies |
| | | Reported figures | | | | | |
| 4,812 | 7,074 | Revenue | 2,368 | 2,263 | 3,457 | 3,349 | +6% |
| 766 | 1,126 | Operating profit | 317 | 320 | 463 | 474 | +2% |
| 631 | 928 | Profit before taxation | 255 | 256 | 372 | 379 | +4% |
| 2,532 | 3,570 | Net borrowings | 2,913 | 2,678 | 4,340 | 3,990 | |
| | | Adjusted figures | | | | | |
| 4,812 | 7,074 | Revenue | 2,368 | 2,263 | 3,457 | 3,349 | +6% |
| 1,066 | 1,567 | Operating profit | 461 | 451 | 673 | 668 | +5% |
| 934 | 1,373 | Profit before taxation | 395 | 387 | 577 | 573 | +5% |
| 1,013 | 1,490 | Operating cash flow | 219 | 213 | 320 | 315 | +2% |
| 22% | 22% | Operating margin | 19% | 20% | 19% | 20% | |
| 95% | 95% | Operating cash flow conversion | 48% | 47% | 48% | 47% | |
| 8.1 | 8.1 | Interest cover (times) | 7.0 | 7.0 | 7.0 | 7.0 | |

Adjusted figures are presented as additional performance measures and are stated before the amortisation of acquired intangible assets, acquisition integration costs, gains on disposals and movements on deferred tax balances not expected to crystallise in the near term. Reconciliations between the reported and adjusted figures are provided in the notes to the combined financial information.

Parent companies

| Reed Elsevier PLC NV | | | Reed Elsevier PLC | | Reed Elsevier NV | | % |
|------------------------------|------------|---------------------------------|--------------------------|------------|--------------------------|------------|-------------------------------------|
| Year ended 31 December | | | £ | | € | | |
| 2004 £m | 2004 €m | | Six months ended 30 June | | Six months ended 30 June | | |
| | | | 2005 £m | 2004 £m | 2005 €m | 2004 €m | Change at constant currencies |
| 235 | 338 | Reported profit attributable | 65 | 95 | 98 | 142 | -26% |
| 363 | 505 | Adjusted profit attributable | 156 | 152 | 215 | 213 | +5% |
| 1.83 | 1.24 | Average exchange rate US\$: £/€ | 1.87 | 1.82 | 1.28 | 1.23 | |
| 18.6p | €0.43 | Reported earnings per share | 5.1p | 7.5p | €0.13 | €0.18 | -26% |
| 28.7p | €0.64 | Adjusted earnings per share | 12.3p | 12.0p | €0.27 | €0.27 | +5% |
| 13.0p | €0.33 | Dividend per share | 3.7p | 3.4p | €0.092 | €0.090 | |

The Reed Elsevier combined businesses encompass the businesses of Reed Elsevier Group plc and Elsevier Reed Finance BV, together with their two parent companies, Reed Elsevier PLC and Reed Elsevier NV (the "Reed Elsevier combined businesses"). The results of Reed Elsevier PLC reflect its shareholders' 52.9% economic interest in the Reed Elsevier combined businesses. The results of Reed Elsevier NV reflect its shareholders' 50% economic interest in the Reed Elsevier combined businesses. The respective economic interests of the Reed Elsevier PLC and Reed Elsevier NV shareholders take account of Reed Elsevier PLC's 5.8% interest in Reed Elsevier NV.

Following a regulation adopted by the European Parliament, the Reed Elsevier combined businesses and the two parent companies now prepare their financial statements in accordance with International Financial Reporting Standards (IFRS) with effect from the 2005 financial year. Comparative amounts in the Interim Statement for the six months ended 30 June 2004 and the year ended 31 December 2004 have been restated in accordance with Reed Elsevier's accounting policies under IFRS.

The percentage change at constant currencies refers to the movements at constant exchange rates, using 2004 full year average rates.

Report of the Chairman and the Chief Executive Officer

The first half of 2005 sees Reed Elsevier in good health and firmly on track to deliver on our 2005 goals, with momentum building in our revenue and profit growth.

The Elsevier science and medical business has seen strong subscription renewals and growing online sales, and the book publishing programme is well positioned for the important second half. The LexisNexis legal business is performing increasingly well with good growth in online services both in the US and internationally. Harcourt Education has performed well in school textbook adoptions and is on track to deliver a strong performance in the second half when the majority of school sales take place. Reed Business has seen a continuing improvement in underlying revenue growth with strong growth in the online business and a good performance in exhibitions.

Throughout the period the focus has been on bringing to market innovative new online services, expanding our content and information base, winning new customers globally, and broadening our product range to meet the growing needs of our customers in an increasingly digital world.

Financial Results

Revenue momentum in the business has continued to build through a combination of improving markets, the success of new product initiatives, sales and marketing investment, and good growth in acquired businesses. Total revenues in the six months to 30 June 2005 were up 6% at constant exchange rates. Underlying revenue growth, excluding current and prior year acquisitions and disposals, was 3% and this will accelerate strongly in the second half reflecting the momentum in the business and the seasonal bias in growth. Reed Elsevier remains on track to deliver on 7% overall revenue growth and at least 5% organic revenue growth for 2005, up from the 3% achieved in 2004 and the flat performance in 2003.

Adjusted operating profits were up 5% at constant currencies reflecting a slightly lower underlying operating margin in the first half due to the timing of revenue growth, particularly in education and health sciences, and of continuing investment. Adjusted pre-tax profits were up 5% after net interest expense, and adjusted earnings per share were also up 5% at constant currencies. Given the seasonality and growth momentum in the business, Reed Elsevier remains on track to deliver on our goal for the year of double digit growth in adjusted earnings per share at constant currencies.

The financial results are reported this year under International Financial Reporting Standards (IFRS) for the first time, with the comparative periods restated

accordingly. Explanations of the effects of this and the derivation of our new benchmark adjusted figures are set out in the operating and financial review and summary financial information. The adoption of IFRS has little impact on growth rates when compared to the UK GAAP previously applied.

At reported exchange rates, total revenues were £2,368m/€3,457m, up 5% when reported in sterling and up 3% in euros, and adjusted earnings per share were up 3% for Reed Elsevier PLC at 12.3p and flat for Reed Elsevier NV at €0.27.

The equalised interim dividends declared by the respective boards are 3.7p, up 9%, for Reed Elsevier PLC and €0.092, up 2%, for Reed Elsevier NV. The difference in dividend growth rates reflects movements in the sterling-euro exchange rate since last year's interim dividend declaration. In February, the boards announced a more progressive dividend policy that, subject to the effects of currency movements on dividend equalisation, is expected to align more closely increases in full year dividends with adjusted earnings growth.

Business Performance

Reed Elsevier has a marked seasonal bias in growth in revenues, profits and cash to the second half of the year reflecting in particular the phasing of educational sales and health sciences book publishing, as well as the effect this year of cycling of non annual trade exhibitions. The good performance in the first half provides clear momentum for the much stronger second half growth.

The Elsevier science and medical business has had a satisfactory first half with strong subscription renewals, expanded book publishing and good growth in online sales. Underlying revenues were up 4% at constant currencies. Stronger growth is expected in the second half in particular from new book publishing and growing backlist sales in Health Sciences with its seasonal second half bias. The organic revenue growth target for Elsevier for the year is 5% at constant currencies.

The LexisNexis business has seen good growth in the first half with the payback coming through from the sustained investment in new publishing, online product and sales and marketing initiatives worldwide, and the expansion in total practice workflow solutions and risk management. Revenues were up 13% at constant currencies including the contribution of recent acquisitions, with the Seisint risk management business acquired last year performing well. Excluding these acquisitions, organic revenue growth was 6%, reflecting strong performances both in the US and internationally. The revenue growth target for LexisNexis for the year is to achieve organic growth of at least 5%.

The Harcourt Education business has had a good start to the year with strong wins in US state textbook adoption opportunities, which will come through as sales in the second half, and good growth in open territories and testing. Revenue growth at constant currencies of 4%, or flat excluding current and prior year acquisitions, is unrepresentative of the year as a whole since the vast majority of sales and profits are generated in the second half. Harcourt's organic revenue growth target for the year remains 9-10%, on the assumption that the legislative delays in funding Texas adoptions will be resolved.

Reed Business has seen a continuing improvement in its underlying revenue growth, driven by strong online sales and exhibitions. Overall markets continue to recover, although this varies by geography and sector. The publishing and information businesses saw strong growth in online revenues partially offset by advertising weakness in continental Europe and in US manufacturing. A good performance in the exhibitions business was held back in the first half by the cycling out of a number of non annual shows, although there is some reverse effect in the second half. Revenue growth was 3% at constant currencies and Reed Business is targeting organic growth of 4-5% for the year.

The operating and financial review describes the performances of our businesses in greater detail.

Business Progress

The first six months has seen a continued focus on executing well on our investment and market initiatives.

In Elsevier, the focus within Science & Technology has been on further adding value to our core academic customers through increased output, with articles published up 4%, new online services and features to improve customer productivity, and better customer service and relationships. The Scopus database service, developed in close cooperation with the scientific community, is being well received in the market with over 500 trial customers. We are expanding distribution of our electronic products globally in areas such as China as well as securing major new contracts and renewals, such as the recently announced contract to provide all our scientific content online to every university in the Netherlands. We are also developing more flexible customised offerings to expand further into corporate research markets and smaller and mid-sized institutions.

Within Health Sciences, we continue to expand our content and new publishing as well as introducing new online services, such as iConsult for the practitioner market and new modules for the Evolve online platform for the US medical education market. Outside the US, we continue to grow well with new and better offerings and through greater focus on sales and marketing execution. We expect

to complete shortly the recently announced acquisition of MediMedia MAP which will give us leading positions in the French, Spanish and Italian medical publishing markets and we expect strong growth from market demand and through innovation.

Within LexisNexis, the focus has been on building online workflow tools and total practice solutions, expanding online services internationally, and integrating Seisint and our risk management business. The success of our strategy is seen in the acceleration of growth in LexisNexis. There is growing demand for online productivity tools from law firms and businesses: Totalsearch provides customers with a single interface to combine searches of their data with our materials and information from the web; Applied Discovery greatly improves the speed and efficiency of the legal discovery process; and client development tools help law firms identify business development opportunities and market more effectively to existing and potential clients. Internationally, the roll out of the global legal platform has brought compelling functionalities to market. The integration of Seisint is progressing well with product integration on the Seisint platform and the combining of product development and sales and marketing activities within a single management structure.

In Harcourt Education, the focus has been on the new publishing for the strong textbook adoption calendar over the next few years and to build the supplemental front list, exploiting new editorial processes to customise programmes more effectively to specific state requirements. Good progress has also been made in the development of the Stanford Learning First interim assessment product in which there is significant market interest. In the first half, Harcourt expanded its diagnostic assessment portfolio with the integration of Ordinate which provides language proficiency assessment through automated speech pattern analysis.

Within Reed Business, the focus has been on expanding our online services to the business communities we serve, through webzines, recruitment sites, search and subscription information and data services. In UK publishing, online revenues now account for over one third of revenues with continued development of sector specific recruitment sites and expansion of the Kellysearch service for sourcing industrial components and in providing more specialised search offerings. Additionally, Reed Business has continued to invest in new titles and exhibitions and in upgrading formats, and to accelerate its growth in China and other developing markets through launch and alliance.

Board changes

At the Annual General Meetings in April, Jan Hommen was appointed to the boards and succeeded Morris Tabaksblat

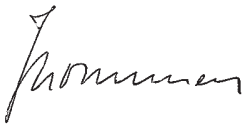
as Chairman. We want to take this opportunity to thank Morris for his enlightened leadership and wise counsel over his six years as Chairman. Reed Elsevier has much to thank him for. At the same time, John Brock retired as a non executive director and Strauss Zelnick was appointed. We thank John for the valuable contribution he made to the boards in a period of significant business change, and welcome Strauss to the boards.

Outlook

The first half has been encouraging. Our businesses are performing well in their respective markets and the sustained investment programme is making a real difference. Particularly pleasing has been the acceleration in growth in LexisNexis and the continuing recovery and rapid growth in online services in Reed Business. Harcourt Education is well positioned for a strong second half and Elsevier should also see an acceleration in growth with the Health Sciences publishing programme.

The transition of the business from print publishing to online services is continuing but by no means complete. Reed Elsevier is however now firmly established in the digital world and the burgeoning demand for high quality, web-delivered, focused information and solutions is very promising for our future.

We continue to target above market revenue growth, with 7% revenue growth and at least 5% organic revenue growth, and double digit adjusted earnings per share growth at constant currencies for 2005 and beyond.



Jan Hommen
Chairman



Sir Crispin Davis
Chief Executive Officer

Operating and financial review

Operating review

| Year ended 31 December | | | £ | | € | | % |
|------------------------|------------|----------------------------------|--------------------------|------------|--------------------------|------------|-------------------------------------|
| 2004 £m | 2004 €m | | Six months ended 30 June | | Six months ended 30 June | | Change at constant currencies |
| | | | 2005 £m | 2004 £m | 2005 €m | 2004 €m | |
| | | Revenue | | | | | |
| 1,363 | 2,004 | Elsevier | 644 | 631 | 940 | 934 | +5% |
| 1,292 | 1,899 | LexisNexis | 683 | 614 | 997 | 909 | +13% |
| 868 | 1,276 | Harcourt Education | 366 | 359 | 534 | 531 | +4% |
| 1,289 | 1,895 | Reed Business | 675 | 659 | 986 | 975 | +3% |
| 4,812 | 7,074 | Total | 2,368 | 2,263 | 3,457 | 3,349 | +6% |
| | | Adjusted operating profit | | | | | |
| 445 | 654 | Elsevier | 189 | 198 | 277 | 293 | 0% |
| 287 | 422 | LexisNexis | 151 | 122 | 220 | 181 | +25% |
| 157 | 231 | Harcourt Education | 15 | 23 | 22 | 34 | -33% |
| 194 | 285 | Reed Business | 118 | 118 | 172 | 175 | +1% |
| (17) | (25) | Unallocated items | (12) | (10) | (18) | (15) | |
| 1,066 | 1,567 | Total | 461 | 451 | 673 | 668 | +5% |

Adjusted operating profit figures are stated before amortisation of acquired intangible assets and acquisition integration costs. The comparative 2004 figures have been restated to conform to the IFRS accounting basis now adopted.

In reviewing performance, Reed Elsevier refers to adjusted figures. In the past these figures have been stated before the amortisation of goodwill and intangible assets, exceptional items and related tax effects. Within the new IFRS environment, the definition of adjusted figures has been amended. The commentary in this Operating Review refers to the adjusted figures as now defined.

The principal difference between our benchmark measure of adjusted operating profit as previously defined and now is the inclusion of non cash charges for incremental pensions costs under IFRS and share option expense. Additionally, restructuring costs, other than in respect of acquisition integration, are also now included within our adjusted figures.

Adjusted figures are thus now stated before amortisation of acquired intangible assets and acquisition integration costs, and, in respect of earnings, reflect a tax rate that excludes the effects of movements in deferred taxation assets and liabilities that are not expected to crystallise in the near

term. Profit and loss on disposals are non operating items and, as before, excluded from the adjusted figures.

Reported operating results, including amortisation of acquired intangible assets and acquisition integration costs, are analysed in note 2 to the combined financial information and discussed further below in the Financial Review, and are reconciled to the adjusted figures in note 4 to the combined financial information.

Unless otherwise indicated, all percentage movements in the following commentary refer to performance at constant exchange rates, using 2004 full year average rates, and are stated before the amortisation of acquired intangible assets and acquisition integration costs.

Elsevier

| | £ | | € | | % |
|----------------------------------|--------------------------|------------|--------------------------|------------|-------------------------------------|
| | Six months ended 30 June | | Six months ended 30 June | | |
| | 2005 £m | 2004 £m | 2005 €m | 2004 €m | Change at constant currencies |
| Revenue | | | | | |
| Science & Technology | 381 | 391 | 556 | 579 | +4% |
| Health Sciences | 263 | 240 | 384 | 355 | +8% |
| | 644 | 631 | 940 | 934 | +5% |
| Adjusted operating profit | 189 | 198 | 277 | 293 | 0% |
| Adjusted operating margin | 29.3% | 31.4% | 29.3% | 31.4% | -1.7pts |

The Elsevier science and medical business has had a satisfactory first half with strong subscription renewals, expanded book publishing and good growth in online sales. Underlying revenues were up 4% at constant currencies. Stronger growth is expected in the second half in particular from new book publishing and growing backlist sales in Health Sciences with its seasonal second half bias.

Revenues were 4% higher and adjusted operating profits flat at constant exchange rates in the first half, excluding minor acquisitions and disposals. Revenue growth will accelerate in the second half reflecting the seasonal bias of the Health Sciences book publishing programme. The adjusted operating margins were lower than in the prior first half reflecting revenue and cost phasing, higher restructuring costs and the higher operating costs from new product and sales initiatives. For the year as a whole, underlying operating margins should be similar or slightly ahead of the prior year, with the stronger revenue growth and investment balanced by tight cost management.

The Science & Technology division saw underlying revenue growth of 4% at constant exchange rates. Subscription renewals are strong, and on track to reach the 96% level targeted, and good growth was seen through widening distribution and in online secondary databases. There has also been continued good take up of e-only contracts which now account for 40% of journal subscriptions by value. ScienceDirect is performing well with the number of research articles now exceeding 7 million and usage up over 25% year on year. The Scopus database service has been well received in the market with over 500 customer trials now in place.

The Health Sciences division saw underlying growth of 5%, with good growth in US book sales, particularly to the expanding nursing and allied healthcare sectors, and in pharmaceutical industry marketing revenues. Growth in online sales is being driven by the investment in the Consult series of information tools for the practitioner

market, electronic journals and in the expanding scope of the Evolve medical e-education platform. The recently announced acquisition of MC Strategies will further strengthen our offering in the growing online continuing education and training segment. Outside the US, the businesses are continuing to expand their local book and journal publishing programmes. An acceleration of growth is expected in the second half from the new book publishing programme and continuing strong backlist sales.

In May we announced the acquisition for €270m (£185m) of MediMedia MAP. Through highly respected imprints, including Masson and Doyma, MediMedia MAP provides medical books, journals and reference information to medical practitioners principally in France, Spain, and Italy. It also publishes the US based Netter collection of medical illustrations which is sold worldwide. The business is a leader in its markets and fits well within the Health Sciences division. Strong growth is expected from expanded publishing and marketing programmes, and investment in online services. The acquisition is expected to complete shortly.

The second half should see an acceleration in revenue growth with strong new publishing and growing online sales. Operational gearing in the business and tight cost management is expected to deliver similar or slightly improved margins for the year as a whole. Organic revenue growth of 5% is targeted for 2005 and beyond.

LexisNexis

| | £ | | € | | % |
|----------------------------------|--------------------------|------------|--------------------------|------------|-------------------------------------|
| | Six months ended 30 June | | Six months ended 30 June | | |
| | 2005 £m | 2004 £m | 2005 €m | 2004 €m | Change at constant currencies |
| Revenue | | | | | |
| LexisNexis | | | | | |
| North America | 511 | 455 | 746 | 674 | +15% |
| International | 172 | 159 | 251 | 235 | +6% |
| | 683 | 614 | 997 | 909 | +13% |
| Adjusted operating profit | 151 | 122 | 220 | 181 | +25% |
| Adjusted operating margin | 22.1% | 19.9% | 22.1% | 19.9% | +2.2pts |

The LexisNexis business has seen good growth in the first half with the payback coming through from the sustained investment in new publishing, online product and sales and marketing initiatives worldwide, and the expansion in total practice workflow solutions and risk management. Revenues were up 13% at constant currencies including the contribution of recent acquisitions, with the Seisint risk management business acquired last year performing well. Organic revenue growth was 6% with strong performances both in the US and internationally.

Revenues and adjusted operating profits were up 13% and 25% respectively at constant exchange rates, or 6% and 11% before current and prior year acquisitions and disposals. LexisNexis North America saw revenues up 15% at constant exchange rates including the contribution of Seisint acquired in the second half of last year and other recent acquisitions, or 5% excluding these. This compares with 3% organic revenue growth for the 2004 financial year. Outside the US, the International businesses grew revenues, before minor acquisitions and disposals, by 6%. The adjusted profit growth reflects the operational gearing in the business, tight cost control and some benefit of cost phasing, including restructuring. The improvement in adjusted operating margin in the first half also reflects the favourable mix effect from recent acquisitions and disposals.

In North American Legal, revenues grew by 8% at constant exchange rates, or 4% before acquisitions, driven by good sales growth in the large law firm market with expanded differentiated content and the continuing success of electronic discovery and other total practice workflow solutions. The Martindale Hubbell legal directories business continues to perform well with growing demand for the expanding series of client development tools for law firms. In US Corporate and Federal, revenues grew 29% at constant exchange rates, or 8% before acquisitions, up from 4% organic growth in the prior year. This has been driven by a strong performance in risk management,

continuing improvement in the corporate, federal and academic information business following new product and marketing initiatives, and higher volumes for the US patent and trademark office. The Seisint risk management business, acquired in September 2004, is performing well and on track to deliver the planned 20% sales growth for the year. Adjusted operating profits for LexisNexis North America were up 27% at constant exchange rates, or 13% before acquisitions.

The LexisNexis International business outside North America saw underlying revenue growth of 6%, with strong growth in Europe, Southern Africa and Latin America. New publishing in legal, tax and accounting, good growth in online news and business information, and the continued success from the roll out of the global legal platform all contributed well. The utility of the new platform is attracting new subscribers and good growth from existing customers, with online revenues now accounting for over a quarter of International revenues. Underlying adjusted operating profits were up 7% despite continuing investment due to the operational gearing of the good revenue growth and tight cost control.

The second half should see continuing revenue momentum from LexisNexis with good progress from product and marketing initiatives and a strong contribution from recent acquisitions. Organic revenue growth of at least 5% is targeted for 2005 and beyond.

Harcourt Education

| | £ | | € | | % |
|----------------------------------|--------------------------|-------------|--------------------------|-------------|-------------------------------------|
| | Six months ended 30 June | | Six months ended 30 June | | |
| | 2005 £m | 2004 £m | 2005 €m | 2004 €m | Change at constant currencies |
| Revenue | | | | | |
| Harcourt Education | | | | | |
| US Schools & Testing | 329 | 323 | 480 | 478 | +4% |
| International | 37 | 36 | 54 | 53 | +3% |
| | 366 | 359 | 534 | 531 | +4% |
| Adjusted operating profit | 15 | 23 | 22 | 34 | -33% |
| Adjusted operating margin | 4.1% | 6.4% | 4.1% | 6.4% | -2.3pts |

The Harcourt Education business has had a good start to the year with strong wins in US state textbook adoption opportunities, which will come through as sales in the second half, and good growth in open territories and testing. Revenue growth at constant currencies of 4%, or flat excluding current and prior year acquisitions, is unrepresentative of the year as a whole since the vast majority of sales and profits are generated in the second half.

Revenues increased by 4% at constant exchange rates, or were flat against the prior first half excluding Saxon and other recent acquisitions. The majority of education sales take place in the June to September months ahead of the new academic year and the flat underlying first half performance reflects earlier call off of product last year, particularly in Florida. The market growth this year is expected to be particularly strong given the significant increase in state textbook adoptions, and good growth in revenues is expected in the second half. Adjusted operating profits were 33% lower than in the prior first half at constant exchange rates reflecting the traditionally very low margin in the first half and the higher sales and marketing costs ahead of this year's larger adoption opportunities.

The Harcourt US K-12 business has performed well in the 2005 state adoptions, gaining the leading overall market share across the core academic curriculum for the fifth consecutive year which will come through in second half sales. Underlying first half revenues were 2% lower than in the prior first half due to the later product call off by individual states and school districts. Legislative delays in Texas in approving schools funding for the upcoming academic year has also pushed back product delivery. There are significant efforts within the Texas state leadership to resolve the funding delays and it is presumed that these efforts will be successful.

With nearly all state district adoptions now awarded, Harcourt has a clear no. 1 position in the elementary market

with particular successes in reading, Florida social studies, English as a second language in Texas, and health in Texas and South Carolina. In the secondary market, Harcourt is positioned no. 2 in new state adoptions with good success in literature and language arts and strong positions in world languages, science and health. The secondary schools business has also seen strong growth in open territories with good wins in federally funded Reading First programmes. The supplemental business is seeing good growth from the new publishing introduced over the last two years to align programmes with the requirements of the No Child Left Behind Act, although overall growth is expected to be modest this year with the run off of backlist sales of prior product. The Saxon supplemental math publisher acquired last year is performing on plan with investment in new programmes for the surge in math adoptions over the next few years. Adjusted operating profits for the US K-12 business were 34% lower at constant exchange rates reflecting the lower revenues in the first half and the sales and marketing costs ahead of the strong sales growth to be reflected in the second half.

The Harcourt Assessment business saw revenues up 6% at constant exchange rates, or 5% before acquisitions, with good growth from US state testing contracts. The clinical testing business saw revenues level off in the US after two very strong years following major product releases, whilst local editions of these programmes drove good growth in international markets. Harcourt Assessment's performance in new state contract bids has been mixed with a win in Michigan offset by losses in Connecticut and Oklahoma. The contract bid pipeline is however strong and Harcourt will be seeking to exploit its major product strengths whilst ensuring adequate financial returns. The Stanford Learning First interim assessment product is developing well with continuing investment in curriculum subject coverage, aligned to specific state standards, and in the online platform. The modules released to date have been well received in the market. Adjusted operating profits were 4% lower at constant exchange rates reflecting investment in

the newly acquired Ordinate business, or 6% ahead excluding acquisitions.

The Harcourt Education International business, principally the UK, Australia and southern Africa, saw underlying revenues 2% ahead in the less significant first half. The UK schools business was flat whilst good growth was seen in South Africa. Operating margins in the first half were slightly negative compared with slightly positive in the prior first half, and are unrepresentative of the year with movements exaggerated by the strong seasonal weighting of revenues and operating profits to the second half.

The Harcourt Education business is well positioned for a strong performance this year, with good market growth as the adoption cycle turns up and the success of new publishing. Organic revenue growth of 9-10% is targeted for 2005, on the assumption that the legislative delays in funding Texas adoptions will be resolved, and operating margins should improve year on year with the operational gearing in the business. Organic revenue growth of 6-7% is targeted over the three years 2005-2007 taking into account the adoption cycle.

Reed Business

| | £ | | € | | % |
|----------------------------------|--------------------------|------------|--------------------------|------------|-------------------------------------|
| | Six months ended 30 June | | Six months ended 30 June | | |
| | 2005 £m | 2004 £m | 2005 €m | 2004 €m | Change at constant currencies |
| Revenue | | | | | |
| Reed Business Information | | | | | |
| US | 159 | 163 | 232 | 241 | 0% |
| UK | 124 | 116 | 181 | 172 | +8% |
| Continental Europe | 132 | 133 | 193 | 197 | -2% |
| Asia Pacific | 18 | 15 | 26 | 22 | +13% |
| Reed Exhibitions | 242 | 232 | 354 | 343 | +4% |
| | 675 | 659 | 986 | 975 | +3% |
| Adjusted operating profit | 118 | 118 | 172 | 175 | +1% |
| Adjusted operating margin | 17.5% | 17.9% | 17.5% | 17.9% | -0.4pts |

Reed Business has seen a continuing improvement in its underlying revenue growth, driven by strong online sales and exhibitions. Overall markets continue to recover, although this varies by geography and sector. The publishing and information businesses saw strong growth in online revenues partially offset by advertising weakness in continental Europe and in US manufacturing. A good performance in the exhibitions business was held back in the first half by the cycling out of a number of non annual shows, although there is some reverse effect in the second half. Revenue growth was 3% at constant currencies.

Revenues and adjusted operating profits increased by 3% and 1% respectively at constant exchange rates, despite the cycling out of non annual shows in the first half. The magazine and information publishing business saw underlying revenue growth of 2% with strong growth in online sales, which now account for 18% of total revenues, moderated by advertising weakness in continental Europe and in US manufacturing titles. The exhibitions business grew revenues 4%. Underlying operating margins would

have been ahead despite increased investment but for the cycling out of contribution from joint venture exhibitions.

In the US, Reed Business Information saw flat revenues with good growth in media and electronics titles offset by a continuing decline in the US manufacturing titles. Online advertising and search is growing rapidly although the manufacturing sector in particular is seeing print revenues decline as new product news migrates to the web. Investment in new online services and marketing, as well as in geographic extension through launch of highly regarded titles in China and Japan, is expected to accelerate growth. Adjusted operating profits were 6% lower due to additional restructuring costs, or up 2% before this as continued cost actions funded increased investment.

In the UK, Reed Business Information underlying revenues and adjusted operating profits were up 10% and 28% respectively, driven by strongly growing online revenues in recruitment and search. Particularly good growth was seen in the aerospace, science, property and construction sectors. Print display markets remain subdued as growth in marketing budgets moves online. The strong profit growth

follows the revenue growth and tight cost control, and will in part fund additional online investment in the second half.

In Continental Europe, Reed Business Information saw underlying revenues and operating profits 4% and 5% lower respectively, reflecting the continued economic weakness in The Netherlands, France and Germany. The developing online services, as well as the focus on market share performance and yield management, has mitigated but not offset declines in advertising volumes and tuition. In Asia Pacific, underlying revenue growth was 9% with strong performances in Japan and Singapore.

At Reed Exhibitions, revenues were 4% ahead, or 9% before the effect of the net cycling out of non annual shows in the first half and some rephasing of shows from the second half. Good growth was seen in the US, Japan and in the international Midem portfolio of shows. Adjusted operating

profits were 4% ahead held back by the adverse cycling, including a number of joint ventures which contribute to operating profits but not to revenues. For the year as a whole, the first half impact of cycling on revenues partly reverses as there are a number of biennial shows, such as Batimat in France, which take place in the second half.

The second half is expected to see a steady pick up in growth in the magazine and information publishing businesses whilst the exhibitions business will see some reversal of the show cycling that held back the first half. Organic revenue growth of 4-5% is targeted for 2005, with at least 5% revenue growth targeted in later years, given a reasonable market environment. Operating margins will benefit from the stronger revenue growth and continued tight cost control.

Financial review

Reed Elsevier Combined Businesses

Profit and loss

Revenues increased by 5% expressed in sterling to £2,368m, and by 3% expressed in euros to €3,457m. At constant exchange rates, revenues were 6% higher, or 3% excluding acquisitions and disposals.

Adjusted figures

Adjusted operating profits, i.e. before the amortisation of acquired intangible assets and acquisition integration costs, were up 2% expressed in sterling at £461m, and up 1% expressed in euros at €673m. At constant exchange rates, adjusted operating profits were up 5%, or 1% excluding acquisitions and disposals. The adjusted operating margin at 19.5 was 0.4 percentage points lower compared to the prior first half, reflecting the timing of revenues and costs within Harcourt Education in particular and within Elsevier. These will reverse in the second half.

Net finance costs, at £66m/€96m, were £2m/€1m higher than in the corresponding first half and included a £3m/€4m net credit arising on the mark-to-market of non-qualifying hedges and undesignated instruments under IAS39 which applies from 1 January 2005. The financing cost of acquisitions and higher short term interest rates were balanced by the benefits of free cashflow and favourable exchange translation effects.

Adjusted profits before tax, i.e. before amortisation of acquired intangible assets, acquisition integration costs and gains on disposals, were £395m/€577m, up 2% compared to the prior first half expressed in sterling and 1%

expressed in euros. At constant exchanges, adjusted profits before tax were up 5%.

The effective tax rate on adjusted earnings was unchanged at 25.3%. The effective tax rate on adjusted earnings excludes the effect of movements in deferred taxation assets and liabilities that are not expected to crystallise in the near term, and more closely aligns with cash tax costs. Adjusted operating profits and taxation are also grossed up for the equity share of taxes in joint ventures.

The adjusted profit attributable to shareholders of £294m/€429m was up 2% compared to the prior first half expressed in sterling and up 1% expressed in euros. At constant exchange rates, adjusted profit attributable to shareholders was up 5%.

Reported figures

The amortisation charge in respect of acquired intangible assets amounted to £131m/€191m, up £15m/€19m on the comparative period, principally as a result of last year's Saxon and Seisint acquisitions.

Acquisition integration costs amounted to £8m/€12m (2004: £10m/€15m). Non operating items comprised a £4m/€5m net gain (2004: nil) on disposal of businesses, investments and other fixed assets.

The reported profit before tax for the Reed Elsevier combined businesses, including amortisation of acquired intangible assets, acquisition integration costs and gains on disposals, was £255m/€372m, which compares with £256m/€379m, restated under IFRS, in the 2004 first half. The small movement reflects an improved underlying

operating performance offset by higher amortisation from acquired intangible assets and currency translation effects from a weaker US dollar.

The reported tax charge of £120m/€175m, compares with a charge of £64m/€95m in the prior first half. The increase reflects movements in deferred tax balances in relation to unrealised exchange differences on long term inter-affiliate lending that is eliminated within the combined financial information.

The reported attributable profit of £134m/€196m compares with a reported attributable profit of £191m/€283m in the first half of 2004, reflecting most particularly the swing in non cash deferred tax balances referred to above.

Cash flows and debt

Adjusted operating cash flow, i.e. before acquisition integration costs, was £219m/€320m, £6m/€5m higher than in the prior first half. The substantial majority of Reed Elsevier annual operating cash flows arises in the second half of the year due to the timing of subscription and other advance receipts and working capital movements. The Harcourt Education businesses have a significant cash outflow in the first half of each year as product is produced and expenses incurred ahead of the peak sales period in June through September, and after which there is substantial cash inflow in the second half. The rate of conversion of adjusted operating profits into cash flow in the first half of 48% (2004: 47%) reflects this. In the twelve months to 30 June 2005, the adjusted operating cash flow conversion rate was 95% [2004 full year: 95%].

Capital expenditure included within adjusted operating cash flow was £80m/€117m (2004: £91m/€135m) including £42m/€61m in respect of capitalised development costs included within intangible assets. Spend on acquisitions was £62m/€91m. An amount of £37m/€54m was capitalised as acquired intangible assets and £32m/€47m as goodwill. Acquisition integration spend in respect of these and other recent acquisitions amounted to £12m/€18m. Disposal proceeds amounted to £14m/€20m.

Free cash flow – after interest and taxation but before acquisitions and disposals and dividends – was £64m/€94m (2004: £44m/€65m), reflecting the seasonal working capital requirements of the business. Dividends paid in the first half, relating to the 2004 final dividend, amounted to £244m/€356m (2004: £220m/€326m). Due to the phasing of operating cash flows and dividend payments, the free cash flow for the year arises in the second half.

Net borrowings at 30 June 2005 were £2,913m/€4,340m, an increase of £381m/€770m since 31 December 2004, reflecting dividends and acquisition spend less free cash flow in the first half, and adverse foreign exchange

translation effects due to the significant strengthening of the US dollar between the beginning and end of the period. These currency translation effects increased net debt expressed in sterling by £141m and in euros by €421m. Net debt is stated including a fair value adjustment to increase gross debt by £217m/€323m under IFRS which is largely offset by the corresponding fair value of derivatives used to hedge the related debt instruments.

Parent companies

For the parent companies, Reed Elsevier PLC and Reed Elsevier NV, adjusted earnings per share, i.e. before the amortisation of acquired intangible assets, acquisition integration costs, gains on disposals and movements in deferred tax balances not expected to crystallise in the near future, were respectively up 3% at 12.3p (2004: 12.0p) and flat at €0.27 (2004: €0.27). The difference in percentage change is entirely attributable to the impact of currency movements on the translation of reported results and the effects of rounding. At constant rates of exchange, the adjusted earnings per share of both companies would have shown an increase of 5% over the prior first half.

The reported earnings per share for Reed Elsevier PLC shareholders was 5.1p (2004: 7.5p) and for Reed Elsevier NV shareholders was €0.13 (2004: €0.18).

The equalised interim dividends are 3.7p per share for Reed Elsevier PLC, an increase of 9% compared to the prior first half, and €0.092 per share for Reed Elsevier NV, up 2% on the prior first half. The difference in dividend growth rates reflects the impact of the strengthening of the euro against sterling since last year's interim dividend declaration.

Adoption of International Financial Reporting Standards

Reed Elsevier now prepares financial statements under International Financial Reporting Standards (IFRS), with effect from the 2005 financial year. The 2004 financial statements have been restated under IFRS, adopting a 1 January 2004 transition date, other than in respect of IAS39 – Financial Instruments for which the transition date is 1 January 2005. The Annual Reports and Financial Statements 2004 set out the accounting policies adopted under IFRS, the principal differences to the UK GAAP previously applied, and the restatement of the 2004 financial statements.

The required changes in Reed Elsevier accounting policies in adopting IFRS are in six major areas:

- **Goodwill and intangible assets** – goodwill is no longer amortised and intangible assets are generally amortised over shorter periods

- **Employee benefits** – pension costs and defined benefit scheme assets and liabilities are measured based on market values; the amount of any surplus or deficit is recognised in full in the balance sheet
- **Share based remuneration** – the fair value of share options, determined at date of grant, is expensed over the vesting period
- **Financial instruments** – with effect from 1 January 2005, all derivative financial instruments are measured at fair value; hedge accounting is only permissible where effectiveness criteria are met
- **Deferred taxation** – full provision is made for nearly all differences between the balance sheet amounts of assets and liabilities and their corresponding tax bases
- **Dividends** – accrual is made for dividends only when they have been formally declared by the directors

A reconciliation of the results reported for the six months ended 30 June 2005 under IFRS with those that would have been reported under the UK GAAP previously applicable is given in note 5 to the combined financial information.

Forward looking statements

The Interim Statement contains forward looking statements within the meaning of Section 27A of the US Securities Act 1933, as amended, and Section 21E of the US Securities Exchange Act 1934, as amended. These statements are subject to a number of risks and uncertainties and actual results and events could differ materially from those currently being anticipated as reflected in such forward looking statements. The terms 'expect', 'should be', 'will be' and similar expressions identify forward looking statements. Factors which may cause future outcomes to differ from those foreseen in forward looking statements include, but are not limited to: general economic conditions in Reed Elsevier's markets; exchange rate fluctuations; customers' acceptance of our products and services; the actions of competitors; legislative, fiscal and regulatory developments; changes in law and legal interpretations affecting Reed Elsevier's intellectual property rights and internet communications; and the impact of technological change.

Combined income statement

For the six months ended 30 June 2005

| Year ended 31 December | | | £ | | € | |
|------------------------|---------|---|--------------------------|---------|--------------------------|---------|
| 2004 | 2004 | | Six months ended 30 June | | Six months ended 30 June | |
| £m | €m | | 2005 | 2004 | 2005 | 2004 |
| | | | £m | £m | €m | €m |
| 4,812 | 7,074 | Revenue | 2,368 | 2,263 | 3,457 | 3,349 |
| (1,733) | (2,548) | Cost of sales | (876) | (821) | (1,279) | (1,215) |
| 3,079 | 4,526 | Gross profit | 1,492 | 1,442 | 2,178 | 2,134 |
| (2,330) | (3,426) | Operating expenses | (1,183) | (1,135) | (1,727) | (1,679) |
| 749 | 1,100 | Operating profit before joint ventures | 309 | 307 | 451 | 455 |
| 17 | 26 | Share of result of joint ventures | 8 | 13 | 12 | 19 |
| 766 | 1,126 | Operating profit | 317 | 320 | 463 | 474 |
| (132) | (194) | Finance costs | (66) | (64) | (96) | (95) |
| (3) | (4) | Profit/(loss) on disposals | 4 | - | 5 | - |
| 631 | 928 | Profit before tax | 255 | 256 | 372 | 379 |
| (170) | (250) | Tax | (120) | (64) | (175) | (95) |
| 461 | 678 | Net profit for the period | 135 | 192 | 197 | 284 |
| | | Attributable to: | | | | |
| 459 | 675 | Parent companies' shareholders | 134 | 191 | 196 | 283 |
| 2 | 3 | Minority interests | 1 | 1 | 1 | 1 |
| 461 | 678 | Net profit for the period | 135 | 192 | 197 | 284 |

Adjusted profit figures are presented in note 4 as additional performance measures.

Combined cash flow statement

For the six months ended 30 June 2005

| Year ended 31 December | | | £ | | € | |
|------------------------|------------|--|--------------------------|------------|--------------------------|------------|
| | | | Six months ended 30 June | | Six months ended 30 June | |
| 2004 £m | 2004 €m | | 2005 £m | 2004 £m | 2005 €m | 2004 €m |
| | | Cash flows from operating activities | | | | |
| 1,154 | 1,696 | Cash generated from operations | 277 | 284 | 404 | 420 |
| (146) | (215) | Interest paid | (68) | (70) | (99) | (103) |
| 16 | 24 | Interest received | 8 | 11 | 12 | 16 |
| (209) | (307) | Tax paid | (93) | (107) | (136) | (158) |
| 815 | 1,198 | Net cash from operating activities | 124 | 118 | 181 | 175 |
| | | Cash flows from investing activities | | | | |
| (647) | (951) | Acquisitions | (62) | (151) | (91) | (223) |
| 2 | 3 | Proceeds from sale of businesses | 7 | – | 10 | – |
| (82) | (120) | Purchases of property, plant and equipment | (38) | (33) | (56) | (49) |
| 4 | 7 | Proceeds from disposal of property, plant and equipment | 2 | 2 | 3 | 3 |
| (110) | (162) | Expenditure on internally developed intangible assets | (42) | (58) | (61) | (86) |
| (13) | (19) | Purchases of available-for-sale investments | (2) | (5) | (3) | (7) |
| 10 | 15 | Proceeds from disposal of available-for-sale investments | 7 | – | 10 | – |
| 17 | 25 | Dividends received from joint ventures | 8 | 8 | 12 | 12 |
| (819) | (1,202) | Net cash used in investing activities | (120) | (237) | (176) | (350) |
| | | Cash flows from financing activities | | | | |
| (309) | (454) | Dividends paid to shareholders of the parent companies | (244) | (220) | (356) | (326) |
| (82) | (120) | Increase/(decrease) in borrowings | 201 | (24) | 294 | (35) |
| 21 | 31 | Proceeds on issue of ordinary shares | 16 | 11 | 23 | 16 |
| (29) | (43) | Purchase of treasury shares | (3) | (23) | (4) | (34) |
| (399) | (586) | Net cash used in financing activities | (30) | (256) | (43) | (379) |
| (403) | (590) | Decrease in cash and cash equivalents | (26) | (375) | (38) | (554) |
| | | Movement in cash and cash equivalents | | | | |
| 638 | 906 | At start of period | 225 | 638 | 317 | 906 |
| (403) | (590) | Decrease in cash and cash equivalents | (26) | (375) | (38) | (554) |
| (10) | 1 | Effect of foreign exchange rate changes | 1 | (10) | 19 | 25 |
| 225 | 317 | At end of period | 200 | 253 | 298 | 377 |

Adjusted operating cash flow figures are presented in note 4 as additional performance measures.

Combined statement of recognised income and expense

For the six months ended 30 June 2005

| Year ended 31 December | | | £ | | € | |
|------------------------|------------|---|--------------------------|------------|--------------------------|------------|
| 2004 £m | 2004 €m | | Six months ended 30 June | | Six months ended 30 June | |
| | | | 2005 £m | 2004 £m | 2005 €m | 2004 €m |
| 461 | 678 | Net profit for the period | 135 | 192 | 197 | 284 |
| (121) | (196) | Exchange differences on translation of foreign operations | 107 | (13) | 288 | 94 |
| (74) | (109) | Actuarial losses on defined benefit pension schemes | (143) | (32) | (209) | (46) |
| – | – | Losses on cash flow hedges | (4) | – | (6) | – |
| 12 | 18 | Tax on items recognised directly in equity | 34 | 6 | 50 | 9 |
| (183) | (287) | Net (expense)/income recognised directly in equity | (6) | (39) | 123 | 57 |
| – | – | Transfer to net profit from cash flow hedge reserve | (12) | – | (18) | – |
| – | – | Transition adjustment on adoption of IAS39 | 26 | – | 37 | – |
| 278 | 391 | Total recognised net income for the period | 143 | 153 | 339 | 341 |
| | | Attributable to: | | | | |
| 276 | 388 | Parent companies' shareholders | 142 | 153 | 338 | 341 |
| 2 | 3 | Minority interests | 1 | – | 1 | – |
| 278 | 391 | | 143 | 153 | 339 | 341 |

Combined shareholders' equity reconciliation

For the six months ended 30 June 2005

| Year ended 31 December | | | £ | | € | |
|------------------------|------------|--|--------------------------|------------|--------------------------|------------|
| 2004 £m | 2004 €m | | Six months ended 30 June | | Six months ended 30 June | |
| | | | 2005 £m | 2004 £m | 2005 €m | 2004 €m |
| 276 | 388 | Total recognised net income attributable to the parent companies' shareholders | 142 | 153 | 338 | 341 |
| (309) | (454) | Dividends declared | (244) | (220) | (356) | (326) |
| 21 | 31 | Issue of ordinary shares, net of expenses | 16 | 11 | 23 | 16 |
| (29) | (43) | Increase in shares held in treasury | (3) | (23) | (4) | (34) |
| 59 | 87 | Increase in share based remuneration reserve | 26 | 24 | 38 | 36 |
| 18 | 9 | Net (decrease)/increase in combined shareholders' equity | (63) | (55) | 39 | 33 |
| 1,646 | 2,337 | Combined shareholders' equity at the beginning of the period | 1,664 | 1,646 | 2,346 | 2,337 |
| 1,664 | 2,346 | Combined shareholders' equity at the end of the period | 1,601 | 1,591 | 2,385 | 2,370 |

Combined balance sheet

As at 30 June 2005

| As at 31 December | | As at 30 June | | As at 30 June | |
|--------------------------------|------------|---------------|------------|---------------|------------|
| 2004 £m | 2004 €m | 2005 £m | 2004 £m | 2005 €m | 2004 €m |
| | | £ | | € | |
| Assets | | | | | |
| Non-current assets | | | | | |
| 2,611 | 3,682 | 2,778 | 2,436 | 4,139 | 3,630 |
| 2,835 | 3,997 | 2,884 | 2,865 | 4,297 | 4,269 |
| 60 | 86 | 60 | 60 | 89 | 89 |
| 50 | 71 | 48 | 45 | 72 | 67 |
| 292 | 411 | 303 | 290 | 452 | 432 |
| 235 | 331 | 274 | 209 | 408 | 311 |
| 6,083 | 8,578 | 6,347 | 5,905 | 9,457 | 8,798 |
| Current assets | | | | | |
| 541 | 763 | 610 | 563 | 909 | 839 |
| 1,103 | 1,555 | 1,276 | 989 | 1,901 | 1,474 |
| 225 | 317 | 200 | 253 | 298 | 377 |
| 1,869 | 2,635 | 2,086 | 1,805 | 3,108 | 2,690 |
| 7,952 | 11,213 | 8,433 | 7,710 | 12,565 | 11,488 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| 1,791 | 2,525 | 1,554 | 1,479 | 2,316 | 2,205 |
| 1,051 | 1,482 | 780 | 1,127 | 1,162 | 1,679 |
| 299 | 422 | 303 | 292 | 451 | 435 |
| 3,141 | 4,429 | 2,637 | 2,898 | 3,929 | 4,319 |
| Non-current liabilities | | | | | |
| 1,706 | 2,405 | 2,545 | 1,804 | 3,792 | 2,688 |
| 198 | 279 | 192 | 219 | 286 | 326 |
| 857 | 1,208 | 928 | 855 | 1,382 | 1,273 |
| 321 | 453 | 467 | 268 | 696 | 399 |
| 52 | 73 | 50 | 64 | 75 | 96 |
| 3,134 | 4,418 | 4,182 | 3,210 | 6,231 | 4,782 |
| 6,275 | 8,847 | 6,819 | 6,108 | 10,160 | 9,101 |
| 1,677 | 2,366 | 1,614 | 1,602 | 2,405 | 2,387 |
| Equity | | | | | |
| Capital and reserves | | | | | |
| 191 | 269 | 189 | 189 | 282 | 282 |
| 1,805 | 2,545 | 1,776 | 1,752 | 2,646 | 2,610 |
| (66) | (93) | (69) | (60) | (103) | (89) |
| (122) | (175) | (15) | (13) | 113 | 94 |
| - | - | 20 | - | 30 | - |
| (144) | (200) | (300) | (277) | (583) | (527) |
| 1,664 | 2,346 | 1,601 | 1,591 | 2,385 | 2,370 |
| 13 | 20 | 13 | 11 | 20 | 17 |
| 1,677 | 2,366 | 1,614 | 1,602 | 2,405 | 2,387 |

Approved by the boards of Reed Elsevier PLC and Reed Elsevier NV, 27 July 2005.

Notes to the combined financial information

1 Basis of preparation

The Reed Elsevier combined financial information ("the combined financial information") represents the combined interests of the Reed Elsevier PLC and Reed Elsevier NV shareholders and encompasses the businesses of Reed Elsevier Group plc and Elsevier Reed Finance BV and their respective subsidiaries, associates and joint ventures, together with the two parent companies, Reed Elsevier PLC and Reed Elsevier NV ("the combined businesses").

Following a regulation adopted by the European Parliament, the combined financial information has been prepared in accordance with International Financial Reporting Standards (IFRS). The Reed Elsevier accounting policies under IFRS are set out in the Reed Elsevier Annual Reports and Financial Statements 2004 on pages 119 to 122. The combined financial information has been prepared in accordance with those accounting policies and with IAS34 – Interim Financial Reporting. Reed Elsevier has elected to adopt the amendments to IAS19 – Employee Benefits, issued in December 2004, in advance of their effective date of 1 January 2006, and has elected to present actuarial gains and losses arising on defined benefit pension schemes in the Statement of Recognised Income and Expense. The Reed Elsevier accounting policies under IFRS assume EU endorsement of the amendments to IAS19, and remain subject to change for any new standards or guidance that may become applicable for the 2005 financial year.

The transition date for the application of IFRS is 1 January 2004. The comparative figures for 30 June 2004 and 31 December 2004 have been restated to reflect the transition to IFRS and reconciliations of net income and equity from previous GAAP to IFRS are presented in note 5. IAS39 – Financial Instruments: Recognition and Measurement is applicable from the 2005 financial year with a transition date of 1 January 2005 and accordingly no restatement of prior period comparatives has been made in respect of IAS39. An explanation of the principal differences between IFRS and previous GAAP, insofar as they relate to Reed Elsevier, is given in the Operating and Financial Review on pages 5 to 12.

The combined financial information for the six months ended 30 June 2005 and the comparative amounts to 30 June 2004 are unaudited but have been reviewed by the auditors and their report to the boards of Reed Elsevier PLC and Reed Elsevier NV is set out on page 33. The combined financial information for the year ended 31 December 2004 as reported under IFRS has been abridged from the Reed Elsevier Annual Reports and Financial Statements 2004. The combined financial statements prepared in accordance with IFRS for the year ended 31 December 2004 have received an unqualified audit report.

Notes to the combined financial information

2 Segment analysis

Revenue

| Year ended 31 December | | | £ | | € | |
|------------------------|-------|----------------------------|--------------------------|-------|--------------------------|-------|
| 2004 | 2004 | | Six months ended 30 June | | Six months ended 30 June | |
| £m | €m | | 2005 | 2004 | 2005 | 2004 |
| | | | £m | £m | €m | €m |
| | | Business segment | | | | |
| 1,363 | 2,004 | Elsevier | 644 | 631 | 940 | 934 |
| 1,292 | 1,899 | LexisNexis | 683 | 614 | 997 | 909 |
| 868 | 1,276 | Harcourt Education | 366 | 359 | 534 | 531 |
| 1,289 | 1,895 | Reed Business | 675 | 659 | 986 | 975 |
| 4,812 | 7,074 | Total | 2,368 | 2,263 | 3,457 | 3,349 |
| | | Geographical origin | | | | |
| 2,656 | 3,904 | North America | 1,307 | 1,236 | 1,908 | 1,829 |
| 846 | 1,244 | United Kingdom | 393 | 394 | 574 | 583 |
| 503 | 739 | The Netherlands | 249 | 253 | 363 | 374 |
| 545 | 801 | Rest of Europe | 270 | 260 | 394 | 385 |
| 262 | 386 | Rest of World | 149 | 120 | 218 | 178 |
| 4,812 | 7,074 | Total | 2,368 | 2,263 | 3,457 | 3,349 |
| | | Geographical market | | | | |
| 2,779 | 4,085 | North America | 1,347 | 1,294 | 1,966 | 1,915 |
| 545 | 801 | United Kingdom | 259 | 261 | 378 | 386 |
| 202 | 297 | The Netherlands | 97 | 95 | 142 | 141 |
| 725 | 1,066 | Rest of Europe | 354 | 345 | 517 | 510 |
| 561 | 825 | Rest of World | 311 | 268 | 454 | 397 |
| 4,812 | 7,074 | Total | 2,368 | 2,263 | 3,457 | 3,349 |

Adjusted operating profit

| Year ended 31 December | | | £ | | € | |
|------------------------|-------|--------------------------------|--------------------------|------|--------------------------|------|
| 2004 | 2004 | | Six months ended 30 June | | Six months ended 30 June | |
| £m | €m | | 2005 | 2004 | 2005 | 2004 |
| | | | £m | £m | €m | €m |
| | | Business segment | | | | |
| 445 | 654 | Elsevier | 189 | 198 | 277 | 293 |
| 287 | 422 | LexisNexis | 151 | 122 | 220 | 181 |
| 157 | 231 | Harcourt Education | 15 | 23 | 22 | 34 |
| 194 | 285 | Reed Business | 118 | 118 | 172 | 175 |
| 1,083 | 1,592 | Subtotal | 473 | 461 | 691 | 683 |
| (29) | (43) | Corporate costs | (18) | (16) | (27) | (24) |
| 12 | 18 | Unallocated net pension credit | 6 | 6 | 9 | 9 |
| 1,066 | 1,567 | Total | 461 | 451 | 673 | 668 |
| | | Geographical origin | | | | |
| 539 | 792 | North America | 202 | 190 | 295 | 281 |
| 159 | 234 | United Kingdom | 69 | 70 | 101 | 104 |
| 189 | 278 | The Netherlands | 92 | 101 | 134 | 149 |
| 138 | 203 | Rest of Europe | 69 | 70 | 101 | 104 |
| 41 | 60 | Rest of World | 29 | 20 | 42 | 30 |
| 1,066 | 1,567 | Total | 461 | 451 | 673 | 668 |

Adjusted operating profit figures are presented as additional performance measures. They are stated before the amortisation of acquired intangible assets and acquisition integration costs and are reconciled to the reported figures in note 4. The unallocated net pension credit of £6m/€9m (2004 interim: £6m/€9m) comprises the expected return on pension scheme assets of £74m/€108m (2004 interim: £70m/€104m) less interest on pension scheme liabilities of £68m/€99m (2004 interim: £64m/€95m).

2 Segment analysis continued

Operating profit

| Year ended 31 December | | | £ | | € | |
|------------------------|------------|----------------------------|-------------|------------|-------------|------------|
| 2004 £m | 2004 €m | | 2005 £m | 2004 £m | 2005 €m | 2004 €m |
| | | Business segment | | | | |
| 402 | 591 | Elsevier | 166 | 178 | 242 | 263 |
| 188 | 276 | LexisNexis | 95 | 83 | 139 | 123 |
| 67 | 99 | Harcourt Education | (22) | (19) | (32) | (27) |
| 126 | 185 | Reed Business | 90 | 88 | 131 | 130 |
| 783 | 1,151 | Subtotal | 329 | 330 | 480 | 489 |
| (29) | (43) | Corporate costs | (18) | (16) | (26) | (24) |
| 12 | 18 | Unallocated pension credit | 6 | 6 | 9 | 9 |
| 766 | 1,126 | Total | 317 | 320 | 463 | 474 |
| | | Geographical origin | | | | |
| 315 | 462 | North America | 92 | 90 | 134 | 133 |
| 129 | 190 | United Kingdom | 55 | 57 | 80 | 84 |
| 182 | 268 | The Netherlands | 90 | 101 | 132 | 150 |
| 102 | 150 | Rest of Europe | 53 | 52 | 77 | 77 |
| 38 | 56 | Rest of World | 27 | 20 | 40 | 30 |
| 766 | 1,126 | Total | 317 | 320 | 463 | 474 |

Share of post-tax results of joint ventures of £8m/€12m (2004 interim: £13m/€19m) included in operating profit comprises £2m/€3m (2004 interim: £3m/€4m) relating to LexisNexis and £6m/€9m (2004 interim: £10m/€15m) relating to Reed Business.

Notes to the combined financial information

3 Combined cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

| Year ended 31 December | | £ | | € | |
|------------------------|------------|------------|------------|------------|------------|
| 2004 £m | 2004 €m | 2005 £m | 2004 £m | 2005 €m | 2004 €m |
| 749 | 1,100 | 309 | 307 | 451 | 455 |
| | | | | | |
| 255 | 375 | 131 | 116 | 191 | 172 |
| 55 | 81 | 29 | 26 | 42 | 38 |
| 71 | 104 | 40 | 32 | 58 | 47 |
| 59 | 87 | 26 | 24 | 38 | 36 |
| 440 | 647 | 226 | 198 | 329 | 293 |
| (35) | (51) | (258) | (221) | (376) | (328) |
| 1,154 | 1,696 | 277 | 284 | 404 | 420 |

Reconciliation of net borrowings

| Year ended 31 December | | £ | | | Six months ended 30 June | |
|------------------------|---|-------------------------------|------------------|--|--------------------------|------------|
| 2004 £m | | Cash & cash equivalents £m | Borrowings £m | Derivative financial instruments £m | 2005 £m | 2004 £m |
| (2,372) | Net borrowings at the beginning of the period | 225 | (2,757) | – | (2,532) | (2,372) |
| (403) | Decrease in cash and cash equivalents | (26) | – | – | (26) | (375) |
| 82 | (Increase)/decrease in borrowings | – | (201) | – | (201) | 24 |
| (321) | Change in net borrowings resulting from cash flows | (26) | (201) | – | (227) | (351) |
| (2) | Borrowings in acquired businesses | – | (1) | – | (1) | – |
| (11) | Inception of finance leases | – | (7) | – | (7) | (6) |
| – | Fair value adjustments | – | (217) | 212 | (5) | – |
| 174 | Effect of foreign exchange rate changes | 1 | (142) | – | (141) | 51 |
| (2,532) | Net borrowings at the end of the period | 200 | (3,325) | 212 | (2,913) | (2,678) |

| Year ended 31 December | | € | | | Six months ended 30 June | |
|------------------------|---|-------------------------------|------------------|--|--------------------------|------------|
| 2004 €m | | Cash & cash equivalents €m | Borrowings €m | Derivative financial instruments €m | 2005 €m | 2004 €m |
| (3,368) | Net borrowings at the beginning of the period | 317 | (3,887) | – | (3,570) | (3,368) |
| (590) | Decrease in cash and cash equivalents | (38) | – | – | (38) | (554) |
| 120 | (Increase)/decrease in borrowings | – | (294) | – | (294) | 35 |
| (470) | Change in net borrowings resulting from cash flows | (38) | (294) | – | (332) | (519) |
| (3) | Borrowings in acquired businesses | – | (1) | – | (1) | – |
| (16) | Inception of finance leases | – | (9) | – | (9) | (9) |
| – | Fair value adjustments | – | (323) | 316 | (7) | – |
| 287 | Effect of foreign exchange rate changes | 19 | (440) | – | (421) | (94) |
| (3,570) | Net borrowings at the end of the period | 298 | (4,954) | 316 | (4,340) | (3,990) |

Derivative financial instruments included above in net borrowings are reported within trade and other receivables/payables and comprise fair value hedges of fixed rate borrowings through interest rate and cross-currency swaps.

Term debt of \$990m was raised during the period, the proceeds of which were used to refinance short term borrowings.

4 Adjusted figures

Reed Elsevier uses adjusted figures as key performance measures. Adjusted figures are stated before amortisation of acquired intangible assets, acquisition integration costs, profit/loss on disposals, related tax effects and movements in deferred taxation assets and liabilities that are not expected to crystallise in the near term. Adjusted operating profits are also grossed up to exclude the equity share of taxes in joint ventures.

Adjusted operating cash flow is measured after dividends from joint ventures and net capital expenditure but before payments in relation to acquisition integration costs.

| Year ended 31 December | | | £ | | € | |
|------------------------|--------------|---|--------------------------|------------|--------------------------|------------|
| 2004 £m | 2004 €m | | Six months ended 30 June | | Six months ended 30 June | |
| | | | 2005 £m | 2004 £m | 2005 €m | 2004 €m |
| 766 | 1,126 | Operating profit | 317 | 320 | 463 | 474 |
| | | Adjustments: | | | | |
| 255 | 375 | Amortisation of acquired intangible assets | 131 | 116 | 191 | 172 |
| 38 | 56 | Acquisition integration costs | 8 | 10 | 12 | 15 |
| 7 | 10 | Reclassification of tax on joint ventures | 5 | 5 | 7 | 7 |
| 1,066 | 1,567 | Adjusted operating profit | 461 | 451 | 673 | 668 |
| 631 | 928 | Profit before tax | 255 | 256 | 372 | 379 |
| | | Adjustments: | | | | |
| 255 | 375 | Amortisation of acquired intangible assets | 131 | 116 | 191 | 172 |
| 38 | 56 | Acquisition integration costs | 8 | 10 | 12 | 15 |
| 7 | 10 | Reclassification of tax on joint ventures | 5 | 5 | 7 | 7 |
| 3 | 4 | (Profit)/loss on disposals | (4) | - | (5) | - |
| 934 | 1,373 | Adjusted profit before tax | 395 | 387 | 577 | 573 |
| 459 | 675 | Profit attributable to parent companies' shareholders | 134 | 191 | 196 | 283 |
| | | Adjustments: | | | | |
| 288 | 423 | Amortisation of acquired intangible assets | 145 | 130 | 211 | 192 |
| 29 | 43 | Acquisition integration costs | 7 | 9 | 10 | 13 |
| 2 | 3 | (Profit)/loss on disposals | (3) | - | (4) | - |
| (91) | (134) | Deferred tax adjustment | 11 | (42) | 16 | (62) |
| 687 | 1,010 | Adjusted attributable profit | 294 | 288 | 429 | 426 |
| 1,154 | 1,696 | Cash generated from operations | 277 | 284 | 404 | 420 |
| 17 | 25 | Dividends received from joint ventures | 8 | 8 | 12 | 12 |
| (82) | (120) | Purchase of property, plant and equipment | (38) | (33) | (56) | (49) |
| 4 | 7 | Proceeds from sale of property, plant and equipment | 2 | 2 | 3 | 3 |
| (110) | (162) | Expenditure on internally developed intangible assets | (42) | (58) | (61) | (86) |
| 30 | 44 | Payments in relation to acquisition integration costs | 12 | 10 | 18 | 15 |
| 1,013 | 1,490 | Adjusted operating cash flow | 219 | 213 | 320 | 315 |

Notes to the combined financial information

5 Reconciliations to previous GAAP

The combined financial information has been prepared in accordance with International Financial Reporting Standards (IFRS). The adoption of these standards has resulted in changes to the accounting policies previously applied under UK GAAP for the 2004 financial year. The effects of differences to previous GAAP on net profit and combined shareholders' equity, insofar as they relate to Reed Elsevier, are summarised below.

Reconciliation of profit

| Year ended 31 December | | | Six months ended 30 June | | Six months ended 30 June | |
|------------------------|------|---|--------------------------|------|--------------------------|------|
| 2004 | 2004 | | £ | | € | |
| £m | €m | | 2005 | 2004 | 2005 | 2004 |
| | | | £m | £m | €m | €m |
| 305 | 448 | Net profit under previous GAAP | 120 | 112 | 176 | 166 |
| | | Adjustments: | | | | |
| 151 | 223 | Acquired goodwill and intangible assets (i) | 68 | 77 | 99 | 114 |
| (27) | (40) | Pensions (ii) | (17) | (14) | (25) | (21) |
| (48) | (71) | Share based remuneration (iii) | (19) | (24) | (28) | (36) |
| 80 | 118 | Deferred taxation (iv) | (20) | 41 | (29) | 61 |
| - | - | Financial instruments (v) | 3 | - | 4 | - |
| 461 | 678 | Net profit under IFRS | 135 | 192 | 197 | 284 |

Reconciliation of shareholders' equity

| As at 31 December | | | As at 30 June | | As at 30 June | |
|-------------------|-------|--|---------------|-------|---------------|-------|
| 2004 | 2004 | | £ | | € | |
| £m | €m | | 2005 | 2004 | 2005 | 2004 |
| | | | £m | £m | €m | €m |
| 2,267 | 3,196 | Shareholders' equity under previous GAAP | 2,399 | 2,435 | 3,574 | 3,628 |
| | | Adjustments: | | | | |
| 215 | 303 | Acquired goodwill and intangible assets (vi) | 301 | 77 | 448 | 115 |
| (405) | (571) | Pensions (vii) | (569) | (351) | (848) | (523) |
| (643) | (907) | Deferred taxation (viii) | (625) | (640) | (931) | (954) |
| - | - | Financial instruments (v) | 20 | - | 30 | - |
| 248 | 350 | Equity dividends (ix) | 93 | 88 | 139 | 131 |
| (18) | (25) | Other | (18) | (18) | (27) | (27) |
| 1,664 | 2,346 | Shareholders' equity under IFRS | 1,601 | 1,591 | 2,385 | 2,370 |

- (i) Lower net amortisation charge under IFRS due to the non-amortisation of acquired goodwill and indefinite lived intangible assets, partially offset by higher amortisation of acquired intangible assets over shorter periods under IFRS.
- (ii) Additional net pension expense under IAS19 based on market conditions at the start of the period.
- (iii) Additional share option expense.
- (iv) Movements in deferred tax balances, principally in respect of acquired intangible assets, pensions and exchange differences on long term inter-affiliate lending.
- (v) Mark-to-market adjustments on financial instruments.
- (vi) Higher carrying value of acquired goodwill and intangible assets due to lower amortisation and gross up for deferred tax liabilities on acquisitions since the IFRS transition date of 1 January 2004.
- (vii) Recognition of net pension obligations based on market conditions at the balance sheet date.
- (viii) Deferred taxation provision for nearly all differences between balance sheet amounts of assets and liabilities and their corresponding tax bases.
- (ix) Dividends not recognised until formally declared.

5 Reconciliations to previous GAAP continued

As at the IFRS transition date of 1 January 2004, shareholders' equity was £788m/€1,119m lower under IFRS than under previous GAAP due to additional deferred tax liabilities of £686m/€974m, additional net pension obligations of £310m/€440m and other additional liabilities of £18m/€26m, partly offset by reversal of proposed dividends of £226m/€321m.

Reconciliations of adjusted profit figures to the adjusted profit figures as previously defined are set out below.

| | £ | | | € | | |
|--------------------------------------|---------------------------------|-------------------------------|------------------------------------|---------------------------------|-------------------------------|------------------------------------|
| | Six months ended 30 June 2005 | | | Six months ended 30 June 2005 | | |
| | Adjusted operating profit £m | Adjusted pre-tax profit £m | Adjusted attributable profit £m | Adjusted operating profit €m | Adjusted pre-tax profit €m | Adjusted attributable profit €m |
| Adjusted figures under previous GAAP | 506 | 437 | 327 | 739 | 639 | 477 |
| Adjustments: | | | | | | |
| Additional pension expense | (17) | (17) | (13) | (25) | (25) | (19) |
| Additional share option expense | (19) | (19) | (15) | (28) | (28) | (22) |
| Restructuring costs | (9) | (9) | (7) | (13) | (13) | (10) |
| Financial instruments | - | 3 | 2 | - | 4 | 3 |
| Adjusted figures under IFRS | 461 | 395 | 294 | 673 | 577 | 429 |

| | £ | | | € | | |
|--------------------------------------|---------------------------------|-------------------------------|------------------------------------|---------------------------------|-------------------------------|------------------------------------|
| | Six months ended 30 June 2004 | | | Six months ended 30 June 2004 | | |
| | Adjusted operating profit £m | Adjusted pre-tax profit £m | Adjusted attributable profit £m | Adjusted operating profit €m | Adjusted pre-tax profit €m | Adjusted attributable profit €m |
| Adjusted figures under previous GAAP | 497 | 433 | 319 | 736 | 641 | 472 |
| Adjustments: | | | | | | |
| Additional pension expense | (14) | (14) | (10) | (21) | (21) | (15) |
| Additional share option expense | (24) | (24) | (15) | (35) | (35) | (22) |
| Restructuring costs | (8) | (8) | (6) | (12) | (12) | (9) |
| Adjusted figures under IFRS | 451 | 387 | 288 | 668 | 573 | 426 |

| | £ | | | € | | |
|--------------------------------------|---------------------------------|-------------------------------|------------------------------------|---------------------------------|-------------------------------|------------------------------------|
| | Year ended 31 December 2004 | | | Year ended 31 December 2004 | | |
| | Adjusted operating profit £m | Adjusted pre-tax profit £m | Adjusted attributable profit £m | Adjusted operating profit €m | Adjusted pre-tax profit €m | Adjusted attributable profit €m |
| Adjusted figures under previous GAAP | 1,159 | 1,027 | 760 | 1,704 | 1,510 | 1,117 |
| Adjustments: | | | | | | |
| Additional pension expense | (27) | (27) | (17) | (40) | (40) | (25) |
| Additional share option expense | (48) | (48) | (41) | (71) | (71) | (60) |
| Restructuring costs | (18) | (18) | (15) | (26) | (26) | (22) |
| Adjusted figures under IFRS | 1,066 | 934 | 687 | 1,567 | 1,373 | 1,010 |

Notes to the combined financial information

5 Reconciliations to previous GAAP^{continued}

Reconciliations of adjusted operating cash flows to the adjusted figures as previously defined are set out below.

| Year ended 31 December | | | £ | | € | |
|------------------------|------------|--|--------------------------|------------|--------------------------|------------|
| 2004 £m | 2004 €m | | Six months ended 30 June | | Six months ended 30 June | |
| | | | 2005 £m | 2004 £m | 2005 €m | 2004 €m |
| 1,050 | 1,544 | Adjusted operating cash flow as previously defined | 236 | 237 | 345 | 351 |
| (37) | (54) | Restructuring costs | (17) | (24) | (25) | (36) |
| 1,013 | 1,490 | Adjusted operating cash flow | 219 | 213 | 320 | 315 |

6 Exchange translation rates

In preparing the combined financial information the following exchange rates have been applied:

| Year ended 31 December 2004 | | | Income statement | | Balance sheet | |
|--------------------------------|------------------|------------------------|------------------|-----------------|-----------------|-----------------|
| Income statement | Balance sheet | | 30 June 2005 | 30 June 2004 | 30 June 2005 | 30 June 2004 |
| 1.47 | 1.41 | Euro to sterling | 1.46 | 1.48 | 1.49 | 1.49 |
| 1.83 | 1.93 | US dollars to sterling | 1.87 | 1.82 | 1.80 | 1.81 |
| 0.80 | 0.73 | Euro to US dollars | 0.78 | 0.81 | 0.83 | 0.82 |
| 1.24 | 1.37 | US dollars to euro | 1.28 | 1.23 | 1.21 | 1.21 |

Reed Elsevier PLC

Summary financial information

Basis of preparation

The Reed Elsevier PLC share of the Reed Elsevier combined results has been calculated on the basis of the 52.9% economic interest of the Reed Elsevier PLC shareholders in the Reed Elsevier combined businesses, after taking account of the results arising in Reed Elsevier PLC and its subsidiary undertakings. The summary financial information has been prepared on the basis of the accounting policies of the Reed Elsevier combined businesses as set out on pages 119 to 122 of the Reed Elsevier Annual Reports and Financial Statements 2004, which, following a regulation adopted by the European Parliament, are now in accordance with International Financial Reporting Standards (IFRS). The comparative figures for 30 June 2004 and 31 December 2004, have been restated to reflect the transition to IFRS. Reed Elsevier PLC's 52.9% economic interest in the net assets of the combined businesses is shown in the balance sheet as interests in joint ventures, net of the assets and liabilities reported as part of Reed Elsevier PLC and its subsidiary undertakings.

The Reed Elsevier accounting policies under IFRS assume EU endorsement of certain recent amendments to standards and remain subject to change for any new standards or guidance that may become applicable for the 2005 financial year.

The interim figures for the six months ended 30 June 2005 and the comparative amounts to 30 June 2004 are unaudited but have been reviewed by the auditors and their report to the board of Reed Elsevier PLC is set out on page 33. The summary financial information for the year ended 31 December 2004 as reported under IFRS has been abridged from the Reed Elsevier Annual Reports and Financial Statements 2004, which have been filed with the UK Registrar of Companies. The financial statements prepared in accordance with IFRS for the year ended 31 December 2004 have received an unqualified audit report.

Consolidated income statement

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|---|--------------------------|------------|
| 2004 £m | | 2005 £m | 2004 £m |
| (2) | Administrative expenses | - | - |
| (8) | Effect of tax credit equalisation on distributed earnings | (6) | (6) |
| 247 | Share of results of joint ventures | 72 | 99 |
| 237 | Operating profit | 66 | 93 |
| 3 | Investment income | 1 | 2 |
| 240 | Profit before tax | 67 | 95 |
| (5) | Tax | (2) | - |
| 235 | Profit attributable to ordinary shareholders | 65 | 95 |

Earnings per ordinary share (EPS)

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|------------------------------------|--------------------------|---------------|
| 2004 pence | | 2005 pence | 2004 pence |
| 18.6p | Basic earnings per share | 5.1p | 7.5p |
| 18.5p | Diluted earnings per share | 5.1p | 7.5p |
| 28.7p | Adjusted earnings per share | 12.3p | 12.0p |

Adjusted earnings per share is based upon the Reed Elsevier PLC shareholders' 52.9% economic interest in the adjusted profit attributable of the Reed Elsevier combined businesses, which is reconciled to the reported figures in note 4 to the combined financial information.

Reed Elsevier PLC

Summary financial information

Dividends

The directors of Reed Elsevier PLC have recommended an interim dividend of 3.7p per ordinary share (2004 interim: 3.4p per ordinary share). During the period the 2004 final dividend of 9.6p per ordinary share was paid.

Summary consolidated cash flow statement

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|--|--------------------------|------------|
| 2004 £m | | 2005 £m | 2004 £m |
| (2) | Cash generated from operations | – | (1) |
| 3 | Interest received | 3 | 2 |
| (1) | Tax paid | (3) | – |
| 153 | Dividends received from joint ventures | 120 | 111 |
| (153) | Equity dividends paid | (120) | (110) |
| 11 | Proceeds on issue of ordinary shares | 8 | 4 |
| (11) | Increase in net funding balances to joint ventures | (8) | (6) |
| – | Change in cash and cash equivalents | – | – |

Consolidated statement of recognised income and expense

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|--|--------------------------|------------|
| 2004 £m | | 2005 £m | 2004 £m |
| 235 | Net profit for the period | 65 | 95 |
| (97) | Share of joint ventures' net expense recognised directly in equity | (4) | (21) |
| – | Share of joint ventures' transfer to net profit from cash flow hedge reserve | (6) | – |
| – | Share of joint ventures' transition adjustment on adoption of IAS39 | 14 | – |
| 138 | Total recognised net income for the period | 69 | 74 |

Reconciliation of shareholders' equity

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|--|--------------------------|------------|
| 2004 £m | | 2005 £m | 2004 £m |
| 138 | Total recognised net income for the period | 69 | 74 |
| (153) | Equity dividends declared | (120) | (110) |
| 11 | Issue of ordinary shares, net of expenses | 8 | 4 |
| (15) | Increase in shares held in treasury | (2) | (12) |
| 31 | Increase in share based remuneration reserve | 14 | 13 |
| (3) | Equalisation adjustments | (2) | 2 |
| 9 | Net (decrease)/increase in shareholders' equity | (33) | (29) |
| 871 | Shareholders' equity at the beginning of the period | 880 | 871 |
| 880 | Shareholders' equity at the end of the period | 847 | 842 |

Summary consolidated balance sheet

| As at 31 December | | As at 30 June | |
|----------------------|--|---------------|------------|
| 2004 £m | | 2005 £m | 2004 £m |
| | Assets | | |
| | Non-current assets | | |
| 334 | Investment in joint ventures | 294 | 296 |
| | Current assets | | |
| 595 | Amounts due from joint ventures | 601 | 590 |
| 929 | Total assets | 895 | 886 |
| | Liabilities | | |
| | Current liabilities | | |
| 1 | Payables | 1 | – |
| 36 | Amounts owed to joint ventures | 36 | 36 |
| 12 | Taxation | 11 | 8 |
| 49 | Total liabilities | 48 | 44 |
| 880 | Net assets/shareholders' equity | 847 | 842 |

Approved by the board of directors, 27 July 2005.

Reconciliations to previous GAAP

The Reed Elsevier PLC summary financial information has been prepared in accordance with International Financial Reporting Standards (IFRS). The adoption of these standards has resulted in changes to the accounting policies previously applied under UK GAAP.

The effects of differences between IFRS and previous GAAP on net income and shareholders' equity, insofar as they relate to Reed Elsevier PLC, are summarised below.

Reconciliation of profit

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|---|--------------------------|------------|
| 2004 £m | | 2005 £m | 2004 £m |
| 152 | Net profit under previous GAAP | 61 | 57 |
| | Adjustments: | | |
| 83 | Share of IFRS adjustments in joint ventures | 8 | 42 |
| – | Equalisation | (4) | (4) |
| 235 | Net profit for the period under IFRS | 65 | 95 |

Reconciliation of shareholders' equity

| As at 31 December | | As at 30 June | |
|----------------------|---|---------------|------------|
| 2004 £m | | 2005 £m | 2004 £m |
| 1,199 | Shareholders' equity under previous GAAP | 1,269 | 1,288 |
| | Adjustments: | | |
| (439) | Share of IFRS adjustments in joint ventures | (469) | (489) |
| 120 | Dividends | 47 | 43 |
| 880 | Shareholders' equity under IFRS | 847 | 842 |

The IFRS adjustments in respect of the combined financial information are set out in note 5 thereto.

Reed Elsevier NV

Summary financial information

Basis of preparation

The Reed Elsevier NV share of the Reed Elsevier combined results has been calculated on the basis of the 50% economic interest of the Reed Elsevier NV shareholders in the Reed Elsevier combined businesses, after taking account of the results arising in Reed Elsevier NV. The summary financial information has been prepared on the basis of the accounting policies of the Reed Elsevier combined businesses as set out on pages 119 to 122 of the Reed Elsevier Annual Reports and Financial Statements 2004, which, following a regulation adopted by the European Parliament, are now in accordance with International Financial Reporting Standards (IFRS). The comparative figures for 30 June 2004 and 31 December 2004 have been restated for the transition to IFRS. Reed Elsevier NV's 50% economic interest in the net assets of the combined businesses is shown in the balance sheet as interest in joint ventures, net of the assets and liabilities reported as part of Reed Elsevier NV.

The Reed Elsevier accounting policies under IFRS assume EU endorsement of certain recent amendments to standards, and remain subject to change for any new standards or guidance that may become applicable for the 2005 financial year.

The interim figures for the six months ended 30 June 2005 and the comparative amounts to 30 June 2004 are unaudited but have been reviewed by the auditors and their report to the boards of Reed Elsevier NV is set out on page 33. The summary financial information for the year ended 31 December 2004 as reported under IFRS has been abridged from the Reed Elsevier Annual Reports and Financial Statements 2004. The financial statements prepared in accordance with IFRS for the year ended 31 December 2004 have received an unqualified audit report.

Group income statement

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|---|--------------------------|------------|
| 2004 €m | | 2005 €m | 2004 €m |
| (3) | Administrative expenses | (1) | (1) |
| 339 | Share of results of joint ventures | 97 | 142 |
| 336 | Operating profit | 96 | 141 |
| 2 | Investment income | 2 | 1 |
| 338 | Profit before tax | 98 | 142 |
| - | Tax | - | - |
| 338 | Profit attributable to ordinary shareholders | 98 | 142 |

Earnings per ordinary share (EPS)

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|------------------------------------|--------------------------|-----------|
| 2004 € | | 2005 € | 2004 € |
| €0.43 | Basic earnings per share | €0.13 | €0.18 |
| €0.43 | Diluted earnings per share | €0.13 | €0.18 |
| €0.64 | Adjusted earnings per share | €0.27 | €0.27 |

Adjusted earnings per share is based upon the Reed Elsevier NV shareholders' 50% economic interest in the adjusted profit attributable of the Reed Elsevier combined businesses, which is reconciled to the reported figures in note 4 to the combined financial information.

Dividends

The directors of Reed Elsevier NV have declared an interim dividend of €0.092 per ordinary share (2004 interim: €0.090 per ordinary share). During the period, the 2004 final dividend of €0.24 per ordinary share was paid.

Summary group cash flow statement

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|---|--------------------------|------------|
| 2004 €m | | 2005 €m | 2004 €m |
| (3) | Cash generated from operations | (1) | (1) |
| 1 | Interest received | 1 | 1 |
| (5) | Tax received/(paid) | 1 | (1) |
| 220 | Dividends received from joint ventures | 120 | 170 |
| (229) | Equity dividends paid | (177) | (162) |
| 14 | Proceeds on issue of ordinary shares | 10 | 11 |
| 20 | Decrease/(increase) in net funding balances to joint ventures | 25 | (1) |
| 18 | Change in cash and cash equivalents | (21) | 17 |

Group statement of recognised income and expense

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|--|--------------------------|------------|
| 2004 €m | | 2005 €m | 2004 €m |
| 338 | Net profit for the period | 98 | 142 |
| (144) | Share of joint ventures' net income/(expense) recognised directly in equity | 61 | 29 |
| - | Share of joint ventures' transfer to net profit from cash flow hedge reserve | (9) | - |
| - | Share of joint ventures' transition adjustment on adoption of IAS39 | 19 | - |
| 194 | Total recognised net income for the period | 169 | 171 |

Reconciliation of group shareholders' equity

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|--|--------------------------|------------|
| 2004 €m | | 2005 €m | 2004 €m |
| 194 | Total recognised net income for the period | 169 | 171 |
| (229) | Equity dividends declared | (177) | (162) |
| 14 | Issue of ordinary shares, net of expenses | 10 | 11 |
| (22) | Increase in shares held in treasury | (2) | (17) |
| 44 | Increase in share based remuneration reserve | 19 | 18 |
| 3 | Equalisation adjustments | 1 | (5) |
| 4 | Net increase in shareholders' equity | 20 | 16 |
| 1,169 | Shareholders' equity at the beginning of the period | 1,173 | 1,169 |
| 1,173 | Shareholders' equity at the end of the period | 1,193 | 1,185 |

Summary group balance sheet

| As at 31 December | | As at 30 June | |
|----------------------|--|---------------|------------|
| 2004 €m | | 2005 €m | 2004 €m |
| | Assets | | |
| | Non-current assets | | |
| 1,183 | Investment in joint ventures | 1,249 | 1,180 |
| | Current assets | | |
| 30 | Amounts due from joint ventures | 5 | 50 |
| 7 | Receivables | 6 | 6 |
| 25 | Short term investments | 4 | 24 |
| 1,245 | Total assets | 1,264 | 1,260 |
| | Liabilities | | |
| | Current liabilities | | |
| 3 | Payables | 1 | 1 |
| 4 | Taxation | 5 | 9 |
| 7 | | 6 | 10 |
| | Non-current liabilities | | |
| 7 | Debenture loans | 7 | 7 |
| 58 | Taxation | 58 | 58 |
| 65 | | 65 | 65 |
| 72 | Total liabilities | 71 | 75 |
| 1,173 | Net assets/shareholders' equity | 1,193 | 1,185 |

Signed by the boards of directors, 27 July 2005.

Reconciliations to previous GAAP

The Reed Elsevier NV summary financial information has been prepared in accordance with International Financial Reporting Standards (IFRS). The adoption of these standards has resulted in changes to the accounting policies previously applied which, as permitted by Article 362.1 of Book 2 Title 9 of the Netherlands Civil Code, were in accordance with UK GAAP.

The effects of differences between IFRS and previous GAAP on net income and shareholders' equity, insofar as they relate to Reed Elsevier NV, are summarised below.

Reconciliation of profit

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|---|--------------------------|------------|
| 2004 €m | | 2005 €m | 2004 €m |
| 223 | Net profit under previous GAAP | 87 | 82 |
| | Adjustments: | | |
| 115 | Share of IFRS adjustments in joint ventures | 11 | 60 |
| 338 | Net profit for the period under IFRS | 98 | 142 |

Reconciliation of shareholders' equity

| As at 31 December | | As at 30 June | |
|----------------------|---|---------------|------------|
| 2004 €m | | 2005 €m | 2004 €m |
| 1,598 | Shareholders' equity under previous GAAP | 1,788 | 1,814 |
| | Adjustments: | | |
| (602) | Share of IFRS adjustments in joint ventures | (663) | (696) |
| 177 | Dividends | 68 | 67 |
| 1,173 | Shareholders' equity under IFRS | 1,193 | 1,185 |

The IFRS adjustments in respect of the combined financial information are set out in note 5 thereto.

Additional information for US investors

Summary financial information in US dollars

The summary financial information is a simple translation of the Reed Elsevier combined financial information into US dollars at the rates of exchange set out in note 6 to the combined financial information. The financial information provided below is prepared in accordance with accounting principles as used in the preparation of the Reed Elsevier combined financial information. It does not represent a restatement under US Generally Accepted Accounting Principles ("US GAAP") which would be different in some significant respects.

Income statement

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|---|--------------------------|---------------|
| 2004 US\$m | | 2005 US\$m | 2004 US\$m |
| 8,806 | Revenue | 4,428 | 4,119 |
| 1,402 | Operating profit including joint ventures | 593 | 582 |
| 1,155 | Profit before tax | 477 | 466 |
| 844 | Net profit for the period | 252 | 349 |
| 1,951 | Adjusted operating profit | 862 | 821 |
| 1,709 | Adjusted profit before tax | 739 | 704 |
| 1,257 | Adjusted attributable profit | 550 | 524 |
| US\$ | Basic earnings per American Depositary Share (ADS) | US\$ | US\$ |
| 1.36 | Reed Elsevier PLC (Each ADS comprises four ordinary shares) | 0.38 | 0.55 |
| 1.07 | Reed Elsevier NV (Each ADS comprises two ordinary shares) | 0.33 | 0.44 |
| | Adjusted earnings per American Depositary Share (ADS) | | |
| 2.10 | Reed Elsevier PLC (Each ADS comprises four ordinary shares) | 0.92 | 0.87 |
| 1.59 | Reed Elsevier NV (Each ADS comprises two ordinary shares) | 0.69 | 0.66 |

Adjusted earnings per American Depositary Share is based on Reed Elsevier PLC shareholders' 52.9% and Reed Elsevier NV's 50% respective share of the adjusted profit attributable of the Reed Elsevier combined businesses. Adjusted figures are presented as additional performance measures and are reconciled to the reported figures at their sterling and euro amounts in note 4 to the combined financial information.

Cash flow statement

| Year ended 31 December | | Six months ended 30 June | |
|---------------------------|--|--------------------------|---------------|
| 2004 US\$m | | 2005 US\$m | 2004 US\$m |
| 1,491 | Net cash from operating activities | 232 | 215 |
| (1,499) | Net cash used in investing activities | (225) | (432) |
| (730) | Net cash used in financing activities | (56) | (466) |
| (738) | Decrease in cash and cash equivalents | (49) | (683) |
| 1,854 | Adjusted operating cash flow | 410 | 388 |
| 95% | Adjusted operating cash flow conversion | 48% | 47% |

Balance sheet

| As at 31 December | | As at 30 June | |
|----------------------|---|---------------|---------------|
| 2004 US\$m | | 2005 US\$m | 2004 US\$m |
| 11,740 | Non-current assets | 11,424 | 10,688 |
| 3,607 | Current assets | 3,755 | 3,267 |
| 15,347 | Total assets | 15,179 | 13,955 |
| 6,062 | Current liabilities | 4,747 | 5,245 |
| 6,048 | Non-current liabilities | 7,527 | 5,810 |
| 12,110 | Total liabilities | 12,274 | 11,055 |
| 3,237 | Net assets/combined shareholders' equity | 2,905 | 2,900 |

Additional information for US investors

Summary of the principal differences between IFRS and US GAAP

Reed Elsevier now prepares financial statements under International Financial Reporting Standards (IFRS), with effect from the 2005 financial year. The 2004 financial statements have been restated under IFRS, adopting a 1 January 2004 transition date, other than in respect of IAS39 – Financial Instruments for which the transition date is 1 January 2005. The Annual Report and Financial Statements 2004 set out the principal differences, insofar as they relate to Reed Elsevier, between US GAAP and UK GAAP then applicable and between that previous UK GAAP and IFRS.

IFRS differ in certain significant respects to US GAAP. The effects on net income attributable to shareholders and combined shareholders' equity of material differences to US GAAP are set out below.

| Year ended 31 December | | | £ | | € | |
|------------------------|-------|----------------------------------|-------------|------|-------------|------|
| 2004 | 2004 | | 2005 | 2004 | 2005 | 2004 |
| £m | €m | | £m | £m | €m | €m |
| 459 | 675 | Net income as reported (IFRS) | 134 | 191 | 196 | 283 |
| | | US GAAP adjustments: | | | | |
| 3 | 4 | Intangible assets | 1 | – | 1 | – |
| (3) | (4) | Pensions | (35) | (3) | (51) | (4) |
| 32 | 47 | Derivative financial instruments | 7 | 27 | 10 | 40 |
| (75) | (110) | Deferred taxation | (13) | (52) | (19) | (77) |
| 2 | 3 | Other | 3 | 1 | 5 | 1 |
| 418 | 615 | Net income under US GAAP | 97 | 164 | 142 | 243 |

| As at 31 December | | | £ | | € | |
|-------------------|-------|---|--------------|-------|--------------|-------|
| 2004 | 2004 | | 2005 | 2004 | 2005 | 2004 |
| £m | €m | | £m | £m | €m | €m |
| 1,664 | 2,346 | Shareholders' equity as reported (IFRS) | 1,601 | 1,591 | 2,385 | 2,370 |
| | | US GAAP adjustments: | | | | |
| 1,378 | 1,943 | Goodwill and intangible assets | 1,439 | 1,439 | 2,144 | 2,144 |
| 482 | 680 | Pensions | 596 | 520 | 888 | 775 |
| 12 | 17 | Derivative financial instruments | – | (40) | – | (60) |
| (123) | (173) | Deferred taxation | (166) | (144) | (247) | (215) |
| 16 | 22 | Other | 10 | 16 | 15 | 24 |
| 3,429 | 4,835 | Shareholders' equity under US GAAP | 3,480 | 3,382 | 5,185 | 5,038 |

Net income and shareholders' equity in the 2004 financial year under US GAAP have been restated for the adoption of SFAS123(R) – Share-Based Payment, which requires an expense to be recorded based on the fair value at the date of grant, and related deferred tax effects. Shareholders' equity under US GAAP has been restated for 30 June 2004 to reflect a reclassification from intangible assets to goodwill of amounts arising under US GAAP in relation to deferred taxation. Net income under US GAAP for 2004 is £31m/€45m lower (2004 interim: £9m/€14m higher) than the amounts previously reported. Shareholders' equity under US GAAP for 2004 is £56m/€79m higher (2004 interim: £158m/€234m higher) than the amounts previously reported.

Independent review report to Reed Elsevier PLC and Reed Elsevier NV

Introduction

We have been instructed by the boards of Reed Elsevier PLC and Reed Elsevier NV to review the combined financial information of Reed Elsevier PLC, Reed Elsevier NV, Reed Elsevier Group plc and Elsevier Reed Finance BV and their respective subsidiaries, associates and joint ventures (together "the combined businesses") for the six months ended 30 June 2005 which comprises the combined income statement, combined cash flow statement, combined statement of recognised income and expense, reconciliation of shareholders' equity, combined balance sheet and related notes 1 to 6. We have also reviewed the summary financial information of Reed Elsevier PLC for the six months ended 30 June 2005 which comprises the consolidated income statement, summary consolidated cash flow statement, consolidated statement of recognised income and expense, reconciliation of shareholders' equity, summary consolidated balance sheet and the earnings per share and dividend notes, and the summary financial information of Reed Elsevier NV for the six months ended 30 June 2005 which comprises the group income statement, summary group cash flow statement, group statement of recognised income and expense, reconciliation of group shareholders' equity, summary group balance sheet and the earnings per share and dividend notes. We have read the other information contained in the interim report and considered whether it contains any apparent mis-statements or material inconsistencies with the financial information.

This report is made solely to Reed Elsevier PLC and Reed Elsevier NV in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to Reed Elsevier PLC and Reed Elsevier NV those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Reed Elsevier PLC and Reed Elsevier NV, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Reed Elsevier Interim Statement, including the financial information contained therein, is the responsibility of, and has been approved by, the directors of Reed Elsevier PLC and Reed Elsevier NV. The directors of Reed Elsevier PLC and Reed Elsevier NV are responsible for preparing the Reed Elsevier Interim Statement in accordance with the Listing Rules of the UK Financial Services Authority and, in respect of the combined businesses the requirements of International Accounting Standard 34: "Interim Financial

Reporting" which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

International Financial Reporting Standards

The next annual financial statements of Reed Elsevier PLC, Reed Elsevier NV and the combined businesses will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. The interim report of the combined businesses has been prepared in accordance with IAS34, and the requirements of International Financial Reporting Standard 1, "First Time Adoption of International Financial Reporting Standards" relevant to interim reports. The interim summary financial information of Reed Elsevier PLC and Reed Elsevier NV has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules of the UK Financial Services Authority.

Review work performed

We conducted our review in accordance with the guidance in Bulletin 1999/4 issued by the United Kingdom Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK, Ireland and the Netherlands) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2005.

Deloitte & Touche LLP

Chartered Accountants
London
27 July 2005

Deloitte Accountants BV

Amsterdam
27 July 2005

Investor information

Financial calendar

| 2005 | | |
|-------------|-----------|---|
| 28 July | PLC NV | Announcement of interim results for the six months to 30 June 2005 |
| 29 July | NV | Record date – 2005 interim dividend, Reed Elsevier NV ordinary shares |
| 1 August | NV | Ex-dividend date – 2005 interim dividend, Reed Elsevier NV ordinary shares |
| 2 August | NV | Ex-dividend date – 2005 interim dividend, Reed Elsevier NV ADRs |
| 3 August | PLC | Ex-dividend date – 2005 interim dividends, Reed Elsevier PLC ordinary shares and ADRs |
| 4 August | NV | Record date – 2005 interim dividend, Reed Elsevier NV ADRs |
| 5 August | PLC | Record date – 2005 interim dividends, Reed Elsevier PLC ordinary shares and ADRs |
| 26 August | PLC NV | Payment date – 2005 interim dividends, Reed Elsevier PLC and Reed Elsevier NV ordinary shares |
| 2 September | PLC NV | Payment date – 2005 interim dividends, Reed Elsevier PLC and Reed Elsevier NV ADRs |
| 17 November | PLC NV | Trading update issued in relation to the 2005 financial year |
| 2006 | | |
| 16 February | PLC NV | Announcement of Preliminary Results for the year to 31 December 2005 |
| 18 April | PLC | Annual General Meeting – Reed Elsevier PLC, London |
| 19 April | NV | Annual General Meeting – Reed Elsevier NV, Amsterdam |
| 27 July | PLC NV | Announcement of interim results for the six months to 30 June 2006 |

Listings

London Stock Exchange
Reed Elsevier PLC (REL)
Ordinary shares

Euronext Amsterdam
Reed Elsevier NV (REN)
Ordinary shares

New York Stock Exchange
Reed Elsevier PLC (RUK) – CUSIP No. 758205108
Each ADR represents four ordinary shares
Reed Elsevier NV (ENL) – CUSIP No. 758204101
Each ADR represents two ordinary shares

Contacts

Reed Elsevier PLC

1-3 Strand
London WC2N 5JR
United Kingdom
Tel: +44 (0) 20 7930 7077
Fax: +44 (0) 20 7166 5799

Auditors

Deloitte & Touche LLP
Hill House
1 Little New Street
London EC4A 3TR
United Kingdom

Stockbrokers

JP Morgan Cazenove Limited
20 Moorgate
London EC2R 6DA
United Kingdom

Reed Elsevier NV

Radarweg 29
1043 NX Amsterdam
The Netherlands
Tel: +31 (0) 20 485 2434
Fax: +31 (0) 20 618 0325

Deloitte Accountants B.V.
Orlyplein 50
1043 DP Amsterdam
The Netherlands

ABN AMRO Bank NV
Gustav Mahlerlann 10
1082 PP Amsterdam
The Netherlands

Reed Elsevier PLC Registrar

Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH
United Kingdom
Tel: +44 (0) 870 702 0019
www.computershare.co.uk

Reed Elsevier PLC and Reed Elsevier NV ADR Depository

The Bank of New York
Investor Relations
PO Box 11258
Church Street Station
New York
NY10286-1258
Tel: +1 888 269 2377
www.adrbny.com

For further investor information visit:

www.reedelsevier.com

This statement is being mailed to shareholders of Reed Elsevier PLC on 28 July 2005 and will be available to the shareholders of Reed Elsevier NV upon request. Copies are available to the public from the registered offices of the respective companies shown above. Reed Elsevier PLC has given e-mail notification to those shareholders who have requested it of the availability of the Interim Statement on the Reed Elsevier website.



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