

INDISPENSABLE  
GLOBAL  
INFORMATION

 **Reed Elsevier**

ANNUAL REVIEW AND SUMMARY FINANCIAL STATEMENTS 2003

Reed Elsevier

**SCIENCE & MEDICAL**

LIFE SCIENCES → NEUROSCIENCE →  
CHEMISTRY → MATHEMATICS →  
PHYSICS → DECISION SCIENCES →  
SOCIAL AND BEHAVIOURAL SCIENCES →  
MEDICINE → NURSING → DENTISTRY →  
VETERINARY SCIENCE

Reed Elsevier

**LEGAL**

STATUTES → CASE LAW →  
COMMENTARIES → CITATIONS → TAX  
INFORMATION → DIRECTORIES → COURT  
RECORDS → LEGAL DISCOVERY →  
BUSINESS INFORMATION → RISK  
SOLUTIONS → CONGRESSIONAL  
INFORMATION

Reed Elsevier

**EDUCATION**

ELEMENTARY → SECONDARY →  
SUPPLEMENTAL → ASSESSMENT →  
E-LEARNING → PROFESSIONAL  
DEVELOPMENT → TEACHING  
SUPPORT → LIBRARY MATERIALS →  
CLINICAL TESTING

Reed Elsevier

**BUSINESS**

AEROSPACE → COMMUNICATIONS →  
MEDIA AND ENTERTAINMENT → IT →  
BUILDING AND CONSTRUCTION →  
LOGISTICS AND DISTRIBUTION →  
SOCIAL CARE → SPORT AND LEISURE →  
FOOD AND HOSPITALITY →  
AGRICULTURE → MANUFACTURING

## Reed Elsevier at a glance

### Science & Medical

**Elsevier** is a world leading publisher of scientific, technical and medical information. Elsevier Science & Technology publishes over 150,000 new research articles and 1,000 new book titles every year for the scientific research community. Elsevier Health Sciences publishes more than 8,000 medical textbooks and reference works for the medical, nursing and allied health professions. Elsevier's flagship electronic product, ScienceDirect, provides instant access to 1,900 Elsevier journals serving over five million researchers worldwide.

- Science & Technology
- Health Sciences

86 offices  
6,800 employees  
sales in  
173 countries

[MORE](#) [www.elsevier.com](http://www.elsevier.com)

### Legal

**LexisNexis** serves professional, business and government customers with online and hard copy legal, tax, regulatory, risk management and business information. LexisNexis also provides electronic services beyond its core research product, including electronic discovery and filing services. LexisNexis offers 4.6 billion searchable documents, more than 17,000 databases, and has in excess of three million users worldwide.

- North American Legal Markets
- Corporate & Federal Markets
- LexisNexis Europe and Africa
- LexisNexis Asia Pacific
- LexisNexis Latin America

85 offices  
12,800 employees  
sales in  
118 countries

[MORE](#) [www.lexisnexis.com](http://www.lexisnexis.com)

### Education

**Harcourt Education** is a leading publisher of school textbooks and complementary teaching, assessment and library programmes, principally for the US, UK, Australia, New Zealand and Southern African markets. In the US, Harcourt Education serves the kindergarten to 12th grade market while Harcourt Assessment produces testing programmes for the school and practising and research psychology markets. Outside the US, Harcourt Education International publishes textbooks for primary and secondary schools.

- Harcourt School
- Holt, Rinehart and Winston
- Harcourt Achieve
- Harcourt Trade
- Harcourt Assessment
- Harcourt Education International

22 offices  
5,300 employees  
sales in  
163 countries

[MORE](#) [www.harcourt.com](http://www.harcourt.com)

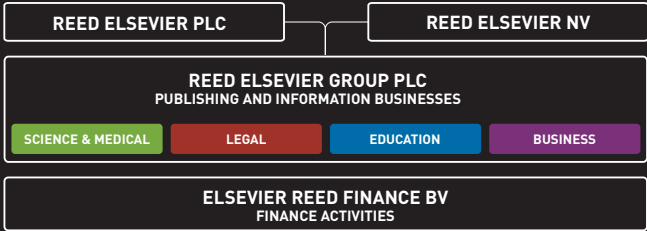
### Business

**Reed Business** provides business customers in the US, the UK, continental Europe, Australia and Asia with business specific news and information, marketing solutions, and the organisation of trade exhibitions. It publishes over 500 trade magazines, directories and loose leaf publications as well as leading online database and listing services. Reed Exhibitions operates over 430 events in 34 countries, attracting over 85,000 exhibitors and over 4.5 million visitors.

- Reed Business US
- Reed Business UK
- Reed Business Netherlands
- Reed Business International
- Reed Exhibitions

77 offices  
10,100 employees  
sales in  
170 countries

[MORE](#) [www.reedbusiness.com](http://www.reedbusiness.com)



Offices: 100 employees in 10 countries

Turnover: £1,381m / €2,002m

Adjusted operating profit: £467m / €677m

Offices: 100 employees in 10 countries

Turnover: £1,318m / €1,911m

Adjusted operating profit: £301m / €437m

Offices: 100 employees in 10 countries

Turnover: £898m / €1,302m

Adjusted operating profit: £174m / €252m

Offices: 100 employees in 10 countries

Turnover: £1,328m / €1,926m

Adjusted operating profit: £236m / €342m

**Métro**

major French language teaching programme for GCSE courses used in UK schools



**Community Care**

leading magazine for UK social care professionals



**Broadcasting & Cable**

leading weekly publication serving the broadcast, cable, satellite, multimedia and syndication industries



**Cognitive Brain Research**

authoritative research journal for neuroscientists, neurologists and psychologists

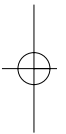


**Harcourt Education Primary**



**www.rigby.com.au**

online creative solutions from Harcourt, one of Australia's largest primary and secondary educational publishers

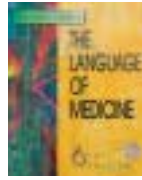


This document contains the Reed Elsevier Annual Review & Summary Financial Statements 2003 for the Reed Elsevier combined businesses and for Reed Elsevier PLC and Reed Elsevier NV. For a full understanding of the results and affairs of the businesses, this document should be read in conjunction with the more detailed separate document, Reed Elsevier Annual Reports & Financial Statements 2003. This information is also available on [www.reedelsevier.com](http://www.reedelsevier.com)

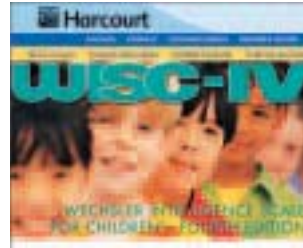
- 2 **Reed Elsevier at a glance**
- 2 **Financial highlights**
- 4 **Report of the Chairman and the Chief Executive Officer**
- 10 **Directors**
- 12 **Operating and financial review**
- 19 **Reed Elsevier products**
- 28 **Corporate social responsibility**
- 30 **Corporate governance**
- 31 **Summary financial statements**
- 39 **Summary directors' remuneration report**
- 45 **Investor information**
- 47 **Financial calendar for 2004**
- 48 **Contacts**

### Stratégies

influential French marketing communications magazine



**The Language of Medicine**  
authoritative reference work of medical terms



**Wechsler Intelligence Scales**  
most widely used scales for assessing intelligence in children and adults

### bizz

the Netherlands' leading magazine for small and medium sized businesses



[www.lexis.com](http://www.lexis.com)  
comprehensive online information source for legal professionals

### Cell

leading journal for cell biologists



## Indispensable global information

A leading provider of global information driven services and solutions, employing **35,000 people** in over **200 locations** worldwide. In 2003 revenues were **£5 billion/€7 billion**

Delivering products and services to customers, in major markets across the world: North America, Europe, Asia Pacific and Latin America

## Financial highlights

For the year ended 31 December 2003

### Reed Elsevier combined businesses

	2003 £m	2002 £m	2003 €m	2002 €m	Change at constant currencies %
<b>Reported figures</b>					
Turnover	<b>4,925</b>	5,020	<b>7,141</b>	7,982	1%
Operating profit	<b>661</b>	507	<b>958</b>	806	29%
Profit before taxation	<b>519</b>	289	<b>752</b>	460	75%
Net borrowings	<b>2,372</b>	2,732	<b>3,368</b>	4,180	
<b>Adjusted figures</b>					
Operating profit	<b>1,178</b>	1,133	<b>1,708</b>	1,801	6%
Profit before taxation	<b>1,010</b>	927	<b>1,465</b>	1,474	10%
Operating cash flow	<b>1,028</b>	1,010	<b>1,491</b>	1,606	3%
Operating margin	<b>24%</b>	23%	<b>24%</b>	23%	
Operating cash flow conversion	<b>87%</b>	89%	<b>87%</b>	89%	
Interest cover (times)	<b>7.0</b>	5.5	<b>7.0</b>	5.5	

### Parent companies

	Reed Elsevier PLC			Reed Elsevier NV			Change at constant currencies %
	2003 £m	2002 £m	% change	2003 €m	2002 €m	% change	
Reported profit attributable	<b>169</b>	89	90%	<b>242</b>	144	68%	
Adjusted profit attributable	<b>394</b>	361	9%	<b>540</b>	542	-	10%
Average exchange rate €:£	<b>1.45</b>	1.59		<b>1.45</b>	1.59		
Reported earnings per share	<b>13.4p</b>	7.0p	91%	<b>€0.31</b>	€0.18	72%	
Adjusted earnings per share	<b>31.2p</b>	28.5p	9%	<b>€0.69</b>	€0.69	-	10%
Dividend per share	<b>12.0p</b>	11.2p	7%	<b>€0.30</b>	€0.30	-	

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.

The financial highlights presented refer to "adjusted" profit and cash flow figures. These figures are used by the Reed Elsevier businesses as additional performance measures and are stated before the amortisation of goodwill and intangible assets, exceptional items and related tax effects. A reconciliation between the reported and adjusted figures is provided in the summary financial statements.

The percentage change at constant currencies refers to the movements at constant exchange rates, using 2002 full year average rates.

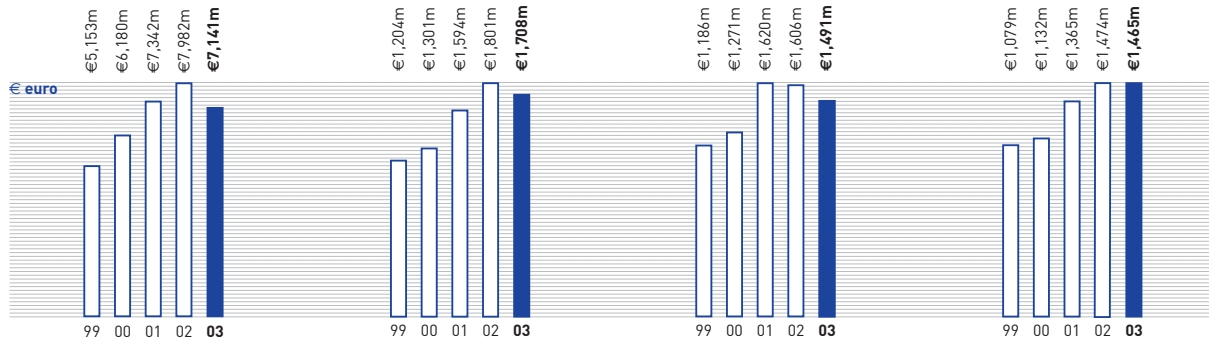
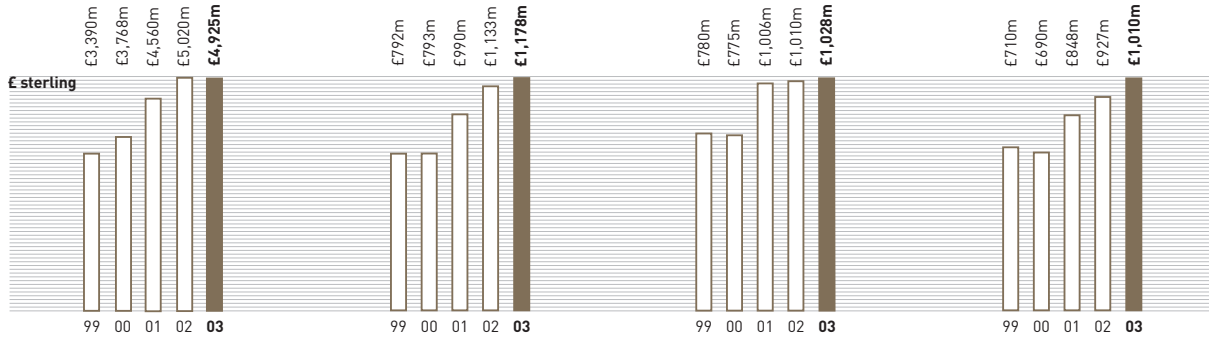
## Reed Elsevier combined businesses

Turnover

Adjusted operating profit

Adjusted operating cash flow

Adjusted pre-tax profit



## Reed Elsevier PLC

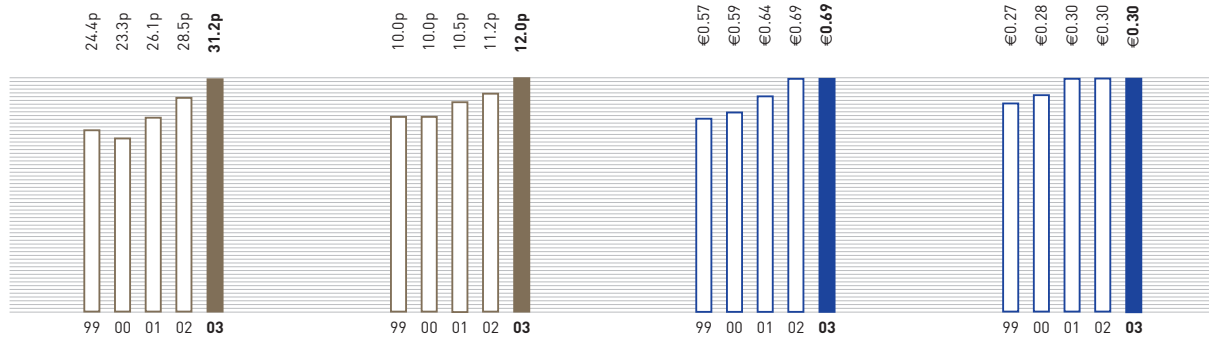
Adjusted earnings per share

Full year dividend

## Reed Elsevier NV

Adjusted earnings per share

Full year dividend



## Report of the Chairman and the Chief Executive Officer

Morris Tabaksblat and Crispin Davis

- Double digit adjusted EPS growth at constant exchange rates for third successive year despite difficult market environment
- Revenues up 1%; adjusted pre-tax profits up 10% at constant exchange rates
- Further year of good progress and outperformance in Science & Medical and Legal
- Soft markets in Education and Business
- Margin improvements from focused cost actions
- Reported results reflect currency translation effects
- Increasing level of investment to accelerate future revenue growth
- Targeting mid to high single digit growth in adjusted earnings per share for 2004 at constant rates with double digit growth for 2005 and beyond



**We are pleased to report another year of good progress in executing against our growth strategy and delivery of a strong financial result for 2003. Adjusted earnings at constant exchange rates achieved double digit growth for the third successive year. This has been achieved against a background of challenging market conditions, with each of our markets affected by the late cycle effects of the recent global economic slowdown. Despite this, we have continued to invest significantly in our businesses to develop new product, target new growth opportunities within our markets, and expand our sales and marketing programmes. Strong relative performances within our markets and further cost actions have delivered the good overall result.**

The science & medical business has performed well with strong publishing and new electronic products driving above market revenue growth. The legal business has also continued to outperform its markets with consistent improvements in product performance and expansion of its online services. The education business has had a mixed performance in weak markets, affected by the low level of textbook adoption opportunities compounded by

state budget pressures. The business division continued to show impressive resilience in depressed markets. Operating margins in all four divisions improved despite the high levels of investment, due to a relentless focus on cost efficiency. Strong cash flows reinforced the quality of the financial result.

For 2004, we plan to increase our investment programme yet further. This will drive the expansion of our online information products and services to address the burgeoning demand of our customers for the additional productivity that professional information and web-based functionalities can bring. We also continue to target acquisitions that accelerate our growth strategy.

#### FINANCIAL RESULTS

Total revenues were up 1% on the prior year at constant exchange rates, with satisfactory growth in Elsevier and LexisNexis offset by the weakness in Harcourt Education and Reed Business markets. At reported exchange rates, revenues were 2% lower at £4,925 million/11% lower at €7,141 million, due to the effects on currency translation of the relative weakness of the US dollar and the strength of the euro in comparison with the prior year.

Adjusted pre-tax profits were 10% higher at constant exchange rates, reflecting market outperformance, the impact of cost actions in improving margin, the gearing of the business and lower interest rates. Expressed in sterling, adjusted pre-tax profits were 9% higher at £1,010 million, whilst, expressed in euros, 1% lower at €1,465 million due to the currency translation effects. Overall adjusted operating margin improved by 1.3 percentage points to 23.9%. Adjusted operating cash flow at £1,028 million/€1,491 million represents a strong 87% conversion of adjusted operating profits into cash. Adjusted figures are stated before amortisation of goodwill and intangible assets and exceptional items.

The science & medical business, Elsevier, performed well with strong new publishing and growing online sales. Increased investment was more than offset by actions taken to improve efficiency. Revenues and adjusted operating profits were both up 8% at constant exchange rates. In the Science & Technology division, against a background of considerable pressure on institutional budgets, subscription renewals were strong and good growth was seen in sales of electronic journal products, including back files and subject collections. The Health Sciences business has continued to show good growth momentum, with a strong new publishing programme and increased demand from the expanding healthcare professions.

The legal business, LexisNexis, performed well in markets that are seeing somewhat slower growth. Revenue and adjusted operating profit growth were 3% and 10% respectively at constant exchange rates. Investment in content, new product features and online services are stimulating revenue growth, and LexisNexis continues to perform ahead of the market. In corporate and federal markets, the weaker market for corporate business information was offset by strong growth in the risk solutions business. The LexisNexis International businesses performed satisfactorily, with significant investment and new products driving strong online sales. Further improvements were made in operating margins as cost actions were taken to improve efficiency and fund the investment programme.

The education business, Harcourt Education, had a mixed performance, with the impact of the loss last year of the California state testing contract and weak markets due to the trough in state textbook adoptions exacerbated by schools funding pressures. Revenues were consequently 3% lower at constant exchange rates including minor disposals. The Harcourt US K-12 schools business once



#### Horizons

Horizons, our US elementary social studies programme, has sold nearly 2 million student editions since its launch in spring 2002. The programme incorporates online teaching tools as well as textbooks and is customised to meet the needs of each major market.

again performed strongly in new state textbook adoptions, with joint overall market leadership, and saw good growth in backlist sales and in open territories. The supplemental business however was weaker ahead of new publishing that addresses federally funded programmes. Significant cost actions were taken to streamline business operations and improve margins, to deliver adjusted operating profit growth of 2% at constant currencies despite the revenue decline.

The business division, Reed Business, faced a difficult advertising market throughout the year and the exhibitions business was not only impacted by the weak economic conditions and the net cycling out of non-annual shows, but also by the war in Iraq and the SARS outbreak. In this environment, Reed Business did well to deliver revenue only 4% lower at constant exchange rates, reflecting the continued focus on building market share, improving yields and growing online sales. Continued tight management of costs delivered further margin improvement, with adjusted operating profits flat at constant exchange rates.

Amortisation of goodwill and intangible assets at £445 million/€645 million was £82 million/€193 million lower than in the prior year, principally as a result of currency translation effects and some past acquisitions becoming fully amortised.

Exceptional pre-tax charges of £46 million/€68 million relate to acquisition integration and other restructuring less net gains on disposals and fixed asset investments. After tax, and including prior year tax credits, exceptional items showed a net gain of £38 million/€54 million.

The reported profit before tax, including amortisation of goodwill and intangible assets and exceptional items, was

£519 million/€752 million, which compares with £289 million/€460 million in the prior year. The reported attributable profit of £334 million/€484 million increased against a reported attributable profit of £181 million/€288 million in the prior year. Further information on performance is set out in the operating and financial review.

#### BUSINESS PROGRESS

2003 has seen Reed Elsevier's markets continue to be challenged by late cycle effects of the difficult economic conditions experienced over the last three years, and this is expected to continue into 2004. Despite this overall low market growth environment, Reed Elsevier continues to give priority to investment in new product and market initiatives to ensure strong long-term revenue growth and market outperformance. Continued focus is also given to improving cost efficiency to fund the investment programme, and good progress has again been made this year. Additionally, we target acquisitions that accelerate our growth strategy.

Elsevier has continued to deliver above market revenue growth through investment in new publishing and in expanding online services, particularly through ScienceDirect. Online delivery has dramatically increased the access and utility of information to the scientific and research community, with 175 million articles downloaded from ScienceDirect in 2003, more than double the prior year figure. Elsevier continues to expand the content in ScienceDirect, which now holds over five million research articles, through new publishing and digitising the archive and major reference works. Elsevier is also investing in developing subject collections, abstracts and bibliographic information to enhance ease of navigation through scientific research. In the healthcare market, strong demand for new publishing is driven by advances in



#### CourtLink

A subscription driven, online service, CourtLink is used by legal professionals to access 200 million US federal and state court records from more than 4,500 courts. Over 100,000 professionals use CourtLink, including those at most of the largest 250 US law firms and many Fortune 100 companies.

medical sciences, increasing specialisation, and expansion of the healthcare professions. Whilst usage of information within the science research community has moved rapidly online, within health sciences, print is still the predominant medium. Online services are, however, expanding rapidly and Elsevier is investing to capture these opportunities and expand the market. Elsevier's international publishing network to create and distribute information around the world was significantly expanded early in the year with the acquisition of the Holtzbrinck STM business in Germany.

There has been much written recently on scientific journal business models. We remain firmly of the view that, whilst the market will always accommodate a variety of different initiatives and funding approaches, subscription based journal publishing is the most effective and efficient way to deliver to researchers a huge volume of high quality, peer reviewed research through increasingly sophisticated online delivery and navigational tools that require substantial investment. We will however continue to monitor initiatives such as the 'author pays' publishing model and assess how effectively they serve the needs of the scientific and research communities. Where innovations bring demonstrable and sustainable improvements for these communities, Elsevier will, as always, adapt and invest accordingly.

At LexisNexis, our good performance in somewhat slower markets has been delivered through continued investment in content, product functionality and new online services. This has also positioned LexisNexis well to benefit from a market recovery. The demand for legal services and for efficient access to legal information is expected to drive long-term growth, particularly in online services. In the US, where online services account for the

significant majority of sales, investment has been made in faster growing contiguous markets, such as in risk solutions and in legal tools beyond core research. The acquisitions of the Dolan Media public records business, with its electronic information on court judgements and liens, and Applied Discovery, in the fast growing electronic discovery services market, are significant steps in this strategy. Outside the US, where online services are growing rapidly but from a smaller base, investment in the LexisNexis global online delivery platform will accelerate growth through swift delivery of enhanced functionalities to individual markets. Services on the new platform have recently been launched in France, and the UK and Australia are to follow shortly.

Harcourt Education, despite the weakness in its markets driven by the adoption calendar and current state budget pressures, has continued to expand its curriculum range, most notably in secondary maths product ahead of the 2004 adoptions, and to develop its testing and remediation product for the classroom based assessment market which is expected to grow rapidly in importance. Investment is also being made in the US supplemental publishing business to capture the growth opportunities presented by the No Child Left Behind legislation. Investment in other new publishing, such as the latest edition of the Stanford Achievement Test, is driving state testing contract wins.

Over the last three years, Reed Business has been tightly managed to mitigate the effects that economic slowdown has had on advertising and exhibition markets. Investment has been made in building market share and in expanding the online services, which have seen well over 20% compound growth over that period. The focus has also continued on managing yields and reducing costs. Despite an underlying revenue decline of



#### Variety

The market leading newspaper for the entertainment and media industry, Variety has been a success since its launch in 1905. The Variety portfolio, which includes Daily Variety, Weekly Variety, Daily Variety Gotham and Variety.com, reaches more than 70,000 industry readers.

14% over that period, adjusted operating margins are now higher than they were three years ago, and the business is well positioned to benefit significantly from a market upturn.

Whilst we expect our markets to recover over the next three years, we are aggressively focused on improving revenue performance through developing our core services, acquiring or launching into faster growth opportunities, and geographical expansion.

2003 represents the second full year of Reed Elsevier's ownership of the Harcourt science and medical and education publishing businesses acquired in July 2001. The strategic promise of the acquisition has been realised: the excellent fit and synergies of the science publishing; a leading presence and strong growth in the attractive Health Sciences market; and a consistently winning performance in US education which, whilst suffering from state budget pressures and the adoption cycle at present, is a good long-term growth market. The acquisition has accelerated our revenue growth, enhanced our earnings, and in 2003 had an estimated post tax return on capital invested of nearly 8%, approximating Reed Elsevier's weighted average cost of capital well within the five years from acquisition that was targeted.

#### PARENT COMPANY EARNINGS AND DIVIDENDS

For the parent companies, Reed Elsevier PLC and Reed Elsevier NV, the adjusted earnings per share were up 10% at constant exchange rates. The adjusted earnings per share at reported exchange rates were up 9% for Reed Elsevier PLC at 31.2p and unchanged for Reed Elsevier NV at €0.69. The reported earnings per share, including the amortisation of goodwill and intangible assets and exceptional items, was for Reed Elsevier PLC

shareholders 13.4p (2002: 7.0p) and for Reed Elsevier NV shareholders €0.31 (2002: €0.18).

The proposed Reed Elsevier PLC final dividend is 8.7p per share which, together with the interim dividend of 3.3p, gives a total dividend of 12.0p, up 7% on the prior year. The proposed Reed Elsevier NV final dividend under the equalisation arrangements is €0.22 per share which, together with the interim dividend of €0.08, gives a total Reed Elsevier NV dividend of €0.30, unchanged from the prior year. The difference in dividend growth rates reflects the impact of currency movements since the prior year dividend declaration dates.

#### OUTLOOK

Reed Elsevier's markets continue to be challenged by late cycle effects of the difficult economic conditions experienced over the last three years. The US education market is also expected to decline this year, as it reaches the low point in the state textbook adoption cycle combined with continuing state budget pressures. In what is expected to be an overall low market growth environment, another year of double digit adjusted earnings per share growth at constant rates will be difficult, particularly since Reed Elsevier plans to expand its investment programme by more than \$50 million to help ensure accelerated long-term revenue growth.

We are, therefore, targeting mid to high single digit adjusted earnings per share growth at constant currencies in 2004, and above market revenue growth. If current exchange rates prevail, there will be an adverse translation impact on reported earnings due to the weakness of the US dollar. Reed Elsevier expects to deliver on its long-term targets of above market revenue growth and double digit adjusted EPS growth at constant



#### Evolve

Evolve is a dynamic internet site supporting Elsevier's market leading textbooks for US health sciences students and their instructors. The site provides access to a vast collection of learning resources and instructional tools including image collections, online courses, presentations, teaching tips and practice tests for students. Evolve currently delivers over 150 separate learning products to almost 120,000 registered users.

rates in 2005 and beyond as its markets benefit from improved economic conditions and the US schools adoption cycle recovers.

In 2004, Elsevier should again perform well, with strong subscription renewals driven by the strength of the product and the greater utility of ScienceDirect. The Health Sciences books programme is expected, again, to go well. Further cost efficiencies will help fund substantially increased investment in online products and new navigational services.

LexisNexis is expected to have another satisfactory year, although no overall improvement in its core research markets is anticipated. Growth will be helped by further development of online research services and from the investments made in the faster growing risk management and legal tools markets. 2004 will see further major product initiatives across all markets including the rollout of the new global online delivery platform in a number of countries.

Harcourt Education expects to perform well in the 2004 adoptions but in a weaker overall market this is expected to deliver broadly flat revenues. The assessment business will benefit from new state educational testing contracts and the International business should see a recovery from the exceptional school funding constraints seen in the UK last year.

Reed Business is not budgeting for any real recovery in its markets this year and continues to take cost actions to protect margins whilst increasing investment in online services. A year on year decline in advertising volumes, particularly in continental Europe, should however be largely offset by further share growth, yield improvement

and good growth in online sales. The exhibitions business will benefit from the net cycling in of non-annual shows.

If an economic recovery really does take hold and becomes more broadly based, then Reed Business should show good recovery, particularly in its advertising revenues. Given the improvements made in operational efficiency over the last three years, the flow through to increased profitability will be strong.

Reed Elsevier is excellently positioned in long-term attractive growth markets, and has a clear investment led growth strategy which has delivered significant market outperformance in each of the last three years. We see good opportunities for growth and have the people and investment resources to deliver on them. We have great confidence in Reed Elsevier's future success.

We want to take this opportunity to again pay tribute to the extraordinary efforts and commitment shown by our staff over the last year in a most challenging business environment. We want to thank all at Reed Elsevier for their outstanding contributions in achieving our objectives in 2003.

**Morris Tabaksblat**  
Chairman

**Crispin Davis**  
Chief Executive Officer

## Directors

### Morris Tabaksblat (66) ■ ★ ◆

Chairman of Reed Elsevier Group plc and Reed Elsevier PLC and chairman of the supervisory board of Reed Elsevier NV since 1999. Chairman of the supervisory board of AEGON NV and of TNT Post Groep NV. Was Chairman of Unilever NV from 1994 until his retirement in 1999. A member and former Chairman of the European Round Table of Industrialists.



### Crispin Davis (54) ■ ◆

Chief Executive Officer of Reed Elsevier Group plc, Reed Elsevier PLC and Reed Elsevier NV since September 1999. Appointed a non-executive director of GlaxoSmithKline plc in July 2003. Chief Executive Officer of Aegis Group plc from 1994 to 1999. From 1990 to 1993 he was at Guinness, where he was an executive director and held the position of Group Managing Director of United Distillers. Prior to that Mr Davis spent 20 years at Procter & Gamble, latterly as President, North American Food Division.



### Mark Armour (49)

Chief Financial Officer of Reed Elsevier Group plc and Reed Elsevier PLC since 1996 and of Reed Elsevier NV since April 1999. Deputy Chief Financial Officer of Reed Elsevier from 1995 to 1996. Prior to joining Reed Elsevier was a partner in Price Waterhouse.



### John Brock (55) ▲ ★

Non-executive director of Reed Elsevier Group plc, Reed Elsevier PLC and member of the supervisory board of Reed Elsevier NV since April 1999. Chief Executive Officer of Interbrew SA and was Chief Operating Officer of Cadbury Schweppes plc until 2002.



### Mark Elliott (54) ● ★ ◆

Non-executive director of Reed Elsevier Group plc, Reed Elsevier PLC and a member of the supervisory board of Reed Elsevier NV since April 2003. General Manager IBM, Global ISV Solutions.



### Cees van Lede (61) ■ ● ★

Non-executive director of Reed Elsevier Group plc, Reed Elsevier PLC and a member of the supervisory board of Reed Elsevier NV since April 2003. Chairman of the supervisory board of the Dutch Central Bank, a member of the board of Scania AB, Air Liquide and Sara Lee Corporation, and a member of the supervisory boards of Akzo Nobel, Philips Electronics, Heineken and KLM. He was chairman of the board of management of Akzo Nobel until his retirement in May 2003.

**Gerard van de Aast (46)**

Chief Executive Officer of the Reed Business division, director of Reed Elsevier Group plc and Reed Elsevier PLC since December 2000 and of Reed Elsevier NV since April 2001. Prior to joining Reed Elsevier was Vice President and General Manager of Compaq's Enterprise business in Europe, Middle East and Africa.

**Andrew Prozes (58)**

Chief Executive Officer of the LexisNexis division, director of Reed Elsevier Group plc and Reed Elsevier PLC since July 2000 and of Reed Elsevier NV since April 2001. Prior to joining Reed Elsevier was an Executive Vice President with the West Group, part of the Thomson Corporation, and prior to that Group President of Southam Inc.

**Patrick Tierney (58)**

Chief Executive Officer of the Harcourt Education division, director of Reed Elsevier Group plc, Reed Elsevier PLC and Reed Elsevier NV since April 2003. Prior to joining Reed Elsevier was chief executive officer of Thomson Financial, part of the Thomson Corporation.

**Lord Sharman of Redlynch OBE (61)** ▲ ■ ★

Non-executive director of Reed Elsevier Group plc and Reed Elsevier PLC since January 2002 and a member of the supervisory board of Reed Elsevier NV since April 2002. Non-executive chairman of Aegis Group plc since 2000 and Securicor plc since May 2003, a member of the supervisory board of ABN-AMRO since April 2003 and a non-executive director of BG Group plc. A member of the House of Lords since October 1999. Was chairman of KPMG Worldwide until 1999.

**Rolf Stomberg (63)** ■ ● ★

Senior independent non-executive director. A non-executive director of Reed Elsevier Group plc and Reed Elsevier PLC since January 1999 and a member of the supervisory board of Reed Elsevier NV since April 1999. Chairman of Management Consulting Group PLC and a non-executive director of Smith & Nephew PLC. Serves on the boards of Scania AB, TNT Post Groep NV, Deutsche BP AG and Hoyer GmbH.

**David Reid (57)** ▲ ★ ◆

Non-executive director of Reed Elsevier Group plc, Reed Elsevier PLC and a member of the supervisory Board of Reed Elsevier NV since April 2003. Executive deputy chairman of Tesco PLC until December 2003, and finance director from 1985 to 1997. Will become non-executive chairman of Tesco in April 2004.

**Dien de Boer-Kruyt (59)** ★

Member of the supervisory board of Reed Elsevier NV since 2000. Chairman of the supervisory board of C/Tac, and a member of the supervisory boards of Allianz Nederland Groep NV, Imtech NV and Sara Lee/DE, a subsidiary of Sara Lee Corporation.

- ▲ Member of the Audit Committees
- Member of the Nominations Committee
- Member of the Remuneration Committee
- ★ Member of the Corporate Governance Committee
- ◆ Member of the Strategy Committee

## Operating and financial review

Mark Armour, Chief Financial Officer



### REED ELSEVIER COMBINED BUSINESSES

#### Profit & Loss

The **reported profit before tax** for the Reed Elsevier combined businesses, after the amortisation of goodwill and intangible assets and exceptional items, was £519m/€752m, which compares with a reported profit of £289m/€460m in 2002. The increase principally reflects higher underlying operating profits, lower goodwill and intangible asset amortisation and a £65m/€108m reduction in exceptional charges, as well as reduced net interest expense. The **reported attributable profit** of £334m/€484m increased against a reported attributable

profit of £181m/€288m in 2002, reflecting the improved operating performance and the lower interest costs.

The year on year decline of the US dollar since 2002 has had adverse translation effects on the results expressed in sterling and, more particularly, in euros. The strengthening of the euro relative to sterling has compounded this adverse translation effect on the results expressed in euros, whilst mitigating the impact on the results expressed in sterling. This translation effect does not however have any impact on the underlying performance of the businesses.

#### Reed Elsevier combined businesses

	2003 £m	2002 £m	2003 €m	2002 €m	Change at constant currencies %
<b>Reported figures</b>					
Turnover	4,925	5,020	7,141	7,982	+1%
Operating profit	661	507	958	806	+29%
Profit before taxation	519	289	752	460	+75%
Net borrowings	2,372	2,732	3,368	4,180	
<b>Adjusted figures</b>					
Operating profit	1,178	1,133	1,708	1,801	+6%
Profit before taxation	1,010	927	1,465	1,474	+10%
Operating cash flow	1,028	1,010	1,491	1,606	+3%
Operating margin	24%	23%	24%	23%	1.3pts
Operating cash flow conversion	87%	89%	87%	89%	
Interest cover (times)	7.0	5.5	7.0	5.5	

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").

Adjusted profit and cash flow figures are used by the Reed Elsevier businesses as additional performance measures and are stated before the amortisation of goodwill and intangible assets, exceptional items and related tax effects. The reconciliation between the reported and the adjusted figures is provided in the Reed Elsevier summary financial statements on page 33.

The percentage change at constant currencies refers to the movements at constant exchange rates, using 2002 full year average rates.

**Turnover** decreased by 2% expressed in sterling to £4,925m, and by 11% expressed in euros to €7,141m. At constant exchange rates, turnover was 1% higher, or flat excluding acquisitions and disposals.

**Adjusted operating profits**, excluding the amortisation of goodwill and intangible assets and exceptional items, were up 4% expressed in sterling at £1,178m, whilst down 5% expressed in euros at €1,708m. At constant exchange rates, adjusted operating profits were up 6%, or 5% excluding acquisitions and disposals. Adjusted operating margins improved by 1.3 percentage points to 23.9% reflecting the continued tight management of costs.

The **amortisation charge** for intangible assets and goodwill, including in joint ventures, amounted to £445m/€645m, down £82m/€193m on the prior year as a result of translation effects and some past acquisitions becoming fully amortised.

**Exceptional items** showed a pre-tax charge of £46m/€68m, comprising £49m/€72m of Harcourt and other acquisition integration and related costs, £23m/€33m in respect of restructuring actions taken in response to the effect of the protracted global economic slowdown, less a £26m/€37m net gain on disposal of businesses and fixed asset investments. After a tax credit of £84m/€122m principally arising on the exceptional costs and in respect of prior year disposals, exceptional items showed a net post-tax gain of £38m/€54m. This compares with a net post-tax exceptional gain of £11m/€18m in 2002.

**Net interest expense**, at £168m/€243m, was £38m/€84m lower than in the prior year, reflecting the benefit of the 2002 free cash flow, lower interest rates and currency translation effects. Net interest cover on an adjusted basis was 7.0 times.

**Adjusted profits before tax**, before the amortisation of goodwill and intangible assets and exceptional items, at £1,010m/€1,465m, were up 9% expressed in sterling, and down 1% expressed in euros. At constant exchange rates, adjusted profits before tax were up 10%.

The **effective tax rate** on adjusted earnings was little changed at 26%. The **adjusted profit attributable to shareholders** of £744m/€1,079m was up 9% expressed

in sterling, and down 1% expressed in euros. At constant exchange rates, the adjusted profit attributable to shareholders was up 10%.

#### Cash flows and debt

**Adjusted operating cash flow**, before exceptional items, was £1,028m/€1,491m representing an 87% conversion rate of adjusted operating profits into cash. This compares with a conversion rate in 2002 of 89%. Capital expenditure in the year amounted to £168m/€244m and depreciation was £134m/€194m, both similar to the prior year.

**Free cash flow** – after interest and taxation but before acquisition spend, exceptional receipts and payments and dividends – was £669m/€970m, compared to £651m/€1,035m in 2002. After dividends, free cash flow was £377m/€547m compared to £378m/€601m in 2002. Net exceptional cash inflows of £34m/€50m included £96m/€140m proceeds from disposals of businesses and fixed asset investments and £36m/€52m of reduced tax payments, less exceptional acquisition related and restructuring payments of £98m/€142m.

In 2003, **acquisitions** were made for a total consideration of £226m/€328m, including £3m/€5m deferred to future years, and after taking account of net cash acquired of £9m/€13m. An amount of £229m/€332m was capitalised as goodwill and intangible assets. Deferred consideration paid in respect of prior year acquisitions and payment of change of control and other non-operating liabilities assumed on the acquisition of Harcourt totalled £35m/€50m. The 2003 acquisitions contributed £16m/€25m to adjusted operating profit in the year and added £15m/€22m to adjusted operating cash flow.

**Net borrowings** at 31 December 2003 were £2,372m/€3,368m, a decrease of £360m in sterling and €812m in euros since 31 December 2002, reflecting the free cash flow less acquisition spend, and favourable exchange translation effects from the weaker US dollar.

#### REVIEW OF OPERATIONS

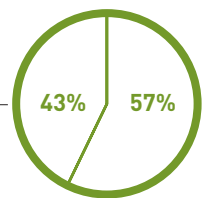
Unless otherwise indicated, all percentage movements in the following commentary refer to constant currency rates, using 2002 full year average rates, and are stated before amortisation of goodwill and intangible assets and exceptional items.

## Science & Medical

Revenue by business

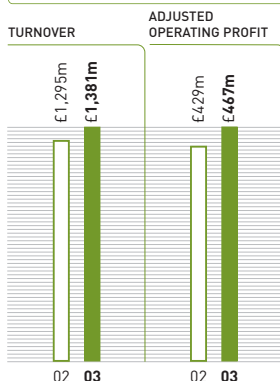
ELSEVIER

Science & Technology  
£789m / €1,144m

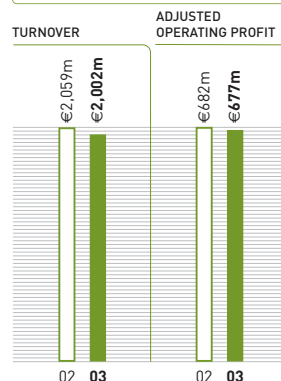


Health Sciences  
£592m / €858m

£ Sterling



€ Euro



**Elsevier has had another successful year against a background of considerable pressure on institutional budgets. Strong subscriptions renewals and growing online sales drove revenue growth in Science & Technology and a successful book publishing programme delivered good growth in Health Sciences. Underlying operating margins were improved by further actions to streamline operations. Continued investment in new publishing and in expanding ScienceDirect and other online services are expected to deliver future growth.**

Revenue and adjusted operating profits both increased 8% at constant exchange rates, or 5% and 8%, respectively, excluding the Holtzbrinck STM business acquired at the beginning of the year and other small acquisitions and disposals. Both the Science & Technology and Health Sciences divisions saw underlying revenue growth of 5%.

In the Science & Technology division, growth was driven by strong subscription renewals and growing online sales including recently introduced back files and subject collections. Usage of ScienceDirect more than doubled to 175 million article downloads during the year, reflecting the dramatic increase in access and utility that this web based service provides. ScienceDirect now holds over 5 million scientific research articles that can be searched, accessed and linked at the click of a mouse, anywhere and at any time. Increasingly customers, either individually or through consortia, are subscribing to content hitherto outside their collections at attractive discounts. Electronic only subscriptions grew by 55% and now account for nearly 23% of journal subscriptions by value.

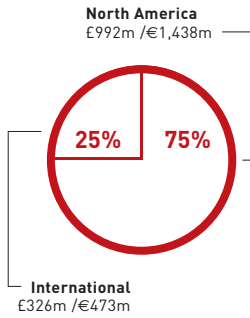
In Health Sciences, growth was driven by the strong book-publishing programme with successful new titles and editions coupled with increased demand from the growing healthcare professions. Electronic revenues continue to grow strongly, albeit from a much smaller base than in Science & Technology, from the expansion of online services in addition to migration from print subscriptions. Demand from the pharmaceutical industry for projects and conferences was however weaker leading to consolidation of these activities. The International business was expanded in the year through more aggressive versioning and distribution of international content in local markets and the acquisition of the Holtzbrinck STM publishing business, adding high quality German language medical publishing and strong local market and distribution channels for other international content.

Significant investments continue to be made in ScienceDirect, most particularly in new navigation services, and in web platforms to support the launch of new online products within Health Sciences. Continued action on costs, including further benefits of integration of the Harcourt STM businesses, funded increases in investment and improved the adjusted overall margin, ie before exceptional items and the amortisation of goodwill and intangible assets, by 0.7 percentage points.

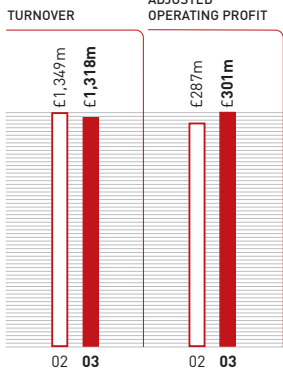
The outlook for the Science & Medical business is good. Although academic institutional and corporate budgets remain under pressure, Elsevier continues to see strong subscription renewals and take up of its electronic products. Investment in content and new online services is being increased to address further market opportunities.

# Legal

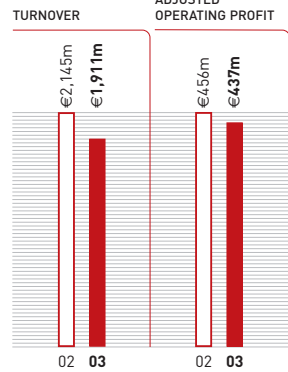
Revenue by business  
LEXISNEXIS



£ Sterling



€ Euro



**The LexisNexis business has continued to perform well in markets seeing slower growth. The US legal business is performing ahead of the market, whilst the continued slow down within US corporate and federal markets for corporate business information has been offset by the stronger growth in the risk solutions business. Continued investment is being made in new content and online services whilst further cost actions have improved operational efficiency and margins.**

Revenues and adjusted operating profits increased by 3% and 10% respectively at constant exchange rates, or 3% and 8% excluding acquisitions and disposals. LexisNexis North America saw underlying revenue growth at 2% held back by the late cycle impact of the economic slow down, particularly in corporate markets. Outside the US, revenue growth before acquisitions was 4% which, while seeing similar weakness in UK corporate information markets, saw strong growth in Asia-Pacific. Adjusted operating margins improved by 1.5 percentage points to 22.8%.

In US legal markets, revenues grew by 3%. Online revenue growth was 7% with good growth in national law firms and, in particular, in the small law firm market. Print and CD sales were marginally lower as the market continues to move online. The legal directories business again performed well. In US corporate and federal markets, underlying revenues were flat. Strong growth in the risk solutions business was offset by declines in corporate and academic information markets reflecting the difficult budgetary environment. Continued action on the cost base funded further increases in investments and delivered underlying operating profit growth in LexisNexis North America of 10%.

The LexisNexis International businesses outside North America saw revenues and adjusted operating profits up 4%

and 2% respectively at constant exchange rates before acquisitions. Strong growth in online sales of legal, tax and regulatory product across all major markets was in part offset by print migration and by weakness in demand in the UK for corporate news and business information. Underlying operating margins were broadly maintained despite increased investment in new online services and expansion of the business in Germany.

LexisNexis is continuing to invest in new content and improved online functionalities for its core products as well as expanding into contiguous markets. The first development phase of the global online delivery platform has been completed, with the launch of services on the new platform in France, with the UK and Australia to follow later in the year.

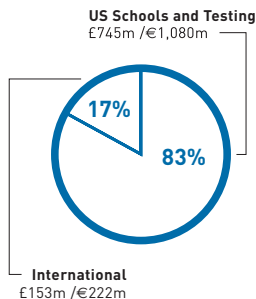
Two acquisitions in the US have expanded LexisNexis' position in fast growing contiguous markets. Applied Discovery Inc is the leading provider in the US of electronic discovery services. The public records business of Dolan Media, including important electronic information on court judgements and liens, has further expanded LexisNexis' position in the strongly growing risk management market. Courtlink, the leading provider of electronic court document filing and court access services acquired just over two years ago, is continuing to grow strongly. LexisNexis is increasing investment to drive above market revenue growth.

The outlook for the LexisNexis business is good. Revenue growth is being stimulated by new publishing and product initiatives and the declines seen in corporate and business information markets appear to be abating. Increases in investment are expected to be funded by the actions taken to further improve operational efficiency.

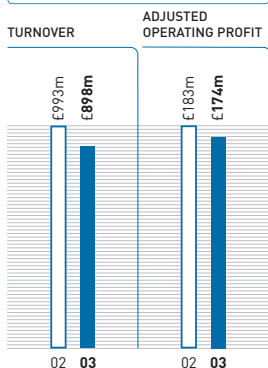
## Education

Revenue by business

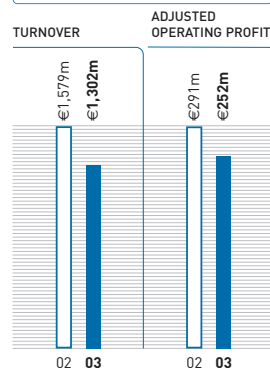
HARCOURT EDUCATION



£ Sterling



€ Euro



**The Harcourt Education business performed well given the difficult schools markets, with education budgets under pressure and a trough in the US state textbook adoption cycle, and the effect on revenues of past contract losses. Harcourt performed well in new US state textbook adoptions and saw good growth in backlist sales and to non-adoption states.**

Revenues, before acquisitions and disposals, were 2% lower than in the prior year whilst adjusted operating profits were 3% ahead at constant exchange rates. Excluding the impact of the loss of the California state testing contract announced in 2002, underlying revenue growth would have been 1-2%, broadly in line with the market. Despite lower revenues, adjusted operating margins improved by 1.0 percentage points to 19.4%.

The Harcourt US K-12 schools business performed well in 2003 state adoptions, gaining the joint overall market share leadership in state adoption opportunities. Taking into account that Harcourt did not participate in the second year implementation of the 2002 California elementary reading adoption, this is an impressive performance. The market for state adoptions was however weak due to the trough in the US state textbook adoption cycle and some deferrals due to the pressures on state budgets. This was compensated by good growth in backlist sales and sales to open territories. Overall revenues were however held back by weakness in the supplemental business ahead of new publishing that addresses federally funded programmes. Underlying operating profits were up 2%, reflecting the significant cost savings.

The Harcourt Assessment businesses saw underlying revenues down 5%, reflecting the loss of the California state testing contract which was announced in 2002. Without this,

underlying revenue growth would have been over 15%. This has been primarily driven by strong new publishing in the clinical testing market. The new edition of the Stanford Achievement Test has been well received in the market and has been instrumental in winning a number of new state contracts, including Nevada, New Mexico and Minnesota, which will impact in 2004. Underlying operating profits were up 10% due to the strong growth in higher margin product and the actions taken to improve operational efficiency. Increased investment is being put into classroom based assessment to improve individual educational outcomes, linking assessment to reinforcement of learning through linked curriculum and remediation products.

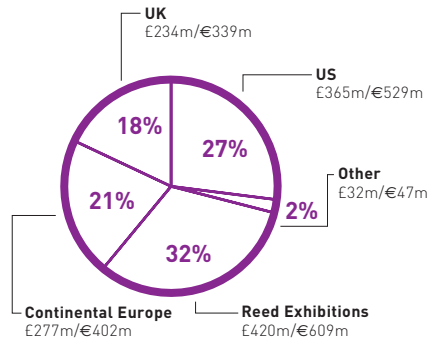
The Harcourt Education International businesses saw revenues 5% ahead and adjusted operating profits 1% ahead, with strong growth in academic publishing and the global library business offset by a marked reduction in the UK schools market due to shortfalls in governmental funding.

In 2004, the US schools market is expected to decline further as the low point is reached in the three year trough in the adoptions cycle combined with continuing state budget pressures. Harcourt expects to perform well in the new 2004 adoptions and the early market reaction to new publishing programmes has been encouraging. The assessment business will benefit from the recent state contract wins and the International business is expected to recover from the UK funding constraints seen last year. 2005 and the following years are expected to see a significant recovery in US market growth given the much stronger adoption calendar and Harcourt should be well placed to perform strongly.

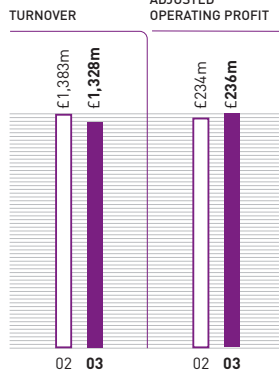
# Business

Revenue by business

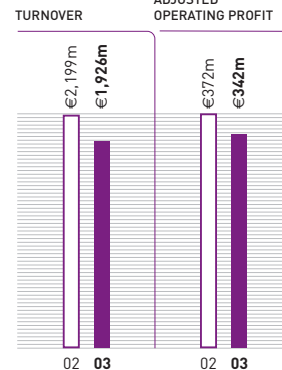
REED BUSINESS



£ Sterling



€ Euro



**The Reed Business division has again performed well in yet another difficult year. The continued decline of advertising volumes was in part compensated by continued market share gains, yield improvement and significant growth in online sales. The exhibitions business has been tightly managed through weak economic conditions but has been adversely affected by the net cycling out of non-annual shows as well as the impact of the war in Iraq and the SARS outbreak. Underlying margins improved through firm cost management.**

Revenues and adjusted operating profits were respectively 4% lower and flat at constant exchange rates, or 5% and 2% lower excluding acquisitions and disposals. The underlying magazine and information publishing businesses saw a revenue decline of 5% due to the advertising market weakness, and the exhibitions business revenues were 6% lower, or 3% before taking account of the net cycling out of non-annual shows. Adjusted operating margin was 0.9 percentage points ahead at 17.8% reflecting the actions taken on costs to mitigate the impact of lower revenues and to fund investment.

In the US, Reed Business Information saw revenues 6% lower than in the prior year. Growth in the entertainment sector was more than offset by declines in the manufacturing, electronics and construction sectors. Significant focus on improving yields and building share could not compensate for the volume decline. Despite the revenue decline, underlying operating profits have risen by 23% reflecting the significant actions taken to reduce costs.

In the UK, Reed Business Information revenues were down 3%. Whilst display and recruitment advertising markets saw lower revenues, good growth was achieved in online sales. Adjusted operating profits were similar to the prior year,

with operating margins improved through firm cost management. In Continental Europe, Reed Business Information saw underlying revenues down 5%. Continued focus on market share gains and improving yields mitigated to an extent the significant decline in advertising markets. Cost actions taken throughout the year resulted in adjusted operating profits 5% higher despite the revenue decline.

At Reed Exhibitions, revenues and adjusted operating profits were lower by 3% and 9% respectively at constant exchange rates. Underlying revenues, excluding acquisitions and disposals, were 6% lower, or 3% lower before the effect of the net cycling out of non-annual shows. Underlying operating profits were 14% lower, or 3% lower before the cycling out of non-annual shows. Given the weak economic conditions in most markets and the impact on business travel of the Iraq war and the SARS outbreak, this is a very resilient performance and reflects the quality of the exhibitions business and very focused management.

Reed Business is not yet budgeting for any real upturn in its markets and, taken with increased investment in online services, is not anticipating growth this year. If, however, an economic recovery really does take hold and becomes more broadly based, then Reed Business should recover quickly, most immediately in its advertising revenues. Given the dramatic improvements made in operational efficiency over the last three years, the flow through to increased profitability will be strong.

## PARENT COMPANIES

	Reed Elsevier PLC			Reed Elsevier NV			Change at constant currencies %
	2003 £m	2002 £m	% change	2003 €m	2002 €m	% change	
Reported profit attributable	169	89	90%	242	144	68%	
Adjusted profit attributable	394	361	9%	540	542	-	10%
Average exchange rate €:£	1.45	1.59		1.45	1.59		
Reported earnings per share	13.4p	7.0p	91%	€0.31	€0.18	72%	
Adjusted earnings per share	31.2p	28.5p	9%	€0.69	€0.69	-	10%
Dividend per share	12.0p	11.2p	7%	€0.30	€0.30	-	

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.

**Adjusted earnings per share**, measured before the effect of amortisation of goodwill and intangible assets and exceptional items, for Reed Elsevier PLC were 31.2p, up 9% on the previous year, and for Reed Elsevier NV were €0.69, unchanged from 2002. The difference in percentage change is entirely attributable to the impact of currency movements on the translation of reported results. At constant rates of exchange, the adjusted earnings per share of both companies would have shown an increase of 10% over the previous year.

After their share of the charge in respect of goodwill and intangible asset amortisation and of the exceptional items, **the reported earnings per share** of Reed Elsevier

PLC after tax credit equalisation and Reed Elsevier NV were 13.4p and €0.31 respectively, compared to 7.0p and €0.18 in 2002.

The Board of Reed Elsevier PLC has proposed a final dividend of 8.7p, giving a **total dividend** of 12.0p for the year, up 7% on 2002. The Boards of Reed Elsevier NV, in accordance with the dividend equalisation arrangements, have proposed a final dividend of €0.22. This results in a total dividend of €0.30 for the year, the same as in 2002. The difference in dividend growth rates reflects the impact of the significant appreciation of the euro against sterling since the prior year dividend declaration dates.

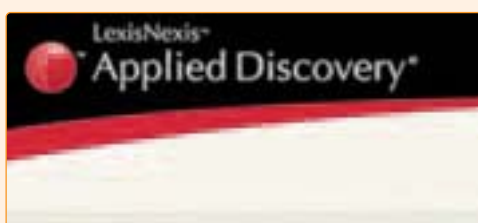
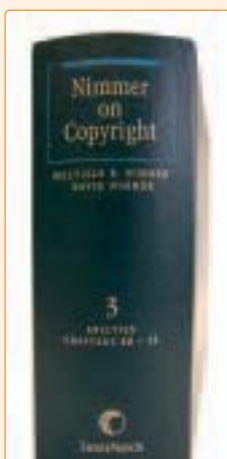
### FORWARD LOOKING STATEMENTS

The Reed Elsevier Annual Review and Summary Financial Statements contain forward looking statements within the meaning of Section 27A of the Securities Act 1933, as amended, and Section 21E of the 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 and business conditions in Reed Elsevier's markets; exchange rate fluctuations; customers' acceptance of its products and services; the actions of competitors; legislative, fiscal and regulatory developments; changes in law and legal interpretation affecting Reed Elsevier's intellectual property rights and internet communications; and the impact of technological change.

# REED ELSEVIER PRODUCTS

Indispensable global information for professionals

Our customers in the science, medical, legal, education and business communities use our products every day to provide the data and reference materials they need to carry out their work. In 2003 we published more than 15,000 different journals, books and reference works, as well as more than 500 online information services, and organised more than 430 trade exhibitions. The role that some of our products play in the professional lives of our customers is illustrated on the following pages.



## DiscoveryGate

DiscoveryGate is an internet site used by scientific researchers to access a vast range of information in the field of drug discovery. Using DiscoveryGate, a scientist can pose a single query and access over 20,000 journal titles and patents from over 40 patent-issuing authorities worldwide. Information on the site includes the structures of more than 12 million drugs and compounds, 200 million calculated and reported properties including synthesis, bioactivity, metabolism, toxicology and physical property data as well as 10 million noted reactions. DiscoveryGate helps scientists work more efficiently by providing them with immediate access to content directly related to their research. Users can search an online structure and data index of chemical compounds; identify and organise similar chemical structures and related data; find bioactivity data for a particular compound; find chemical suppliers for compounds of interest; review methods for synthesizing compounds; view reported toxic effects and metabolism pathways; and link from literature references directly to the original publications or patent documents. In 2003, DiscoveryGate saw the numbers of registered users to the site more than double.

### DiscoveryGate subscribers at Piramed, a UK research laboratory



The scientific information market is seeing ever increasing scientific research and discovery and demands for greater efficiency and productivity in the research process. In healthcare, advances in medical science and procedures and the demand for improved medical outcomes drive the need for high quality specialist information.



#### The Lancet

The Lancet is a leading global medical journal of scientific record and opinion. Published weekly in the UK since 1823, The Lancet is Elsevier's oldest and most prestigious medical title. Founded initially as an organ of political dissent, The Lancet championed medical reform as part of a rich nineteenth century tradition of English radicalism. It is still a noted campaigning title, leading programmes such as its 2003 international campaign to promote child survival which united doctors and scientists from every continent. 2003 saw the launch of a complete online database of back issues of The Lancet dating back to its very first edition, providing the medical community with another point of access to this authoritative information source.

#### Online reference works on ScienceDirect

In September 2002, the online launch of the International Encyclopedia of the Social & Behavioural Sciences marked the start of a new initiative to publish all of Elsevier's major reference books, formerly available only in print, on its internet based platform, ScienceDirect. ScienceDirect already provides scientists and academic subscribers with access to more than five million scientific articles. By the end of 2003, 15 titles were available online, and 2004 will see the addition of up to 30 more, establishing online reference works as another key content area for ScienceDirect, alongside the journals, articles, abstracts and periodicals already based on the site.



**167 million**

THE SCIRUS WEBSEARCH ENGINE  
COVERS OVER 167 MILLION  
SCIENTIFIC-SPECIFIC PAGES

**5 million**

OVER FIVE MILLION SCIENTISTS AND  
RESEARCHERS USE SCIENCEDIRECT AS  
THEIR RESOURCE OF CHOICE

**8,000**

ELSEVIER HEALTH SCIENCES OPERATES A  
WORLDWIDE PUBLISHING NETWORK WITH  
OVER 8,000 CLINICAL REFERENCE WORKS  
AND TEXTBOOKS AND 500 JOURNALS AND  
HANDBOOKS

**lawyers.com**

Leading internet site usage surveys rank Martindale-Hubbell's legal directories as the number one online resource for consumers and businesses seeking legal counsel.

Lawyers.com was used by more than five million individuals in 2003 to access information about more than 400,000 lawyers and their services. Users can identify, evaluate and select an attorney via the website, which saw almost a 100% increase in visitors from 2002 to 2003. Lawyers.com enables users to review the credentials of lawyers and educate themselves about legal processes. It has received plaudits from a range of media including The New York Times, Forbes.com and Fortune, for its content and ease of use. Launched in 1998, lawyers.com has won many awards and is now firmly established as an online source of information on legal professionals for non-specialist users.

**US based architects and surveyors are one of the many professional groups that make thousands of hits on lawyers.com every day in their search for specialist legal advice** →



Legal and regulatory markets worldwide are seeing continuing expansion in legislative activity and increasing demand for legal services, together with a focus on improved efficiency and productivity. Additional opportunities are developing beyond the core research market through the delivery of online workflow support services.

#### Halsbury's Laws of England

The only comprehensive encyclopaedia encompassing all sources of English law, Halsbury's Laws is unique and has been indispensable to practitioners in English law since it was launched in 1907. Currently in its fourth edition, Halsbury's Laws is available in both hard copy and, since 1998, online as Halsbury's Laws Direct which is one of LexisNexis UK's most successful products. In 2003, subscription revenue from Halsbury's Laws Direct grew by nearly 50% and now represents over 10% of total Halsbury's Laws revenues. Renowned for its editorial and production standards, Halsbury's Laws is a highly regarded reference tool used by over 90% of the UK's major law practices. As well as being a major publication in its own right, Halsbury's Laws has been the model for similar encyclopaedias published by LexisNexis all over the world, the Halsbury name being understood as a guarantee of quality and authority.



#### Instant ID

Instant ID is an online identity authentication service used by banks and other financial institutions to verify and validate the identity of new customers. The product was launched early in 2003, as one of LexisNexis' growing portfolio of risk management tools, and has contributed to the risk solutions group's 2003 annual growth rate of 16%. It has already been adopted by over 240 customers in the US, where the USA Patriot Act has recently required financial institutions to use increased measures for authentication of customers to help track down money-laundering activities. Banks use Instant ID to carry out fast checks on customer details such as name and address, and to protect themselves against identity theft.

**1.6 million**

1.6 MILLION SEARCHABLE DOCUMENTS PER DAY ARE ADDED TO THE LEXISNEXIS COLLECTION

**3 million**

LEXISNEXIS SERVES OVER THREE MILLION SUBSCRIBERS IN MORE THAN 100 COUNTRIES AROUND THE WORLD

**97 of top 100**

IN THE UK, 97 OF THE TOP 100 LAW FIRMS USE LEXISNEXIS UK ONLINE SERVICES

**Elements of Literature online**

Published by Harcourt's Holt, Rinehart and Winston division, Elements of Literature, is the market leading basal language arts programme for middle and secondary schools in the US. The programme's online version uses the PC environment to bring texts to life for young students, incorporating audio, video and on-screen writing exercises into the learning experience. Over 147,000 children are already registered to use the online programme which offers special tools for teachers who can highlight passages as they discuss them and customise a range of online tests. It also provides teachers reviewing the progress of students under the federally funded "No Child Left Behind" programme, with specific projects to address the strengths and weaknesses of individual students and ensure they are given the most appropriate coaching to achieve their potential.

**Children at Ocoee Middle School, Florida are using Elements of Literature on tablet PCs as part of a pilot programme, begun in August 2002, that allows students to work on the topic in school and at home**



The long standing commitment across the world to improving educational standards remains strong, and there is a continuing requirement to deliver proven educational programmes. There is a growing trend for educational assessment to monitor and assist in improving individual educational outcomes and accountability.

**Stanford 10**

The market leading Stanford Achievement Test is now in its 10th edition. It is used to monitor the academic progress of US school children in reading comprehension, mathematics procedures and problem solving, language, spelling study skills, listening, science and social science. Building upon more than eighty years of experience with high quality norm-referenced tests, Stanford 10 has evolved to form a new model in testing, responding to an increasing need from the market to report normative data while supporting standards-based education reform and responding to the requirements of the US No Child Left Behind Act. Stanford tests are used in school districts in every US state. The 10th edition was launched in 2003 and, in its first year, was selected by ten states as their state-wide testing solution.



**Heinemann GCSE Maths**

Heinemann's market leading GCSE Maths textbooks for the Edexcel Maths GCSE syllabus are now used by over 2,000 schools in England and Wales. The product suite, which includes an electronic database of past questions from which teachers can develop mock exams and homework assignments, is the only series of textbook and support materials endorsed by the examining body for its Maths syllabus in the UK. As a result of its success in recent years, the product has become one of Harcourt's top five selling products in the UK.

**59%**

HARCOURT EDUCATION MIDDLE AND HIGH SCHOOL SCIENCE PROGRAMMES LED THE MARKET IN 2003, CAPTURING 59% MARKET SHARE

**70,000**

HARCOURT ASSESSMENT DEVELOPS OVER 70,000 NEW TEST ITEMS EVERY YEAR

**730,000**

OVER 59,000 TEACHERS AND MORE THAN 730,000 STUDENTS ARE USING HARCOURT EDUCATION ONLINE LEARNING PROGRAMMES IN LANGUAGE ARTS, SOCIAL STUDIES, WORLD LANGUAGES, MATHEMATICS, AND SCIENCE



**The Amstelveen branch of Jumbo, one of the Netherlands leading supermarket chains. Produce and logistics managers at Jumbo use Distrifood to help them make informed decisions**

In 2003, Reed Business's Distrifood, the leading weekly magazine for business people working in the supermarket sector in the Netherlands, was chosen by the Dutch Publishers' Association to receive the LOF-prijs voor Vakinformatie award for the most outstanding business magazine. In spite of the adverse conditions created by a consolidating food sector, Distrifood performed well by fulfilling the need for better information and closer relationships between buyers and sellers within the sector. It expanded its main title into a portfolio of branded products and services, such as a daily newsletter, a food portal, a retail planner, a formula poster, supermarket directories and category scans. These initiatives helped Distrifood to grow its market leading share of advertising to over 50% in 2003.

Business to business magazines and exhibitions provide an effective marketing channel through which buyers and sellers are connected, increasingly delivered through leading brands in each sector. Alongside print magazines, demand is growing for online products which provide improvements in productivity through quicker and easier access to more comprehensive and searchable data.

## 4 million

REED BUSINESS INFORMATION US HAS MORE THAN FOUR MILLION REGISTERED SUBSCRIBERS

## 820,000

REED BUSINESS INFORMATION UK DISTRIBUTES AROUND 30 MILLION COPIES OF MAGAZINES A YEAR, TO OVER 820,000 SUBSCRIBERS

## 1 million

REED BUSINESS INFORMATION'S *Kellysearch.com* PERFORMS OVER ONE MILLION INDUSTRIAL SEARCHES PER WEEK

### Furniture Today

In 2003, Furniture Today, a weekly newspaper for professionals in the US furniture industry, was rated one of the country's top 30 business to business publications out of more than 5,000, in a league table produced by publishing magazine Folio. Furniture Today was launched in 1976 and, with consistently high quality editorial, has secured an established readership among interior design professionals. This has made it an important advertising medium for furniture manufacturers such as La-Z-Boy, Broyhill, Lane, Aico and Palliser, to whom it provides integrated marketing solutions. Its customer focused approach to its advertisers has enabled Furniture Today to grow yields in a tough advertising market in 2003.



### Totaljobs.com

Totaljobs.com is one of the UK's leading online recruitment websites. Around 42,000 job vacancies are typically available and in October 2003, traffic topped 1 million unique users. The site has won a series of awards for its design and usability and offers advertisers postings on associated sites with job boards in 28 other countries. The Totaljobs' model and approach has been instrumental in the success of other online recruitment sites such as Newscientistjobs.com, Caterer.com and CWJobs.co.uk. In 2002, Totaljobs.com also launched jobability.com, the only dedicated job site for disabled people. Totaljobs' overall approach has brought excellent growth in advertising sales with revenues up over 30% on 2002 figures and around 850 UK companies routinely using it to advertise positions.

### London Book Fair

Reed Exhibitions' London Book Fair, which was launched in 1971, is the established London event for trade only marketing in the worldwide publishing sector and one of Reed Exhibitions' top 30 shows. The fair encompasses the International Rights Centre, where hundreds of literary agents from around the world sell book, TV and film rights to overseas publishers. In 2003, the fair had one of its best years, with revenues up 8%, increased visitor numbers and excellent reports from a huge range of leading publishing companies. Participants in the fair included Penguin, Harper Collins, Macmillan, Random House, Time Warner, Hodder Headline, Oxford University Press, Cambridge University Press and BBC Worldwide.



**LONDON  
BOOK  
FAIR**  
IT'S TIME TO TALK BUSINESS



**Reed Elsevier believes that corporate social responsibility (CSR) matters. As one of the world's leading media companies we have a responsibility to all our stakeholders, employees, customers and the communities and environments in which we live and work.**

During 2003, we continued to develop our programme by:

- setting clear objectives, measurement systems and accountabilities;
- conducting a second global employee survey;
- launching a new Code of Ethics and Business Conduct
- introducing a Vendor Code of Conduct;
- developing further our community engagement; and
- establishing our environmental management system.

We set up a CSR Forum during the year, led by CEO Crispin Davis, to bring together Reed Elsevier's key CSR issues of workplace, marketplace, community and the environment. This forum, which comprises a newly appointed CSR Director and other senior managers, sets the CSR goals across Reed Elsevier and monitors progress against them.

### **Developing and Valuing Our People**

We enable our people to develop to their fullest extent through annual appraisal and objective setting using the Personal Development Programme, which now extends to every employee. Management development is a high priority and we conduct an Organisation and Talent Review annually. All senior management vacancies are regularly reviewed by executive management to ensure that we identify our best people to fill these roles. We continue to nurture a winning culture across Reed Elsevier with the engagement of all employees in the Reed Elsevier values: customer focus, valuing our people, passion for winning, innovation and boundarylessness. We monitor the progress of each business in embedding the values in their processes. Senior executives are assessed on their values leadership.

We maintain regular communication with employees through management briefings, through aREna, our global intranet for all staff, and through consultations with staff and works councils including our European Works Council.

aREna hosts "Crispin's Open Door", enabling staff to address queries to our CEO, whose responses are sent directly to them and posted on the site. We further enhanced aREna, establishing an orientation site to provide information required by new recruits.

As an equal opportunity employer, we value the diversity of our workforce. Our senior management group now comprises 13 nationalities, with women occupying 22% of these positions. Women account for approximately 50% of our total workforce, as they have done over the last three years.

We shared with employees the results of the 2003 employee survey, building on the first we conducted in 2001. The overall response was excellent with 79% (over 28,000) of all employees participating. Despite our businesses having experienced very tough market conditions in the last two years, most employees felt that Reed Elsevier was doing better at addressing key employee issues with a marked improvement in corporate performance in rewarding and recognising success, managing individual development, and providing training. The survey highlighted areas where Reed Elsevier can improve its performance and plans are being developed to address these issues. In addition, each business unit will develop local programmes to address their individual issues.

### **Code of Ethics**

Our Code of Ethics and Business Conduct continues to provide a guide for the way we achieve our business goals, helping us behave in an open and ethical manner. During the year we revised our Code to ensure that our guidance follows current best practices and legislative developments. The Code explains how we should act in the workplace, the market place and the communities in which we live and work. It outlines confidential procedures allowing employees to report any concerns about compliance with the Code, including Reed Elsevier's financial reporting practices.

The Code also incorporates the provisions of the UN Global Compact of which Reed Elsevier is a signatory. To ensure that



our business partners meet the standards we have set for ourselves, we have introduced a Code of Conduct for Vendors/Suppliers. This requires our key strategic suppliers to have minimum standards covering, for example, the environment, employee health and safety and the prohibition of child labour. We have retained an independent auditor to ensure, through a rolling audit programme, that our suppliers are in compliance, thereby encouraging good practices in our supply chain.

#### **Community Involvement**

In January 2003 we launched a global programme, Reed Elsevier Cares, outlining our mission to play a positive role in our local and global communities, primarily through employee involvement. The central focus of the programme is to provide education for disadvantaged young people and community initiatives of importance to local employees.

In October we held our first group wide Reed Elsevier Cares Month marked by almost 100 different activities supporting schools, community organisations and charities with the involvement of thousands of employees.

During 2003, we donated £1.3 million, through cash donations (including matching gift programmes) and the equivalent of £1 million in gifts of products, services, and staff time. We became members of the PerCent Club, a UK organisation that encourages corporate giving. Reed Elsevier was ranked 19th in a UK list of corporate contributors, based on data compiled by Business in the Community (BitC) and the London Benchmarking Group. Through a network of Reed Elsevier Cares Champions, we provided a range of grants for many needy charities. For example, we helped BookAid International purchase African published books to support literacy and learning among young refugees affected by conflict in Kenya and Ethiopia.

In addition the Elsevier Foundation made grants to support the learning needs of students, academics and professionals in Ghana and Tanzania, which will provide selected hospitals, universities and resource centres with higher education and medical books.

#### **Environment**

We recognise that Reed Elsevier and its businesses have an impact on the environment, principally through the use of energy and paper, print and production technologies and the generation of waste. We are committed to reducing these impacts, where practicable, by the efficient use of sustainable materials and technologies. We require our suppliers and contractors to meet these objectives too.

The Global CEOs responsible for each of our four business divisions are accountable for compliance with Reed Elsevier's environmental policy and applicable regulations.

During the year we have seen positive developments in our programme on environmental matters. In addition to Reed Elsevier's fifth consecutive year of entering the Business in the Environment benchmarking index, we participated in BitC's second Corporate Responsibility Index, a demonstration of our commitment to disclosure and involvement in all aspects of CSR. We were ranked first in the media sector, demonstrating improvements particularly in environmental management. During the year we continued expanding environmental data coverage and established more robust data collection processes throughout the group. We have strengthened our network of Environmental Champions to help drive internal performance improvement through a recently introduced Environmental Management System.

We capture environmental data and information on paper use, energy, water, waste and packaging (including recycling), printing facilities and supply chain management. The data will be published in our Corporate Social Responsibility Report later in the year.

Reed Elsevier is a member of the UK's Business in the Community; the London Benchmarking Group; the Dow Jones Sustainability Index; the FTSE4Good Index and the PerCent Club. Our full CSR report is available at [www.reedelsevier.com](http://www.reedelsevier.com)

## Corporate governance

### STRUCTURE

#### Equalisation arrangements

Under the equalisation arrangements entered into on the merger of Reed Elsevier PLC's and Reed Elsevier NV's businesses in January 1993, Reed Elsevier PLC shareholders have a 52.9% economic interest in Reed Elsevier, and Reed Elsevier NV shareholders (other than Reed Elsevier PLC) have a 47.1% economic interest in Reed Elsevier. Shareholders in Reed Elsevier PLC and Reed Elsevier NV enjoy substantially equivalent dividend and capital rights with respect to their ordinary shares.

Reed Elsevier PLC and Reed Elsevier NV each holds a 50% interest in Reed Elsevier Group plc. Reed Elsevier PLC holds a 39% interest in Elsevier Reed Finance BV, with Reed Elsevier NV holding a 61% interest. Reed Elsevier PLC additionally holds an indirect equity interest in Reed Elsevier NV, reflecting the arrangements entered into between Reed Elsevier PLC and Reed Elsevier NV at the time of the merger, which determined the equalisation ratio whereby one Reed Elsevier NV ordinary share is, in broad terms, intended to confer equivalent economic interests to 1.538 Reed Elsevier PLC ordinary shares.

The boards of both Reed Elsevier PLC and Reed Elsevier NV have agreed, except in exceptional circumstances, to recommend equivalent gross dividends (including, with respect to the dividend on Reed Elsevier PLC ordinary shares, the associated UK tax credit), based on the equalisation ratio. A Reed Elsevier PLC ordinary share pays dividends in sterling and is subject to UK tax law with respect to dividend and capital rights. A Reed Elsevier NV ordinary share pays dividends in euros and is subject to Dutch tax law with respect to dividend and capital rights.

### CORPORATE GOVERNANCE

#### Compliance with codes of best practice

Reed Elsevier PLC, which has its primary listing on the London Stock Exchange, has complied throughout the period under review with the provisions and principles set out in Section 1 of the Principles of Good Governance and Code of Best Practice, issued by the UK Financial Services Authority. The boards of Reed Elsevier PLC and Reed Elsevier NV support the principles of corporate governance set out in the Combined Code on Corporate Governance issued by the UK Financial Reporting Council in July 2003 (the "UK Combined Code") and believe that each company complied with the provisions and principles of the UK Combined Code at the close of the period under review.

Reed Elsevier NV, which has its primary listing on Euronext in Amsterdam, has complied throughout the period under review with the listing rules of Euronext in Amsterdam, and best custom and practice appropriate to internationally focused Dutch companies. The boards of Reed Elsevier NV and Reed Elsevier PLC support the principles of corporate governance set out in the Dutch Corporate Governance Code issued in December 2003 (the "Dutch Code") and believe that they will have no significant issues regarding compliance with the Dutch Code during 2004.

### BOARDS

The boards of Reed Elsevier PLC, Reed Elsevier NV, Reed Elsevier Group plc and Elsevier Reed Finance BV each comprise a balance of executive and non-executive directors who bring a wide range of skills and experience to the deliberations of the boards.

All of the directors of Reed Elsevier Group plc are also directors of Reed Elsevier PLC and Reed Elsevier NV.

The non-executive directors meet on an annual basis to review the performance of individual directors and the functioning and constitution of the boards as a whole.

Information in respect of the directors of Reed Elsevier appears on pages 10 and 11.

### COMMITTEES

In accordance with the principles of good corporate governance, the following committees have been established by the boards of Reed Elsevier PLC, Reed Elsevier NV or Reed Elsevier Group plc:

- Audit Committee
- Corporate Governance Committee
- Nominations Committee
- Remuneration Committee
- Strategy Committee

A report of the Audit Committees is included in the Reed Elsevier Annual Reports and Financial Statements 2003.

### INTERNAL CONTROL

The boards of Reed Elsevier PLC and Reed Elsevier NV exercise independent supervisory roles over the activities and systems of internal control of Reed Elsevier Group plc and Elsevier Reed Finance BV.

The board of Reed Elsevier Group plc is responsible for the system of internal control of the publishing and information businesses, while the boards of Elsevier Reed Finance BV are responsible for the system of internal control in respect of the finance group activities. The objective of these systems of internal control is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The boards of Reed Elsevier Group plc and Elsevier Reed Finance BV have implemented an ongoing process for identifying, evaluating and managing the significant risks faced by their respective businesses. This process has been in place throughout the year ended 31 December 2003 and up to the date of the approvals of the Annual Reports and Financial Statements 2003.

As part of the year end procedures, the boards of Reed Elsevier PLC, Reed Elsevier NV, Reed Elsevier Group plc and Elsevier Reed Finance BV have reviewed the effectiveness of the systems of internal control during the last financial year.

### GOING CONCERN

The directors of Reed Elsevier PLC and Reed Elsevier NV, having made appropriate enquiries, consider that adequate resources exist for the combined businesses to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

## Summary financial statements

### INTRODUCTION

These summary financial statements are a summary of information contained in the Reed Elsevier Annual Reports and Financial Statements 2003. They do not contain sufficient information to allow as full an understanding of the results and state of affairs of the Reed Elsevier businesses and the parent companies as would be provided by the full Annual Reports.

Shareholders who wish to receive, free of charge, a copy of the Annual Reports and Financial Statements for the year ended 31 December 2003, or in the future, should write to the registered offices of either Reed Elsevier PLC at 1-3 The Strand, London WC2N 5JR or Reed Elsevier NV at Sara Burgerhartstraat 25, 1055 KV Amsterdam, The Netherlands. The documents are also published on the Reed Elsevier website ([www.reedelsevier.com](http://www.reedelsevier.com)).

### SUMMARY REPORT OF THE DIRECTORS

Information relating to a review of the activities of Reed Elsevier and of future developments in the businesses is given in the Report of the Chairman and the Chief Executive Officer and the Operating and Financial Review on pages 4 to 9, and pages 12 to 18.

The Reed Elsevier directors who served during the year and their respective remuneration are shown in the summary Directors' Remuneration Report on pages 39 to 44.

Details of dividends paid and proposed are given in the summary financial information for Reed Elsevier PLC and Reed Elsevier NV on pages 34 to 37.

### BASIS OF PREPARATION

The Reed Elsevier combined financial statements encompass 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').

The Reed Elsevier PLC summary financial information reflects its shareholders' 52.9% economic interest in the Reed Elsevier combined businesses. The Reed Elsevier NV summary financial information reflects 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% equity interest in Reed Elsevier NV.

Prior to 2003, the Reed Elsevier combined financial statements were presented in accordance with both UK and Dutch Generally Accepted Accounting Principles ("GAAP"). Following changes to Dutch GAAP effective for the 2003 financial year in respect of the presentation of dividends and pension accounting, UK and Dutch GAAP have diverged such that the Reed Elsevier accounting policies no longer accord with Dutch GAAP. Under Article 362.1 of Book 2 Title 9 of the Dutch Civil Code, UK GAAP may be adopted by Dutch companies with international operations for the preparation of financial statements and, accordingly, UK GAAP has been so adopted by Reed Elsevier NV ensuring consistency with the prior year of the accounting policies applied in the combined financial statements.

Reed Elsevier NV, by adopting UK GAAP in its statutory financial statements, has presented both group financial statements, in which its investments in Reed Elsevier Group plc and Elsevier Reed Finance BV are presented using the gross equity method, and parent company financial statements, in which its investments are presented using the historical cost method. The adoption of UK GAAP by Reed Elsevier NV had no impact on group shareholders' funds as at 1 January 2003 or on the group earnings for the year ended 31 December 2003. The adoption of UK GAAP had the effect of reducing parent company shareholders' funds as at 1 January 2003 by €34m and parent company attributable profit for the year ended 31 December 2003 by €39m compared to the amounts that would have been reported under Dutch GAAP.

Following the issuance of UITF 38: Accounting for ESOP Trusts in December 2003 shares held in the parent companies by the Reed Elsevier Group plc Employee Benefit Trust, previously included within other fixed asset investments, are now presented as shares held in treasury and deducted within shareholders' funds. Prior year comparatives have been restated accordingly.

The summary financial statements include adjusted figures for profit and cash flows, which exclude the amortisation of goodwill and intangible assets, exceptional items and related tax effects. These figures are used by Reed Elsevier as additional performance measures. Adjusted operating profit is also shown after share of operating profit in joint ventures. Adjusted operating cash flow is measured after dividends from joint ventures, tangible fixed asset spend and proceeds from the sale of tangible fixed assets.

## Reed Elsevier combined businesses

### Summary combined profit and loss account

For the year ended 31 December 2003

	2003 £m	2002 £m	2003 €m	2002 €m
<b>Turnover</b>	<b>4,925</b>	5,020	<b>7,141</b>	7,982
<b>Adjusted operating profit</b> (including £19m/€27m (2002: £20m/€32m) share of joint ventures)	<b>1,178</b>	1,133	<b>1,708</b>	1,801
Amortisation (including £3m/€4m (2002: £3m/€5m) share of joint ventures)	<b>(445)</b>	(527)	<b>(645)</b>	(838)
Exceptional items	<b>(72)</b>	(99)	<b>(105)</b>	(157)
<b>Operating profit</b> (including £16m/€23m (2002: £17m/€27m) share of joint ventures)	<b>661</b>	507	<b>958</b>	806
<b>Non operating exceptional items</b>	<b>26</b>	(12)	<b>37</b>	(19)
<b>Profit on ordinary activities before interest</b>	<b>687</b>	495	<b>995</b>	787
Net interest expense	<b>(168)</b>	(206)	<b>(243)</b>	(327)
<b>Profit on ordinary activities before taxation</b>	<b>519</b>	289	<b>752</b>	460
Tax on profit on ordinary activities (including £84m/€122m (2002: £122m/€194m) exceptional credit)	<b>(183)</b>	(107)	<b>(265)</b>	(171)
<b>Profit on ordinary activities after taxation</b>	<b>336</b>	182	<b>487</b>	289
Minority interests	<b>(2)</b>	(1)	<b>(3)</b>	(1)
<b>Profit attributable to parent companies' shareholders</b>	<b>334</b>	181	<b>484</b>	288
Equity dividends paid and proposed	<b>(304)</b>	(282)	<b>(441)</b>	(448)
<b>Retained profit/(loss) taken to combined reserves</b>	<b>30</b>	(101)	<b>43</b>	(160)
<b>Adjusted profit before tax</b>	<b>1,010</b>	927	<b>1,465</b>	1,474
<b>Adjusted profit attributable to parent companies' shareholders</b>	<b>744</b>	682	<b>1,079</b>	1,084

### Summary combined cash flow statement

For the year ended 31 December 2003

	2003 £m	2002 £m	2003 €m	2002 €m
<b>Net cash inflow from operating activities</b>	<b>1,065</b>	1,035	<b>1,544</b>	1,645
<b>Dividends received from joint ventures</b>	<b>14</b>	13	<b>20</b>	21
<b>Returns on investments and servicing of finance</b>	<b>(177)</b>	(205)	<b>(257)</b>	(326)
<b>Taxation</b> (including £36m/€52m (2002: £20m/€32m) exceptional inflow)	<b>(146)</b>	(134)	<b>(212)</b>	(213)
<b>Capital expenditure and financial investment</b>	<b>(137)</b>	(44)	<b>(197)</b>	(70)
<b>Acquisitions and disposals</b>	<b>(181)</b>	(196)	<b>(262)</b>	(312)
<b>Equity dividends paid to shareholders of the parent companies</b>	<b>(292)</b>	(273)	<b>(423)</b>	(434)
<b>Cash inflow before changes in short term investments and financing</b>	<b>146</b>	196	<b>213</b>	311
<b>Increase in short term investments</b>	<b>(165)</b>	(55)	<b>(240)</b>	(88)
<b>Financing</b>	<b>(86)</b>	(69)	<b>(125)</b>	(109)
<b>(Decrease)/increase in cash</b>	<b>(105)</b>	72	<b>(152)</b>	114
<b>Adjusted operating cash flow</b>	<b>1,028</b>	1,010	<b>1,491</b>	1,606

## Summary combined balance sheet

As at 31 December 2003

	2003 €m	2002 €m	2003 €m	2002 €m
Goodwill and intangible assets	5,153	5,814	7,317	8,895
Other fixed assets	583	605	828	926
<b>Fixed assets</b>	<b>5,736</b>	<b>6,419</b>	<b>8,145</b>	<b>9,821</b>
<b>Current assets</b>	<b>2,457</b>	<b>2,314</b>	<b>3,489</b>	<b>3,540</b>
<b>Creditors: amounts falling due within one year</b>	<b>(3,474)</b>	<b>(3,629)</b>	<b>(4,933)</b>	<b>(5,552)</b>
<b>Net current liabilities</b>	<b>(1,017)</b>	<b>(1,315)</b>	<b>(1,444)</b>	<b>(2,012)</b>
<b>Total assets less current liabilities</b>	<b>4,719</b>	<b>5,104</b>	<b>6,701</b>	<b>7,809</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>(2,105)</b>	<b>(2,270)</b>	<b>(2,989)</b>	<b>(3,473)</b>
<b>Provisions for liabilities and charges</b>	<b>(168)</b>	<b>(187)</b>	<b>(239)</b>	<b>(286)</b>
<b>Minority interests</b>	<b>(12)</b>	<b>(7)</b>	<b>(17)</b>	<b>(11)</b>
<b>Combined shareholders' funds</b>	<b>2,434</b>	<b>2,640</b>	<b>3,456</b>	<b>4,039</b>
<b>Net borrowings</b>	<b>2,372</b>	<b>2,732</b>	<b>3,368</b>	<b>4,180</b>

## Adjusted figures

Adjusted profits and cash flow figures are used by the Reed Elsevier businesses as additional performance measures. The adjusted figures are stated before the amortisation of goodwill and intangible assets, exceptional items and related tax effects, and are derived as follows:

	2003 €m	2002 €m	2003 €m	2002 €m
Operating profit including joint ventures	661	507	958	806
Amortisation of goodwill and intangible assets	445	527	645	838
Exceptional items	72	99	105	157
<b>Adjusted operating profit</b>	<b>1,178</b>	<b>1,133</b>	<b>1,708</b>	<b>1,801</b>
Profit before tax	519	289	752	460
Amortisation of goodwill and intangible assets	445	527	645	838
Exceptional items	46	111	68	176
<b>Adjusted profit before tax</b>	<b>1,010</b>	<b>927</b>	<b>1,465</b>	<b>1,474</b>
Profit attributable to parent companies' shareholders	334	181	484	288
Amortisation of goodwill and intangible assets	448	512	649	814
Exceptional items	(38)	(11)	(54)	(18)
<b>Adjusted profit attributable to parent companies' shareholders</b>	<b>744</b>	<b>682</b>	<b>1,079</b>	<b>1,084</b>
Net cash inflow from operating activities	1,065	1,035	1,544	1,645
Dividends from joint ventures	14	13	20	21
Purchase of tangible fixed assets, less disposals	(149)	(157)	(215)	(250)
Payments in relation to exceptional items charged to operating profit	98	119	142	190
<b>Adjusted operating cash flow</b>	<b>1,028</b>	<b>1,010</b>	<b>1,491</b>	<b>1,606</b>

## Reed Elsevier PLC

### Summary consolidated profit and loss account

For the year ended 31 December 2003

	2003 £m	2002 £m
<b>Share of turnover of joint ventures</b>	<b>2,605</b>	2,656
<b>Operating loss (before joint ventures)</b>	<b>(1)</b>	(1)
Share of operating profit of joint ventures		
Before amortisation and exceptional items	<b>616</b>	593
Amortisation and exceptional items	<b>(273)</b>	(331)
<b>Operating profit including joint ventures</b>	<b>342</b>	261
Non operating exceptional items (including £14m (2002: £(6)m) share of joint ventures)	<b>14</b>	(6)
Net interest (including £92m (2002: £112m) share of joint ventures)	<b>(89)</b>	(109)
<b>Profit on ordinary activities before taxation</b>	<b>267</b>	146
Tax on profit on ordinary activities	<b>(98)</b>	(57)
<b>Profit attributable to ordinary shareholders</b>	<b>169</b>	89
Equity dividends paid and proposed	<b>(152)</b>	(143)
<b>Retained profit/(loss) taken to reserves</b>	<b>17</b>	(54)
<b>Basic earnings per share</b>	<b>13.4p</b>	7.0p
<b>Diluted earnings per share</b>	<b>13.4p</b>	7.0p
<b>Adjusted earnings per share</b>	<b>31.2p</b>	28.5p

Adjusted earnings per share is based upon Reed Elsevier PLC's shareholders' 52.9% economic interest in the adjusted profit attributable of the Reed Elsevier combined businesses.

### Dividends

The directors of Reed Elsevier PLC have proposed a final dividend of 8.7p per ordinary share (2002: 8.0p) which, when added to the interim dividend already paid of 3.3p per ordinary share (2002: 3.2p), amounts to a total 2003 dividend of 12.0p per ordinary share (2002: 11.2p), an increase of 7%. Dividends paid to Reed Elsevier PLC and Reed Elsevier NV shareholders are equalised at the gross level inclusive of the UK tax credit received by certain Reed Elsevier PLC shareholders. An equalisation adjustment equalises the benefit of the UK tax credit between the two sets of shareholders in accordance with the equalisation agreement.

### Consolidated statement of total recognised gains and losses

For the year ended 31 December 2003

	2003 £m	2002 £m
Profit attributable to ordinary shareholders	<b>169</b>	89
Exchange translation differences	<b>(123)</b>	(98)
<b>Total recognised gains and losses for the year</b>	<b>46</b>	(9)

## Summary consolidated cash flow statement

For the year ended 31 December 2003

	2003 £m	2002 £m
<b>Net cash outflow from operating activities</b>	<b>(1)</b>	–
<b>Dividends received from Reed Elsevier Group plc</b>	<b>144</b>	135
<b>Returns on investments and servicing of finance</b>	<b>3</b>	3
<b>Taxation</b>	<b>(3)</b>	(1)
<b>Equity dividends paid</b>	<b>(144)</b>	(135)
<b>Cash (outflow)/inflow before changes in short term investments and financing</b>	<b>(1)</b>	2
<b>Financing</b>	<b>1</b>	(2)
Issue of ordinary shares	12	16
Increase in net funding balances to Reed Elsevier Group plc group	(11)	(18)
<b>Change in net cash</b>	<b>–</b>	–

## Reconciliation of consolidated shareholders' funds

For the year ended 31 December 2003

	2003 £m	2002 £m
Profit attributable to ordinary shareholders	169	89
Equity dividends paid and proposed	(152)	(143)
Issue of ordinary shares, net of expenses	12	16
Increase in shares held in treasury	(10)	(1)
Exchange translation differences	(123)	(98)
Equalisation adjustments	(5)	–
<b>Net decrease in shareholders' funds</b>	<b>(109)</b>	(137)
Shareholders' funds at 1 January	1,397	1,534
<b>Shareholders' funds at 31 December</b>	<b>1,288</b>	1,397

## Summary consolidated balance sheet

As at 31 December 2003

	2003 £m	2002 £m
<b>Fixed asset investment in joint ventures</b>	<b>859</b>	973
<b>Current assets</b>	<b>584</b>	573
<b>Creditors: amounts falling due within one year</b>	<b>(119)</b>	(113)
<b>Net current assets</b>	<b>465</b>	460
<b>Total assets less current liabilities</b>	<b>1,324</b>	1,433
<b>Creditors: amounts falling due after more than one year</b>	<b>(36)</b>	(36)
<b>Shareholders' funds</b>	<b>1,288</b>	1,397

The balance sheet of Reed Elsevier PLC reflects its shareholders' 52.9% economic interest in the net assets of the Reed Elsevier combined businesses.

Approved by the board of directors, 18 February 2004.

**M Tabaksblat**  
Chairman

**MH Armour**  
Chief Financial Officer

## Reed Elsevier NV

### Summary profit and loss accounts

For the year ended 31 December 2003

	Group		Parent Company	
	2003 €m	2002 €m	2003 €m	2002 €m
<b>Share of turnover of joint ventures</b>	<b>3,571</b>	3,991	-	-
<b>Operating loss (before joint ventures)</b>	<b>(3)</b>	(3)	<b>(3)</b>	(3)
Share of operating profit of joint ventures				
Before amortisation and exceptional items	<b>858</b>	904	-	-
Amortisation and exceptional items	<b>(376)</b>	(498)	-	-
<b>Operating profit/(loss) including joint ventures</b>	<b>479</b>	403	<b>(3)</b>	(3)
Non operating exceptional items (including €19m (2002: €(9)m) share of joint ventures)	<b>19</b>	(9)	-	-
Dividends received from joint ventures	-	-	<b>200</b>	150
Net interest (including €129m (2002: €171m) share of joint ventures)	<b>(122)</b>	(164)	<b>7</b>	7
<b>Profit on ordinary activities before taxation</b>	<b>376</b>	230	<b>204</b>	154
Tax on profit on ordinary activities	<b>(134)</b>	(86)	<b>(1)</b>	(2)
<b>Profit attributable to ordinary shareholders</b>	<b>242</b>	144	<b>203</b>	152
Equity dividends paid and proposed	<b>(221)</b>	(221)	<b>(221)</b>	(221)
<b>Retained profit/(loss) taken to reserves</b>	<b>21</b>	(77)	<b>(18)</b>	(69)
<b>Basic earnings per share</b>	<b>€0.31</b>	€0.18	<b>€0.26</b>	€0.19
<b>Diluted earnings per share</b>	<b>€0.31</b>	€0.18	<b>€0.26</b>	€0.19
<b>Adjusted earnings per share</b>	<b>€0.69</b>	€0.69		

### Dividends

The directors of Reed Elsevier NV have proposed a final dividend of €0.22 per ordinary share (2002: €0.21) which, when added to the interim dividend already paid of €0.08 per ordinary share (2002: €0.09), amounts to a total 2003 dividend of €0.30 per ordinary share (2002: €0.30). Dividends paid to Reed Elsevier PLC and Reed Elsevier NV shareholders are equalised at the gross level inclusive of the UK tax credit received by certain Reed Elsevier PLC shareholders.

### Statements of total recognised gains and losses

For the year ended 31 December 2003

	Group		Parent Company	
	2003 €m	2002 €m	2003 €m	2002 €m
Profit attributable to ordinary shareholders	<b>242</b>	144	<b>203</b>	152
Exchange translation differences	<b>(310)</b>	(303)	-	-
<b>Total recognised gains and losses</b>	<b>(68)</b>	(159)	<b>203</b>	152

Group financial statements, reflecting Reed Elsevier NV's 50% interest in the Reed Elsevier combined businesses, are presented using the gross equity method.

## Summary cash flow statements

For the year ended 31 December 2003

	Group		Parent Company	
	2003 €m	2002 €m	2003 €m	2002 €m
<b>Net cash outflow from operating activities</b>	<b>(2)</b>	–	<b>(2)</b>	–
<b>Dividends received from joint ventures</b>	<b>200</b>	150	<b>200</b>	150
<b>Returns on investments and servicing of finance</b>	<b>7</b>	6	<b>7</b>	6
<b>Taxation</b>	<b>(2)</b>	(3)	<b>(2)</b>	(3)
<b>Equity dividends paid</b>	<b>(215)</b>	(222)	<b>(215)</b>	(222)
<b>Cash outflow before changes in short term investments and financing</b>	<b>(12)</b>	(69)	<b>(12)</b>	(69)
<b>Decrease in short term investments</b>	<b>8</b>	10	<b>8</b>	10
<b>Financing</b>	<b>4</b>	59	<b>4</b>	59
Issue of shares, net of expenses	<b>3</b>	22	<b>3</b>	22
Net issue/(repayment) of debenture loans	<b>1</b>	(1)	<b>1</b>	(1)
Decrease in funding balances to joint ventures	–	38	–	38
<b>Change in net cash</b>	<b>–</b>	–	<b>–</b>	–

## Reconciliations of shareholders' funds

For the year ended 31 December 2003

	Group		Parent Company	
	2003 €m	2002 €m	2003 €m	2002 €m
Profit attributable to ordinary shareholders	<b>242</b>	144	<b>203</b>	152
Equity dividends paid and proposed	<b>(221)</b>	(221)	<b>(221)</b>	(221)
Issue of shares, net of expenses	<b>3</b>	22	<b>3</b>	22
Increase in shares held in treasury	<b>(13)</b>	(1)	–	–
Exchange translation differences	<b>(310)</b>	(303)	–	–
Equalisation adjustments	<b>8</b>	–	–	–
<b>Net decrease in shareholders' funds</b>	<b>(291)</b>	(359)	<b>(15)</b>	(47)
Shareholders' funds at 1 January	<b>2,019</b>	2,378	<b>2,000</b>	2,047
<b>Shareholders' funds at 31 December</b>	<b>1,728</b>	2,019	<b>1,985</b>	2,000

## Summary balance sheets

As at 31 December 2003

	Group		Parent Company	
	2003 €m	2002 €m	2003 €m	2002 €m
<b>Fixed asset investment in joint ventures</b>	<b>1,904</b>	2,180	<b>2,161</b>	2,161
<b>Current assets</b>	<b>63</b>	71	<b>63</b>	71
<b>Creditors: amounts falling due within one year</b>	<b>(174)</b>	(167)	<b>(174)</b>	(167)
<b>Net current liabilities</b>	<b>(111)</b>	(96)	<b>(111)</b>	(96)
<b>Total assets less current liabilities</b>	<b>1,793</b>	2,084	<b>2,050</b>	2,065
<b>Creditors: amounts falling due after more than one year</b>	<b>(65)</b>	(65)	<b>(65)</b>	(65)
<b>Shareholders' funds</b>	<b>1,728</b>	2,019	<b>1,985</b>	2,000

Approved by the combined board, 18 February 2004.

**M Tabaksblat**  
Chairman

**MH Armour**  
Chief Financial Officer

Group financial statements, reflecting Reed Elsevier NV's 50% interest in the Reed Elsevier combined businesses, are presented using the gross equity method.

**INDEPENDENT AUDITORS' STATEMENT TO THE MEMBERS OF REED ELSEVIER PLC AND SHAREHOLDERS OF REED ELSEVIER NV**

We have examined the summary financial statements of the Reed Elsevier combined businesses, and of Reed Elsevier PLC and Reed Elsevier NV which comprise the summary profit and loss accounts, summary cash flow statements, summary balance sheets and additionally in respect of Reed Elsevier PLC and Reed Elsevier NV the summary statement of total recognised gains and losses, reconciliation of shareholders' funds, dividend note and summary directors' remuneration report and, in respect of the Reed Elsevier combined businesses, a reconciliation of reported to adjusted figures.

Our work has been undertaken so that we might state to the members of Reed Elsevier PLC and shareholders of Reed Elsevier NV those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by applicable law, we do not accept or assume responsibility to anyone other than Reed Elsevier PLC and Reed Elsevier NV and the members of Reed Elsevier PLC and shareholders of Reed Elsevier NV as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors of Reed Elsevier PLC and Reed Elsevier NV are responsible for preparing the Annual Review and Summary Financial Statements in accordance with applicable United Kingdom and Netherlands law. Our responsibility is to report to you our opinion on the consistency of the summary financial statements within the Annual Review and Summary Financial Statements with the full annual financial statements, directors' reports and directors' remuneration report, and in respect of Reed Elsevier PLC, its compliance with the relevant requirements of Section 251 of the Companies Act 1985 and regulations made thereunder. We also read the other information contained in the Annual Review and Summary Financial Statements and consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the summary financial statements.

**Basis of opinion**

We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the United Kingdom Auditing Practices Board.

**Opinion**

In our opinion, the summary financial statements are consistent with the full financial statements of the Reed Elsevier combined businesses and with the full financial statements, directors' reports and summary directors' remuneration report of Reed Elsevier PLC and Reed Elsevier NV for the year ended 31 December 2003 and, in respect of Reed Elsevier PLC, comply with the relevant requirements of Section 251 of the Companies Act 1985, and the regulations made thereunder.

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London  
18 February 2004

**Deloitte Accountants**

Amsterdam  
18 February 2004

The auditors' reports on the annual accounts of Reed Elsevier PLC and Reed Elsevier NV for the years ended 31 December 2003 and 2002 were unqualified. The auditors' report on the annual accounts of Reed Elsevier PLC did not contain any statement under s237(2) or s237(3) of the UK Companies Act (regarding inadequate accounting records or returns, accounts not agreeing with records and returns, and failure to obtain necessary information and explanations).

## Summary directors' remuneration report

This Summary Directors' Remuneration Report is an extract of information from the full Directors' Remuneration Report contained in the Reed Elsevier Annual Reports and Financial Statements 2003. The full report has been prepared in accordance with the UK Directors' Remuneration Report Regulations 2002 (the "Regulations"), and describes how the Principles of Good Governance relating to directors' remuneration have been applied. A copy of the full Report is available on request and is published on the Reed Elsevier website ([www.reedelsevier.com](http://www.reedelsevier.com)).

### REMUNERATION COMMITTEE

The Remuneration Committee (the "Committee") of Reed Elsevier Group plc is responsible for recommending to the boards of Reed Elsevier Group plc, Reed Elsevier PLC and Reed Elsevier NV the remuneration (in all its forms), and the terms of the service contracts and all other terms and conditions of employment of the executive directors, and for providing advice to the Chief Executive Officer on major policy issues affecting the remuneration of executives at a senior level below the board.

Throughout 2003 the Committee consisted wholly of independent non-executive directors. The current members of the Committee are Rolf Stomberg (Chairman of the Committee), Mark Elliott (appointed in April 2003) and Cees van Lede (appointed in April 2003). John Brock and Roelof Nelissen were members of the Committee until April 2003.

### REMUNERATION POLICY

The remuneration policy is set out below:

The principal objectives of the remuneration policy are to attract, retain and motivate people of the highest calibre and experience needed to shape and execute strategy and deliver shareholder value in the context of an ever more competitive and increasingly global employment market.

The Committee also has regard to, and balances as far as is practicable, the following objectives:

- (i) to link reward to individual directors' performance and company performance so as to align the interests of the directors with the shareholders of the parent companies;
- (ii) to ensure that it maintains a competitive package of pay and benefits, commensurate with comparable packages available within other leading multinational companies operating in global markets;
- (iii) to deliver upper quartile total remuneration for clearly superior levels of performance;

- (iv) to ensure that it encourages enhanced performance by directors and fairly recognises the contribution of individual directors to the attainment of the results of Reed Elsevier, whilst also encouraging a team approach which will work towards achieving the long term strategic objectives of Reed Elsevier; and
- (v) to provide a consistent approach towards senior executives, including the directors, irrespective of geographical location.

In order to meet the above objectives, the remuneration of executive directors comprises a balance between "fixed" remuneration and "variable performance-related" incentives. The policy is that the predominant proportion of reward potential should be linked to performance, and the package composition for 2004 shows that for superior performance some 70% of the total remuneration would be performance related. Effective from January 2003 the Committee adopted a policy of common levels, irrespective of geographical location, for both annual and longer term incentives for executive directors, reflecting the global nature of the role of each director.

### REMUNERATION ELEMENTS

Executive directors remuneration consists of the following elements:

- Base salary, which is based on comparable positions in leading multinational businesses of similar size and complexity. Salaries are reviewed annually by the Committee to take into account both market movement and individual performance.
- A variable annual cash bonus, based on achievement of three financial performance measures (revenue, profit and cash flow) and individual key performance objectives. Targets are set at the beginning of the year by the Committee and are aligned with the annual budget and strategic business objectives. For 2004, no bonus will become payable in respect of an individual financial performance measure unless 94% of the set target for that measure is achieved. Up to 90% of salary may be earned for the achievement of highly stretching targets set by the Committee. For exceptional performance beyond these stretching targets, the Committee has the discretion to award up to 110% of salary. The Committee has also applied the foregoing criteria in assessing the 2003 bonuses.
- A bonus investment plan, under which directors and other senior executives were able to invest up to half of their 2002 annual performance related bonus in Reed Elsevier PLC/Reed Elsevier NV shares. 38 senior executives participated in the bonus investment

arrangements in respect of their 2002 bonus. Subject to continuing to hold the shares and remaining in employment, at the end of a three year period, the participants will be awarded an equivalent number of Reed Elsevier PLC/Reed Elsevier NV shares at nil cost. Following approval of the 2003 Reed Elsevier Group plc Bonus Investment Plan (the "2003 Bonus Investment Plan") by shareholders of Reed Elsevier PLC and Reed Elsevier NV in April 2003, the Committee has agreed to award options under the 2003 Bonus Investment Plan to directors and selected key employees in respect of the 2003 bonus. Awards under the 2003 Bonus Investment Plan will be made annually, and will be subject to a performance condition requiring the achievement of compound growth in the average of the Reed Elsevier PLC and Reed Elsevier NV adjusted EPS (i.e. before amortisation of goodwill and intangible assets, exceptional items and UK tax credit equalisation) measured at constant exchange rates ("adjusted EPS") of 6% per annum compound during the three year vesting period.

- Share options, where the directors and other senior executives are granted options annually over shares in Reed Elsevier PLC and Reed Elsevier NV at the market price at the date of grant. The Committee approves the grant of any option and sets performance conditions attaching to options. Following approval of the Reed Elsevier Group plc Share Option Scheme (the "Share Option Scheme") by shareholders of Reed Elsevier PLC and Reed Elsevier NV in April 2003, the Remuneration Committee has agreed to award options under the Share Option Scheme to executive directors and selected employees from 2004. The size of the annual grant pool will be determined by reference to the compound annual growth in adjusted EPS over the three years prior to grant, with individual grant size determined by the Committee based on individual performance. At compound growth of between 8% and 10% per annum, the pool of options available will be broadly comparable to the level of options granted under the previous scheme. At executive director level the grants are expected to be up to 3 times salary. For executive directors, option grants will be subject to a performance condition requiring the achievement of 6% per annum compound growth in adjusted EPS at constant exchange rates during the three years following the grant. There will be no re-testing of the 3 year EPS performance period.
- Long term incentive plan. Following approval of the Reed Elsevier Group plc Long Term Incentive Share Option Scheme (the "2003 LTIS") by shareholders of Reed Elsevier PLC and Reed Elsevier NV in April 2003, the Committee has decided to make the first awards under

the 2003 LTIS to directors and a small number of key senior executives (approximately 40) during 2004. This award covers the period 2004 to 2006 during which time no further awards under the 2003 LTIS will be made to participants. The Rules require that approximately 50% of the total implied value of grants under the 2003 LTIS will take the form of nil cost conditional shares and 50% will take the form of conventional market value options. On the basis of the current implied values, this will result in a grant of 2.5 times salary in conditional shares and 5.5 times salary in conventional share options. Grants will vest subject to the achievement of compound annual adjusted EPS growth at constant exchange rates, achieved over the three-year performance period from 2004 to 2006, of between 8% and 12%. At 8% compound annual adjusted growth 25% of the award will vest; at 10% compound annual adjusted growth 100% of the award will vest; and at 12% compound annual adjusted growth 125% of the award would vest. Awards will vest on a straight-line basis between each of these points. There will be no re-testing of the three year performance period. Acceptance of an award under the 2003 LTIS by any individual will automatically terminate any award under the previous Reed Elsevier Group plc Senior Executive Long Term Incentive Plan (the "2000 LTIP"). Participants in the 2003 LTIS are required to build up a significant personal shareholding in Reed Elsevier PLC and/or Reed Elsevier NV. At executive director level, the requirement is that they should own shares equivalent to 1½ times salary, to be acquired over a three year period.

- Post-retirement pensions, where different retirement schemes apply depending on local competitive market practice, length of service and age of the director. The only element of remuneration that is pensionable is base salary.

The Committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of future changes in Reed Elsevier's business environment and in remuneration practice. Consequently, the above policy will apply in 2004 but may require to be amended. Any changes in policy will be described in future Directors' Remuneration Reports.

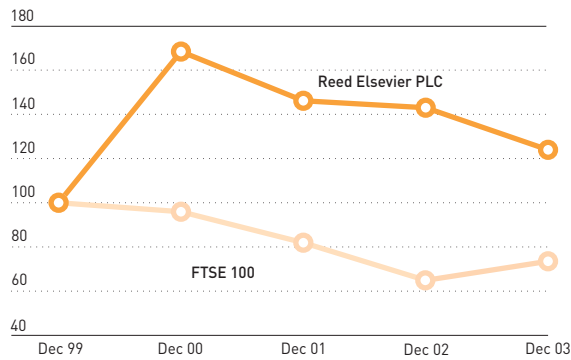
**TOTAL SHAREHOLDER RETURN**

The graphs below show the Reed Elsevier PLC and Reed Elsevier NV total shareholder return performance, assuming dividends were reinvested. The top two graphs compare the Reed Elsevier PLC performance with the performance achieved by the FTSE 100, of which Reed Elsevier PLC is a member, and the Reed Elsevier NV performance with the performance achieved by the Amsterdam Stock Exchange ("AEX") Index, of which Reed Elsevier NV is a member, for the four years 2000–2003. This period reflects the implementation of the new strategy, announced in February 2000, by the current management team. The other two graphs, which have been prepared in accordance with the Regulations, show

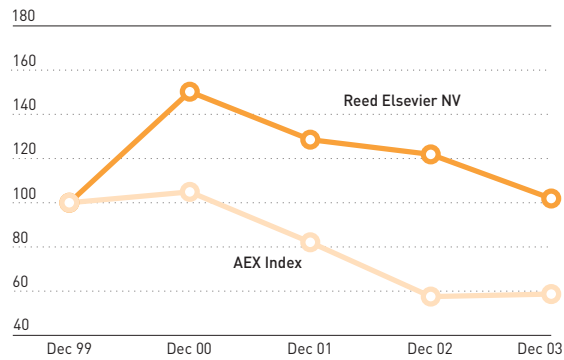
the performance over the five years 1999–2003 compared to the performances of the FTSE 100 and the AEX. As Reed Elsevier PLC and Reed Elsevier NV are members of the FTSE 100 and AEX respectively, the Committee considers these indices to be appropriate for comparison purposes.

For the four year period since 1 January 2000, the total shareholder return for Reed Elsevier PLC was 24%, significantly outperforming the FTSE 100 which saw a negative return of 26%. For Reed Elsevier NV, in the same four year period total shareholder return was 2%, also significantly outperforming the AEX Index which had a negative return of 41%.

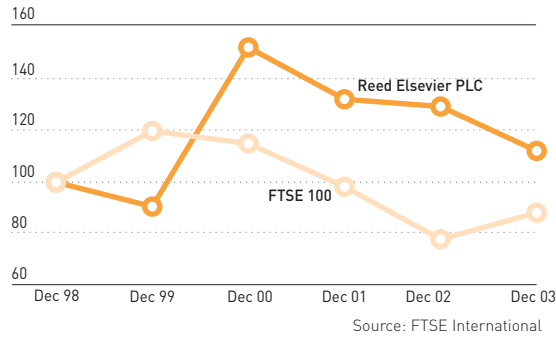
**Reed Elsevier PLC total shareholder return v FTSE 100 2000–2003**



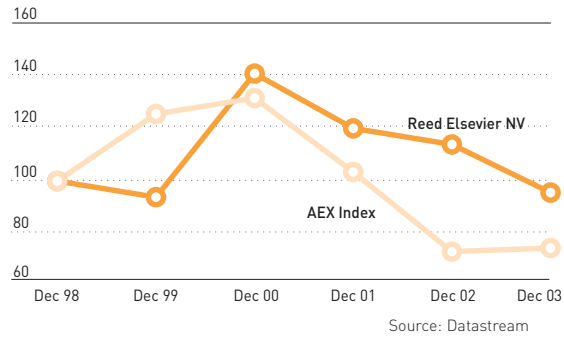
**Reed Elsevier NV total shareholder return v AEX Index 2000–2003**



**Reed Elsevier PLC total shareholder return v FTSE 100 1999–2003**



**Reed Elsevier NV total shareholder return v AEX Index 1999–2003**



The total shareholder return set out above is calculated on the basis of the average share price in the 30 trading days prior to the respective year ends and on the assumption that dividends were reinvested.

Summary directors' remuneration report continued

**DIRECTORS' EMOLUMENTS**

The emoluments of the directors of Reed Elsevier PLC and Reed Elsevier NV (including any entitlement to fees or emoluments from either Reed Elsevier Group plc or Elsevier Reed Finance BV) is shown below. Information relating to the emoluments of the directors and directors' interests has been audited.

**(a) Aggregate emoluments**

	2003 £000	2002 £000	2003 €000	2002 €000
Salaries and fees	<b>3,473</b>	3,022	<b>5,035</b>	4,805
Benefits	<b>93</b>	91	<b>134</b>	145
Annual performance-related bonuses	<b>2,254</b>	1,453	<b>3,269</b>	2,310
Pension contributions	<b>243</b>	267	<b>352</b>	425
Pension to former director	<b>213</b>	231	<b>307</b>	368
Payment to former directors	<b>95</b>	-	<b>139</b>	-
<b>Total</b>	<b>6,371</b>	5,064	<b>9,236</b>	8,053

No compensation payments have been made for loss of office or termination in 2002 and 2003.

**(b) Individual emoluments of executive directors**

	£					€				
	Salary	Benefit	Bonus	Total	2002	Salary	Benefits	Bonus	Total	2002
G J A van de Aast	369,000	17,492	294,517	681,009	538,674	535,050	25,363	427,050	987,463	856,492
M H Armour	471,000	23,466	362,764	857,230	689,127	682,950	34,026	526,008	1,242,984	1,095,712
C H L Davis	945,000	27,035	746,344	1,718,379	1,366,543	1,370,250	39,201	1,082,199	2,491,650	2,172,803
D J Haank (until 18 June 2003)	200,217	6,914	-	207,131	563,240	290,315	10,025	-	300,340	895,552
A Prozes	582,822	8,353	431,055	1,022,230	1,030,820	845,092	12,112	625,030	1,482,234	1,639,005
P Tierney (from 8 April 2003)	423,333	9,434	419,632	852,399	-	613,833	13,680	608,466	1,235,979	-
<b>Total</b>	<b>2,991,372</b>	<b>92,694</b>	<b>2,254,312</b>	<b>5,338,378</b>	<b>4,188,404</b>	<b>4,337,490</b>	<b>134,407</b>	<b>3,268,753</b>	<b>7,740,650</b>	<b>6,659,564</b>

Benefits include the provision of a company car, medical insurance and life assurance.

C H L Davis was the highest paid director in 2003, including gains of £4,960,150/€7,192,217 on the exercise of nil cost options awarded on his appointment as Chief Executive Officer in 1999. Mr Davis invested the entire after tax gain arising from the exercise of his options during the year in Reed Elsevier PLC/Reed Elsevier NV shares.

The emoluments shown above include salary, fees, annual performance bonuses and tax assessable benefits and allowances.

D J Haank served as a director until 18 June 2003 and remained an employee until 31 August 2003. During the period 18 June to 31 August 2003 he received emoluments of £87,759/€127,251, comprising salary (£84,839/€123,017) and other benefits (£2,920/€4,234). In accordance with the terms of the share options in force at the time of their grant in 1999, Mr Haank has retained his entitlement to options over 18,497 Reed Elsevier PLC shares and 10,925 Reed Elsevier NV shares. All other options granted to Mr Haank lapsed on termination of his employment.

**(c) Individual emoluments of non-executive directors**

	2003 £	2002 £	2003 €	2002 €
G J de Boer Kruyt	<b>15,758</b>	13,522	<b>22,850</b>	21,500
J F Brock	<b>43,448</b>	35,849	<b>63,000</b>	57,000
M W Elliott (from 8 April 2003)	<b>36,742</b>	-	<b>53,276</b>	-
C J A van Lede (from 8 April 2003)	<b>36,897</b>	-	<b>53,500</b>	-
R J Nelissen (until 8 April 2003)	<b>10,172</b> (i)	35,849	<b>14,750</b> (i)	57,000
S Perrick (until 8 April 2003)	<b>10,172</b>	35,849	<b>14,750</b>	57,000
D E Reid (from 8 April 2003)	<b>36,742</b>	-	<b>53,276</b>	-
Lord Sharman	<b>48,544</b>	35,849	<b>70,388</b>	57,000
R W H Stomberg	<b>49,655</b>	35,849	<b>72,000</b>	57,000
M Tabaksblat	<b>193,103</b>	176,101	<b>280,000</b>	280,000
D G C Webster (until 9 April 2002)	-	8,962	-	14,250
<b>Total</b>	<b>481,233</b>	377,830	<b>697,790</b>	600,750

(i) R J Nelissen has served as chairman of the supervisory board of Elsevier Reed Finance BV throughout the year. During the period 9 April to 31 December 2003 he received fees of £7,758/€11,250 in such capacity.

#### (d) Pensions

Executive directors participate in the relevant Reed Elsevier pension schemes either in the UK (M H Armour, C H L Davis and G J A van de Aast), in the Netherlands (D J Haank – until 31 August 2003) or in the US (A Prozes and P Tierney).

### SUMMARY OF EXECUTIVE SHARE OPTIONS AND INTEREST IN SHARES

#### (a) Options over shares

Options held by directors over shares in Reed Elsevier PLC and Reed Elsevier NV are shown below:

	Reed Elsevier PLC					Reed Elsevier NV				
	1 January 2003	Granted during the year <sup>(i)</sup>	Exercised during the year	Lapsed during the year	31 December 2003	1 January 2003	Granted during the year <sup>(i)</sup>	Exercised during the year	Lapsed during the year	31 December 2003
G J A van de Aast										
– Executive Scheme	158,257	81,728			239,985	111,713	58,191			169,904
– 2002 Bonus investment plan							12,057			12,057
– LTIP	509,404				509,404	358,658				358,658
M H Armour										
– Executive Scheme	447,276	104,319			551,595	178,778	74,276			253,054
– 2002 Bonus investment plan		11,327			11,327		8,030			8,030
– LTIP	882,016				882,016	617,256				617,256
– SAYE Scheme	3,924				3,924					
C H L Davis										
– Executive Scheme	764,434	209,192			973,626	503,600	148,946			652,546
– 2002 Bonus investment plan		22,731			22,731		16,115			16,115
– LTIP	1,718,213				1,718,213	1,202,446				1,202,446
– Nil cost options	535,332		535,332 <sup>(ii)</sup>		–	319,250	319,250 <sup>(iii)</sup>			–
– SAYE Scheme	5,019				5,019					
D J Haank (resigned 18 June 2003)										
– Executive Scheme	199,316	93,231	51,368 <sup>(iii)</sup>	222,682	18,497 <sup>(iv)</sup>	166,219	66,381		221,675	10,925 <sup>(iv)</sup>
– 2002 Bonus investment plan							14,332		14,332	–
– LTIP	513,680			513,680	–	359,485			359,485	–
A Prozes										
– Executive Scheme	375,788	132,142			507,930	263,559	94,086			357,645
– 2002 Bonus investment plan		20,040			20,040		14,552			14,552
– LTIP	941,406				941,406	655,310				655,310
– Nil cost options	20,170		20,170 <sup>(v)</sup>		–	14,040	14,040 <sup>(v)</sup>			–
P Tierney										
– Executive Scheme	396,426 <sup>(vi)</sup>				396,426	282,258 <sup>(vi)</sup>				282,258
– LTIP	1,321,420 <sup>(vi)</sup>				1,321,420	940,860 <sup>(vi)</sup>				940,860

(i) Option grants made during the year under the Executive Scheme were at an option price of 451.50p for Reed Elsevier PLC shares and €9.34 for Reed Elsevier NV shares. Option grants under the 2002 Bonus investment plan were at a nil exercise price.

(ii) Retained an interest in 321,200 Reed Elsevier PLC shares and 191,550 Reed Elsevier NV shares. At the date of exercise the market price of a Reed Elsevier PLC share was 498p, and of a Reed Elsevier NV share €10.42.

(iii) Market price at date of exercise 525p.

(iv) At date of resignation as a director.

(v) Retained an interest in all of the shares. At the date of exercise the market price of a Reed Elsevier PLC share was 492p, and of a Reed Elsevier NV share €9.95.

(vi) At date of appointment as a director.

The aggregate notional pre-tax gain made by the directors on the exercise of Reed Elsevier PLC and Reed Elsevier NV share options during the year was £5,201,190 /€7,541,726 (2002: £306,843/€487,880).

There have been no changes in the options held by directors over Reed Elsevier PLC and Reed Elsevier NV ordinary shares since 31 December 2003.

**(b) Interests in shares**

The interests of the directors of Reed Elsevier PLC and Reed Elsevier NV in the issued share capital of the respective companies at the beginning and end of the year are shown below:

	Reed Elsevier PLC ordinary shares		Reed Elsevier NV ordinary shares	
	1 January 2003 <sup>(i)</sup>	31 December 2003	1 January 2003 <sup>(i)</sup>	31 December 2003
G J A van de Aast	-	-	12,500	19,684
M H Armour	22,500	31,738	2,500	22,284
G J de Boer Kruyt	-	-	-	-
J F Brock	3,000	3,000	-	-
C H L Davis	115,571	450,293	81,553	282,704
M W Elliott	-	-	-	-
C J A van Lede	-	-	11,100	11,100
A Prozes	63,497	96,525	44,400	67,774
D E Reid	-	-	-	-
Lord Sharman	-	-	-	-
R W H Stomberg	-	-	-	-
M Tabaksblat	-	-	8,000	8,000
P Tierney	-	12,000	-	8,000
D J Haank (resigned 18 June 2003)	-	-(ii)	31,880	38,735 <sup>(ii)</sup>
R J Nelissen (resigned 8 April 2003)	-	-(ii)	5,000	5,000 <sup>(ii)</sup>
S Perrick (resigned 8 April 2003)	-	-(ii)	4,000	4,000 <sup>(ii)</sup>

(i) At date of appointment as a director, if later

(ii) At date of resignation as a director.

There have been no changes in the interests of the directors in the share capital of Reed Elsevier PLC or Reed Elsevier NV since 31 December 2003.

## Investor information

### ANNUAL REPORTS AND FINANCIAL STATEMENTS

The full Annual Reports & Financial Statements for the Reed Elsevier combined businesses, including Reed Elsevier PLC and Reed Elsevier NV, for the year ended 31 December 2003 are available on the Reed Elsevier website, or from the registered offices of the respective companies shown on page 48. Additional financial data is also available on the Reed Elsevier website, including Interim and Preliminary Results announcements and presentations.

### SHARE PRICE INFORMATION

Reed Elsevier PLC's ordinary shares are quoted on the London Stock Exchange.

Reed Elsevier NV's ordinary shares are quoted on the Euronext Stock Exchange in Amsterdam.

The Reed Elsevier PLC and Reed Elsevier NV ordinary shares are quoted on the New York Stock Exchange in the form of American Depositary Shares (ADSs), evidenced by American Depositary Receipts (ADRs).

The Reed Elsevier PLC and Reed Elsevier NV ordinary share prices and the ADR prices may be obtained from the Reed Elsevier website and from the financial pages of many newspapers.

### INFORMATION FOR REED ELSEVIER PLC ORDINARY SHAREHOLDERS

#### Shareholder Services

The Reed Elsevier PLC ordinary share register is administered by Computershare Investor Services PLC. Enquiries concerning ordinary shareholdings in Reed Elsevier PLC and notification of change of personal details should be referred to Computershare at the address shown on page 48.

#### Electronic Communications

Reed Elsevier PLC has given e-mail notification to those shareholders who have requested it, of the availability of this Annual Review & Summary Financial Statements, the Annual Reports & Financial Statements and the Notice of Annual General Meeting and Form of Proxy, on the Reed Elsevier website. The Reed Elsevier website contains a link to enable shareholders to register for future electronic communication. Reed Elsevier PLC shareholders can submit a proxy vote in respect of the forthcoming Annual General Meeting electronically via the internet or, if a user of the CREST system, via CREST. Instructions on how to use this electronic voting facility are set out in the Form of Proxy.

#### Dividends

Dividends on Reed Elsevier PLC ordinary shares are paid in sterling.

Shareholders can arrange to have their dividends paid directly into a bank or building society account. This

method of payment reduces the risk of delay or loss of dividend cheques in the post and ensures the account is credited on the dividend payment date.

#### Individual Savings Accounts (ISAs)

Details of an ISA facility for Reed Elsevier PLC ordinary shares may be obtained by contacting Halifax Share Dealing Ltd at the address shown on page 48.

#### ShareGift

The Orr Mackintosh Foundation operates a charity share donation scheme for shareholders with small parcels of shares whose value makes it uneconomic to sell them. Details of the scheme can be obtained from the ShareGift website ([www.sharegift.org](http://www.sharegift.org)) or by telephoning ShareGift on 020 7337 0501.

#### Sub-division of Ordinary Shares

On 28 July 1986 each Reed Elsevier PLC £1 ordinary share was sub-divided into four ordinary shares of 25p each. Subsequently, on 2 May 1997 the 25p ordinary shares were sub-divided into two ordinary shares of 12.5p each.

#### Capital Gains Tax

The mid-market price of Reed Elsevier PLC's £1 ordinary shares on 31 March 1982 was 282p each which, when adjusted for the four for one sub-division in 1986 and the subsequent two for one sub-division in 1997, gives an equivalent amount of 35.25p for each 12.5p ordinary share.

### INFORMATION FOR REED ELSEVIER NV ORDINARY SHAREHOLDERS

#### Shareholder Enquiries

Enquiries from holders of Reed Elsevier NV registered ordinary shares in relation to share transfers, dividends, change of address and bank accounts should be directed to the Company Secretary of Reed Elsevier NV, at the registered office address shown on page 48.

#### Dividend Payments

Dividends on Reed Elsevier NV ordinary shares are paid in Euros. Registered shareholders in Reed Elsevier NV will receive dividends from the company by transmission to the bank account which they have notified to the company. Dividends on shares in bearer form are paid through the intermediary of a bank or broker.

#### Sub-division of Ordinary Shares

On 24 April 1984 each Reed Elsevier NV Dfl 20 ordinary share was sub-divided into 5 ordinary shares of Dfl 4 each, and on 24 April 1987 each Dfl 4 ordinary share was sub-divided into 4 ordinary shares of Dfl 1 each. Subsequently, on 4 October 1994 each Dfl 1 ordinary share was sub-divided into 10 ordinary shares of Dfl 0.10 each. On 15 April 1999 the ordinary shares of Dfl 0.10 were redenominated as ordinary shares of €0.06.

### **Annual Report and Financial Statements**

A Dutch language version of the Annual Reports & Financial Statements 2003, and the Annual Review & Summary Financial Statements 2003, will be made available on the Reed Elsevier website. Copies of the Dutch language version can also be obtained from Reed Elsevier NV, at the registered office address shown on page 48. Reed Elsevier NV has entered into arrangements with Stichting Communicatiekanaal Aandeelhouders ("Shareholder Communication Channel Trustee") in The Netherlands, facilitating the communication with and between shareholders, particularly in connection with general meetings of shareholders. Under these arrangements, holders of Reed Elsevier NV bearer shares whose shares are held in the custody of a Dutch bank, and who will have notified the intermediary authority appointed for these purposes of their interest, will receive written information from the company with a proxy form for their representation at general shareholders' meetings.

### **INFORMATION FOR REED ELSEVIER PLC AND REED ELSEVIER NV ADR HOLDERS**

The Reed Elsevier PLC and Reed Elsevier NV ADR Depository is The Bank of New York. Reed Elsevier PLC's CUSIP number is 758205108 and its trading symbol is RUK. Each Reed Elsevier PLC ADR represents four Reed Elsevier PLC ordinary shares. Reed Elsevier NV's CUSIP number is 758204101 and its trading symbol is ENL. Each Reed Elsevier NV ADR represents two Reed Elsevier NV ordinary shares.

#### **ADR Shareholder Services**

Enquiries concerning Reed Elsevier PLC or Reed Elsevier NV ADRs should be addressed to the ADR Depository at the address shown on page 48.

#### **Dividends**

Dividend payments on Reed Elsevier PLC and Reed Elsevier NV ADRs are made in US dollars by the ADR Depository. Payment of the final dividend for 2003 on Reed Elsevier PLC's ADRs will be converted at the £/US\$ exchange rate, and on Reed Elsevier NV's ADRs at the €/US\$ exchange rate, on 21 May 2004.

#### **Annual Report on Form 20-F**

The Annual Report on Form 20-F for the Reed Elsevier combined businesses, including Reed Elsevier PLC and Reed Elsevier NV, is filed electronically with the United States Securities and Exchange Commission. A copy of Form 20-F is available on the Reed Elsevier website, or from the ADR Depository at the address shown on page 48.

## Financial calendar

### FINANCIAL CALENDAR FOR 2004

<b>19 FEBRUARY</b>	Announcement of Preliminary Results for the year ended 31 December 2003
<b>28 APRIL</b>	Annual General Meeting – Reed Elsevier PLC, Millennium Hotel, Grosvenor Square, London W1
<b>28 APRIL</b>	Ex-dividend date – 2003 final dividends, Reed Elsevier PLC ordinary shares and ADRs
<b>29 APRIL</b>	Annual General Meeting – Reed Elsevier NV, Hotel Okura, Ferdinand Bolstraat 333, 1072 LH Amsterdam
<b>30 APRIL</b>	Record date – 2003 final dividends, Reed Elsevier PLC ordinary shares and ADRs and Reed Elsevier NV ordinary shares
<b>3 MAY</b>	Ex-dividend date – 2003 final dividends, Reed Elsevier NV ordinary shares and ADRs
<b>5 MAY</b>	Record date – 2003 final dividend, Reed Elsevier NV ADRs
<b>21 MAY</b>	Payment date – 2003 final dividends, Reed Elsevier PLC and Reed Elsevier NV ordinary shares
<b>28 MAY</b>	Payment date – 2003 final dividends, Reed Elsevier PLC and Reed Elsevier NV ADRs
<b>5 AUGUST</b>	Announcement of Interim Results for the six months to 30 June 2004
<b>5 AUGUST</b>	Record date – 2004 interim dividend, Reed Elsevier NV ordinary shares
<b>6 AUGUST</b>	Ex-dividend date – 2004 interim dividend, Reed Elsevier NV ordinary shares
<b>9 AUGUST</b>	Ex-dividend date – 2004 interim dividend, Reed Elsevier NV ADRs
<b>11 AUGUST</b>	Ex-dividend date – 2004 interim dividends, Reed Elsevier PLC ordinary shares and ADRs
<b>11 AUGUST</b>	Record date – 2004 interim dividend, Reed Elsevier NV ADRs
<b>13 AUGUST</b>	Record date – 2004 interim dividends, Reed Elsevier PLC ordinary shares and ADRs
<b>3 SEPTEMBER</b>	Payment date – 2004 interim dividends, Reed Elsevier PLC and Reed Elsevier NV ordinary shares
<b>13 SEPTEMBER</b>	Payment date – 2004 interim dividends, Reed Elsevier PLC and Reed Elsevier NV ADRs
<b>2 DECEMBER</b>	Trading Update issued in relation to the 2004 financial year

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For further investor information visit

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