

18th February 2005

Reed Elsevier conference call on International Financial Reporting Standards (IFRS)

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

Good afternoon and welcome to the Reed Elsevier conference call to discuss the adoption of International Financial Reporting Standards which come into effect for the 2005 financial year. Yesterday we released our preliminary statement for 2004, and we included additional information showing the restatement of the 2004 profit and loss and balance sheet applying International Financial Reporting Standards, which I will refer to as IFRS. These 2004 restated figures will form the comparative figures when we present our results for the 2005 financial year. I should point out that the IFRS figures in the statement and that we will talk about today are unaudited at this stage.

In yesterday's statement, we set out the main policy areas affecting the Reed Elsevier results, which are:

- Goodwill and intangible assets
- Employee benefits
- Share based payments
- Financial instruments
- Deferred taxation
- Dividends

We also set out our likely approach to benchmark figures for the future.

I am joined on this call by Paul Miles, our Group Chief Accountant, and Paul Richardson, Group Treasurer. Our intention this afternoon is to give a little more background to the nature of the adjustments under IFRS and to answer any questions you may have at this time.

We will start with Paul Miles, talking briefly about these policy areas, with Paul Richardson addressing the area of financial instruments. I will then comment on our proposed adjusted benchmark figures, and then throw the conference call open to questions.

Now let me turn to Paul Miles.

PAUL MILES (GROUP CHIEF ACCOUNTANT):

I will start with goodwill and intangible assets. IFRS3 – Business Combinations prohibits the amortisation of goodwill and IAS38 requires a more granular evaluation to be made of acquired intangible assets and their estimated useful lives than is the case under UK GAAP.

While brands and imprints may have long, even indefinite, lives, generally intangible assets will have shorter lives than would have been attributed under UK GAAP.

The difference in the balance sheet amounts of goodwill and intangible assets under IFRS compared to UK GAAP essentially comprises three things. First, the carrying amount is increased by the reversal of amortisation charged under UK GAAP of £151m/€223m.

Second, there is a reclassification under IFRS of capitalised software costs from tangible fixed assets to intangible assets. The amount of this reclassification is £227m/€321m. Third, there is an addition to goodwill as a result of recognising deferred tax on certain intangible assets differently under IFRS, which I will talk about later.

Taking these three items together, as well as some small currency translation effects, goodwill and intangible assets are £440m/€621m higher under IFRS than under UK GAAP, including the capitalised software transferred from tangible fixed assets.

Turning to pension costs, the different valuation rules of IAS19 give rise to an expense that is £27m/€40m higher than that arising under SSAP24. Pension expense under IAS19 comprises the sum of three amounts: the regular service cost; the return on scheme assets; and the annual interest cost on scheme liabilities. There are prescriptive, market-based rules on how these three components are determined.

In determining the regular service cost, the key assumptions are those for salary inflation and the discount rate used to measure the present value of the additional liability arising in the year. Both of these assumptions are fixed at the beginning of each year and potentially volatile, with inflation being derived from the rate implied by index-linked gilts and discount rates being derived from the yield on long term AA corporate bonds.

The return on scheme assets and the interest on liabilities are less volatile, although still subject to some variation due to market changes.

Overall, we estimate that for each movement of 50 basis points in the yield on corporate bonds, our pension cost goes up or down by around £10m/€15m.

For the balance sheet, pension scheme assets are valued at market values and liabilities are valued using current inflation rates and corporate bond yields. The IAS19 methodologies give rise to a net pension deficit of £321m/€453m at 31 December 2004. This deficit reflects the current historic lows in corporate bond yields. Under the long-run assumptions and cost spreading approach of SSAP24, there was a net pension prepayment of £84m/€119m.

Finally on pensions, under the approach permitted by the recent amendment to IAS19, actuarial gains and losses arising on the year-end balance sheet revaluations are taken to the separate Statement of Recognised Income and Expense. This is consistent with the approach that would have applied under UK GAAP on adoption of FRS17.

Share-based payments, are principally share options. Under IFRS, the cost of share options is calculated by reference to their fair value at date of grant. This calculated value is then spread over the vesting period of the options.

The key assumptions included in the valuation are those for future share price volatility and the expected exercise dates, which are determined in conjunction with actuaries based on analyses of historic data, and the likelihood of any performance conditions being met.

Changes in these assumptions can give rise to volatility in the share option charge, although the share price volatility and option term assumptions are not expected to change significantly year on year. The additional share option charge for 2004 under IFRS is £48m/€71m. This additional cost is expected to remain at broadly similar levels going forward, rising over the long term in line with salary increases and growth in the business.

Paul Richardson will now cover the changes in relation to financial instruments...

PAUL RICHARDSON (GROUP TREASURER):

Thank you Paul.

The accounting for financial instruments under IFRS is dictated by IAS 39. This comes into effect from 1 January 2005, and so there is no restatement of the 2004 figures. Reed Elsevier uses debt instruments and interest rate derivatives and forward exchange contracts to hedge its interest rate and currency transaction exposures.

Looking first at interest rate management. To reduce year on year volatility in interest expense, we apply a policy of systematically fixing interest rates on our debt on a sliding scale over future periods of up to 5 years. In this way we achieve a blended interest rate which mitigates year on year volatility which might otherwise arise from movements in interest rates. We will continue to apply this policy under an IFRS regime and we have worked hard in aligning our portfolio of debt instruments and interest rate derivatives to achieve the same accounting results as under current UK GAAP.

The particular issue here is best illustrated by talking about our bond instruments. We currently issue term debt, at fixed interest rates, to provide security of funding. Typically, a fixed coupon on a term debt issue would be swapped back to floating rate, and then part of the debt might be swapped back for a period to fixed rate consistent with our systematic interest rate hedging policy. The notion of a derivative matching a derivate doesn't work under IAS 39.

In order to achieve the same accounting effect as now, we have worked hard to match our portfolio of swaps against outstanding bonds and commercial paper borrowings. We have not managed to achieve designation of all our debt and swaps in this way, but the mark to market effect on these undesignated instruments is largely offsetting.

We cannot escape all volatility arising from IAS 39 on our interest rate, but we believe it to be manageable within the context of overall group performance.

There is an anomaly in that, where we have designated individual debt instruments under IFRS as hedged by derivatives, including both interest rate and cross currency swaps, both the debt and the derivatives will be included separately in the balance sheet at fair value. The movement in the fair value of the debt and the derivative will be equal and opposite, so there should be no real impact on net debt, although there will be some grossing up of the balance sheet.

In respect of currency risk, Reed Elsevier hedges cross border transactions in foreign currencies, the most significant of which relates to our global journals business. We will continue to hedge these transactions, and under IAS 39 hedge accounting treatment will still apply. There is one anomaly in that, under UK GAAP, hedge accounting applied to both revenues and costs, whereas only the net exchange risk was hedged in the market. Under IFRS, there is no grossing up of the hedge for the cross currency revenues and the offsetting costs, with a portion of the revenues and the costs being treated as if unhedged. There should however be no net impact on profit and loss.

.....and with this, I will hand back over to Paul.

PAUL MILES (GROUP CHIEF ACCOUNTANT):

Thank you Paul...

On deferred taxation, IAS12 requires deferred tax to be provided for nearly all differences between accounts values and tax values. The most significant effect is in the area of acquisitions.

On an acquisition, IAS 12 now requires deferred tax to be provided on the difference between the fair values now attributed to the acquired intangible assets and their historic tax basis. This requires, on transition to IFRS, an additional £830m/€1.2bn of deferred tax to be provided, which was not provided under UK GAAP. Under the IFRS transition rules, this amount is set against opening IFRS equity at 1 January 2004.

For acquisitions after 1 January 2004, this additional deferred tax liability increases the amount of goodwill on an acquisition. The deferred tax liability is amortised to the income statement over the same life as the related intangible asset.

The other main area where deferred tax arises is on pensions. The significant increase in net pension liabilities that is reported under IFRS is partially offset by the recognition of deferred tax assets on the deficit. An additional deferred tax asset was recognised for this on first time adoption of IFRS.

Movements on deferred tax assets and liabilities are largely reported through the income statement, although some – for example, the deferred tax on actuarial gains and losses on pension schemes – are reported through equity. For 2004, we saw £80m/€118m of additional deferred tax credits, principally relating to the unwinding of the liabilities on intangible assets and the recognition of higher assets in respect of pension liabilities.

Many of the additional deferred tax movements arising under IFRS do not give rise to tax cash flows in the future and will be excluded from our benchmarks. Mark will talk about this a little later.

Under IFRS, dividends are not considered to be a liability until they are formally declared by the directors. Accordingly, £248m/€350m has been excluded from liabilities as reported under UK GAAP.

One last point concerns the accounting for joint ventures. IFRS requires the equity share of profits or losses of joint ventures to be included in operating profit net of tax. A reclassification of £7m/€10m has therefore been made to reduce operating profits and the tax charge for this.

Mark ...

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

Thank you Paul and Paul.

We set out yesterday our proposed approach to new benchmark figures under IFRS. In future, we are likely to focus on adjusted figures that include the additional pension expense and share option expense. These additional profit and loss expenses do not of course affect cashflow, but we think that companies and investors will look to include these costs in assessing and comparing performance. We have also decided to include restructuring costs within our benchmark figures. Over the last few years we have had some quite considerable restructuring, particularly in our business to business division, as world markets slowed down and we took significant cost actions. We now believe that the level of restructuring costs is

becoming “more normal”, if I can put it like that, and whilst we would expect the level of restructuring to come down further, we believe it right to include these costs now in our benchmark figures.

We will not, however, be including costs relating to the integration of acquisitions. These we regard as an integral component of acquisition cost and the costs will continue to go up and down depending on our acquisition activity and the complexity of integration.

We intend to apply a normalised tax rate in the benchmark figures, to exclude the effect of movements in IFRS deferred taxation assets and liabilities that are not expected to crystallise in the near term. This will, as in the past, more closely approximate the cash tax rate.

We intend, at least initially, to exclude the impact of mark to market adjustments and other anomalies arising on adoption of IAS 39. Clearly, we use derivatives for hedging purposes only, but, whilst we’ve done a lot of work to try and minimise the volatility under IAS 39, there will be impacts, favourable or adverse, and we believe it sensible to exclude these effects from our benchmarks, at least until we have more practical experience with IAS 39.

We will revisit these benchmarks during the year to make sure that we take into account emerging market practice and experience.

Now let me turn the call over to questions.

QUESTION & ANSWER SESSION

Investors are used to calculating an EBITA number. I'm just wondering how you'll treat the difference in your classification of amortisation when you look at things like capitalised software, which clearly is an ongoing cost versus amortisation of intangibles such as trademarks and lists?

My second question is, is there going to be any difference in the treatment of book plate and amortisation of book plate?

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

Firstly, capitalised software costs will now be categorised, as Paul said, within intangible assets and amortised within intangible assets but separately identified. In our benchmarks, we will treat the amortisation as part of a normal cost of our business and it will be deducted as now in our adjusted earnings. So the EBITA numbers will be adding back only the amortisation of acquired intangible assets and not these capitalised development costs.

The second point relates to pre-publication costs. These are included within current assets and so we've always treated the amortisation as part of operating costs and we will continue to do so.

You mentioned that your pension deficit was £321m, is that pre or post tax?

Secondly, if I look at your benchmark reconciliation, there are differences between reconciling items on the operating profit line and on a net line. Looking at each of the pensions and share options etc, what types of tax rate should we use going forward to adjust those numbers?

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

The net pension obligations of £321m is a pre-tax figure. The deferred tax asset against it is included in deferred tax.

On the benchmark tax rate, as mentioned, we will be excluding the huge swings you get in deferred tax particularly from amortising the notional deferred tax gross up on acquisitions.

As you can see in the reconciliation, we will tax time the additional pension expense and the additional share option expense and also the tax relief from the restructuring costs that are also taken into account in the adjusted EPS under the new benchmark. The effective tax rate, in the past of 26%, will be pretty much the same under the new benchmark figures.

With respect to your targets and the tax, and the dividend cover target and cash conversion targets, we can see that following the introduction of IFRS your adjusted figures will decline and my question is, does it also affect your targets for cash conversion and dividend cover?

My second question is on employee benefits. I'm wondering if I understand it right. What I've seen is that the profit and loss expense of defined benefit pension schemes are based on discount rates at the beginning of the financial year. That would mean that you are planning / able to also give guidance on the expected expense for each year, at the beginning of the financial year; or could you say something of what you expect because it seems the most volatile number in the adjusted figures?

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

On the first one, in terms of our targets for cash conversion, as you appreciate, there's no impact on cash flow here so, with the new adjusted operating profit benchmark being lower, that does end up with a higher cash conversion rate. In fact if you do the math on our 2004 figures, our 91% cash flow conversion figure under UK GAAP is about 95% under IFRS and our 85% target under the current regime does go up by a comparable gap.

In terms of dividend cover, if you look at the combined adjusted earnings cover for the dividend, under our current accounting regime it's 2.3 times and under the IFRS regime it comes down to about 2.1, so it's still more than the two times that I was talking about yesterday at the results meeting. The two are pretty consistent in that respect. If you do the calculations for Reed Elsevier PLC it goes down from 2.4 to 2.2 times. Reed Elsevier NV does dip slightly below 2 times cover, but certainly over the longer term, we'd expect to have dividend cover on both bases ahead of 2. In terms of these slight anomalies, we are not going to be too dogmatic about it. Clearly we've indicated a more progressive dividend policy and that's what we'll be delivering.

In terms of the employee benefits, there are factors arising during the course of the year which affect the pension expense, but the discount rate we know as from the 1st January and, as I think Paul indicated, a 50 basis points movement up or down in discount rates has an impact of about £10m or €15m at the rates last year. In fact the discount rates on the long-term bonds that are used in the calculation between January 04 and January 05 moved down by about 20 basis points, so that would add £4m (€6m) to the additional pension expense for next year.

I think it is worth commenting that, with each of these adjustments, this is early days for us in talking about IFRS and expressing benchmarks and, as I said, we will be revisiting them as we gain experience. But if our adjusted earnings on the old basis are moving up double digits in 2005, I think you can reasonably expect that under an IFRS basis they'll also be moving up double digit, even taking into account the sort of additional pension expense we've just talked about. I don't expect the three benchmark adjustments in aggregate to grow more than double digit and so I don't think it'll affect our guidance. As we go through future years, for instance if discounts rates were to drop significantly before 1st January 06, then when we gave guidance for the 2006 year, clearly we would set the guidance in that context.

Talking about the share options, you referred to the fact that you had to take account of the performance criteria in valuing those. I appreciate you may not have these numbers to hand, but it might be interesting just to get an understanding of how much the performance criteria reduced the value of the options relative to a standard Black-Scholes valuation without performance criteria.

The second question was on the undesignated hedges. You said that the net P & L impact of those would be pretty small. Can you tell us what the gross gains and gross losses of those would be, just so we've got an idea of what the relative size of this issue is?

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

On the performance criteria, the variation year on year on changes in criteria in the context of the whole of the charge is going to be relatively small. On the difference between what a binomial method comes up with compared to Black-Scholes, I'm going to ask Paul Miles to comment.

PAUL MILES (GROUP CHIEF ACCOUNTANT):

I'm afraid you're right, I have not got those figures to hand so I don't know how much the performance criteria have reduced the value compared to what we would have got out of Black-Scholes without including that, but the variations in assumptions regarding performance criteria are a relatively small component in determining the overall option expense.

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

On the undesignated hedges, I'll ask Paul Richardson to comment. In broad context, the amount of the volatility we believe is, as Paul said earlier, manageable within the group context as a whole, although I don't have so much confidence that I'm prepared to include it in the benchmark at this time until we have some experience with it. But, Paul, perhaps you'd like to talk further about this?

PAUL RICHARDSON (GROUP TREASURER):

The biggest volatility on the undesignated instruments is going to come from some undesignated swaps, mainly where we have Euro bonds outstanding and related swaps that we've chosen not to designate. There will be some P&L volatility on those, and also on some of the non-global journal FX hedges, which are relatively short-term and relatively small, where again we've chosen not to designate those hedges against the underlying currency exposure. On those two things alone, it could be plus or minus \$7m or \$8m with a 95% degree of confidence based on our simulation modelling, so manageable certainly. In fact, when I say \$7m or \$8m, in practice some things will offset because there are four or five items that go into making that \$7m or \$8m, so we would expect some offset.

[Additional subsequent comment – there are elements of income statement volatility arising from IAS 39 which increase the total aggregate exposure to nearer \$20 million plus or minus within 95% confidence limits, before taking any account of likely offsets.]

How is the face of the P & L going to look? I'm particularly thinking of whether the exceptionals are going to be put in by division or is it going to be a one line item. Similarly with the pension costs, are you going to split it out as just one chunk or is it going to be put into each division so that we can't see the number?

Secondly, is there any impact on distributable reserves?

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

The IFRS figures will be put in the four segments we have, as now, and so the additional pension expense and the share option expense and the restructuring costs will all be charged in the adjusted figures for each division, so you will see that. Clearly, particularly in 2005, we'll also be separately itemising these items as we have for 2004 in their totality so that you can see what the performance was under old yardsticks compared to the new yardsticks. When we send out the annual report (which goes out mid-March), we'll be including further elaboration on IFRS. We'll go into more detail and it will have segmental analysis on an IFRS basis.

We don't believe there will be a significant impact on distributable reserves. Certainly for share option expense it is circular in terms of distributability in that the charge has a corresponding credit in reserves. In terms of pensions, the net pension obligations will go up and down with market movements. To give an illustration of that, if you take our main UK scheme, during the year the pension deficit under IAS19 started the year about £55m and

ended up a little less than that at the end of the year. But around April, it was actually in surplus and in September / October the deficit was well over £100m. These things are very variable. We think over the long-term there won't be any significant impact in terms of distributability.

PAUL MILES (GROUP CHIEF ACCOUNTANT):

Also, most of the bigger numbers that we are having to adjust for under IFRS are really numbers that arise on consolidation. So the big adjustments to goodwill and intangible assets and the deferred tax on that, that really only happens on consolidation, so it doesn't affect the distributable reserves.

Could you indicate on potential impairment as to whether you have changed your criteria for that and where you would report potential impairment in the P & L and then, secondly, regarding results on divestments, could you indicate how you're coping with that under IFRS. Is it also included in operating profit or should we see a separate line for that?

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

Well I think our impairment tests will be similar to now, where we look at future cash flows discounted back to see whether or not the value is supported. If there were to be an impairment, it would go through the profit and loss in the normal way.

In terms of results on divestments, we will be excluding those from our benchmark figures as we do now. So if we sell a business and make a gain or a loss, that will be excluded from our benchmark figures and separately disclosed in the profit and loss, as it is now.

For smaller divestments, will they be included in operating profit or do you have a level from which you will take it as extraordinary?

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

On the face of the profit and loss account we're actually required by convention to show the profit and loss from disposals as separate line items below all the normal operating profit figures. We've always excluded that figure from our benchmark, so you'll see no change.

A quick question from a credit perspective. How have the discussions been with the credit agencies, are they along the lines of IFRS or are they along the lines of US GAAP, given that you have mostly US debt?

PAUL RICHARDSON (GROUP TREASURER):

Very much UK GAAP focused at the moment. It is only recently that we've actually engaged in a discussion with them on the things that we're discussing today and how that might impact the key ratios. So for instance, we have been in discussion on how the pension surplus or deficit might be treated in their net debt/EBITDA calculations. We've also been talking to them about lease adjustments and any differences in the mark-to-market value of short-term investments and whether they're available for sale. To be honest, I think that the rating agencies themselves are just getting up the learning curve to a certain extent on all of this.

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

If I could just comment. I think clearly all the rating agencies over the past two or three years in particular have put much more focus on cash flow measures and of course cash flows do

not change a jot. In terms of rating implications, I wouldn't expect a change in accounting convention to have significant impact.

I know they look at cash flow but from a quick glance the equity delta seems to be positive for GAAP and negative for IFRS, which I thought was kind of interesting.

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

Media companies generally don't have the same capital base as other more industrial companies and I'm not sure that net assets is a key ratio for the rating agencies.

PAUL RICHARDSON (GROUP TREASURER):

One thing that they're trying to understand is how to consider pension deficits. Exactly how you calculate it and are they going to add it back to net debt for the purpose of measuring net debt/EBITDA. That's been a focus in our discussions so far anyway.

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

It's worth pointing out that these sort of deficits under IFRS have been talked about for the last two or three years because of course we've had FRS17 and so for the last two years we've been disclosing our net pension obligations under very similar methodologies. So the rating agencies have already been reviewing for some time how to deal with that and certainly that's been a feature of the environment for all of that period. So, as I said, I would not expect there to be any major change in the way that our credit is looked at.

Do you intend to give any guidance going forward on the level of restructuring costs you see yourself taking and, secondly, do you feel that your additional pension expenses and share option expenses are inline with peer companies?

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

On restructuring costs it's a bit difficult to give very clear forecasts or guidance on that. If you look over the last two or three years, I wish that our restructuring costs had not had to be so high, but in business to business the market slowdown was very persistent and we just had to take out more costs in order to be able to maintain margins. Clearly, with the recovery that we're now seeing overall in our market, and taking into account all the cost actions that we've been taking, you can see a much lower level of restructuring cost now and we'd expect that to continue.

The reason that we're now including it in our benchmark, as I explained earlier, is that we expect that some level of restructuring will be a continuing feature of our lives, as it is with most companies and we think the restructuring costs are now down to within those sorts of levels. As I indicated earlier, I expect it to come down further from the £18m that we had in 2004 but I'm not in a position to say it's going to be between a particular range.

In terms of the size of these adjustments compared with our expectations, I think at the half year I was asked a question about it and I quoted a survey of the FTSE which indicated that the additional share option expense was expected to be between 5% and 7% of pre-tax profit. Now we've actually come out at 4% of operating profit, around 4.5% of pre-tax profit. We are one of the very first to come out with our IFRS numbers, so it's difficult to know where everybody else is but we're clearly at the low end of that range we were talking about.

As for pension expense, yes it is a little bit higher than we might have hoped for or expected but that is largely a reflection of the low long-term bond yields that we're currently seeing and the impact on us is the same as the impact on every other company in that respect. If you

take those two together, it's about 8% of the result before taking into account the representation of restructuring and that's probably broadly in line with where one might have expected.

Could you brief us on the before and after IFRS treatment of the acquisition integration costs?

MARK ARMOUR (CHIEF FINANCIAL OFFICER):

Well under both UK GAAP and IFRS the accounting treatment is identical in that acquisition integration cost is charged to P & L as the liabilities are incurred and maybe it's important to make the distinction. For instance, with US GAAP, where on an acquisition a provision might be created for a restructuring plan that will then be added to goodwill. That's not been the case under UK GAAP. It's not the case either under IFRS and so if we acquire a company today and then spend the next 24 months restructuring it, as and when we make those restructuring actions, so our profit and loss gets hit. In fact, the language of the standards is almost identical. For instance in terms of employee severance, you can't book the liability and the charge until the staff are effectively notified that they are to be let go, which is why it gets strung out a bit, especially on some of the more complex integrations. But the treatments are the same, and as I mentioned earlier, in terms of our own benchmarks, we'll be excluding those costs as we regard them as part of the cost of investment in the acquisition and that's the way we measure our returns on capital investment as well.

Any further questions?

Good, well thank you all very much for participating in the call. Some good questions and it's helpful to have them articulated. We will be, as I mentioned earlier, putting out more detail and segmental analysis in our Annual Review, which will be out in about three weeks time. Also, if you have any further questions, please channel them in the normal way through Sybella Stanley, who is our principal contact for investor relations, or Catherine May for media.

Forward looking statements

This transcript contains forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements concern future matters, such as the features and functions of, and markets for, products and services offered by Reed Elsevier, and Reed Elsevier's business plans and strategies. Forward-looking statements are based on the current expectations of the management of Reed Elsevier and are subject to risks and uncertainties. Actual results and events could differ materially from the results discussed in the forward-looking statements. Factors which could cause or contribute to differences in results 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 is not under any obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.