Company: Reed Elsevier

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Presenters: Erik Engstrom, Mark Armour

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Operator: Good day and welcome to the Reed Elsevier IMS Conference Call. Today's conference is being recorded. At this time I would like to turn the conference over to Mr. Erik Engstrom, CEO; and Mr. Mark Armour, CFO. Please go ahead Mr. Engstrom.

Erik Engstrom: Good morning and thank you for joining us. I am Erik Engstrom, CEO of Reed Elsevier and with me is Mark Armour, our CFO. I will make a brief introduction and then hand the call over to questions.

Overall I'm pleased that the positive momentum in the first half has continued through the first nine months of the year despite the mixed macroeconomic environment. Underlying revenue growth was 4% or 3% excluding the effect of biennial exhibition cycling and all five of our business areas contributed to the growth. Based on the nine month performance and the visibility that we have on the balance of the year Reed Elsevier is on track to deliver underlying revenue and profit growth in line with expectations for the full year.

We have continued to make good progress on our strategy to systematically transform our business primarily through organic investment supplemented by selective portfolio development. The macroeconomic environment and its impact on our customers' markets remain uncertain but since we're focusing on evolving the fundamentals of our business we expect that over time we will continue to improve our business profile and the quality of earnings throughout economic cycles. As we have said before we intend to mitigate the earnings dilution associated with disposals by using the gross proceeds to buy back shares. Today we have increased the cumulative amount to be used for share buybacks to £250 million based on transactions that either have been completed or are well progressed towards completion at this point. The gross proceeds from any further disposals over the coming months will also be used to buy back shares.

Now turning to the highlights in each business area. Elsevier grew 2% with our research businesses continuing to deliver good revenue growth supported by double digit growth in usage and article submission. The risk solutions grew 6% driven by strong growth in insurance and business services. Legal & Professional grew 1%. Our markets remain subdued but good growth in usage and new sales continued and new platform and product releases are on track. Reed Exhibitions grew 15% or 7% excluding biennial cycling with a slight slowing of the growth rate in Southern Europe but continued strong growth in all other regions. RBI grew 1% and continued its transformation with major data services generating good underlying growth. Our financial position in cash generation remained strong and we continue to actively manage our desk profile.

Now operator we're ready to take questions.

Operator: Thank you. Ladies and gentlemen, if you would like to ask a question at this time please press the star or asterisk key followed by the digit 1 on your telephone keypad. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. If you find that your question has already been answered you may remove yourself from the queue by pressing *2. Again please press *1 to ask a question. We will now pause for just a moment to assemble the queue.

We will take our first question today from Nick Dempsey of Barclays. Please go ahead.

Nick Dempsey: Yes, good morning guys, a couple of questions. The first one, clearly you've had some improvement of risk and it sounds like that has come through from the government business. I just wondered if you can talk about the visibility there, whether that lower rate of decline in the government business is going to be sustainable for multiple quarters or whether you don't know for the next few months? The next question, within exhibitions, I noted that you had postponed the Asian Aerospace and Air Freight Asia shows. I just wondered if there are a bunch of other shows that are exposed to similar kinds of Chinese industrial trends that we should worry about or whether those are very much one-off examples?

Erik Engstrom: Ok, let's start with the first one here, risk. Yes, as you saw our risk business is performing well overall with continued good growth in insurance and a slight uptick of the growth rate in business services, primarily financial service segment. In addition the piece that you mentioned is a factor which is that the decline, the rate of decline in government services has moderated somewhat as the growing segment in state and local continue to do well and the federal declines are becoming less of a proportion of our business, so it's a gradual improvement in the rate of decline in the government area that in the near term we will continue to see but over time it's very hard to predict given the uncertainty, the political uncertainty also in the US and budget uncertainty, but that's what's happening in the short term. Second question, I'm going to hand over to Mark Armour here, our Finance Director.

Mark Armour: Thank you Erik. I think at any one time there are shows that are moving around and you should read no significance into the movement of one particular show.

Erik Engstrom: There's no trend or any material broader picture there that is behind this.

Nick Dempsey: Very clear. Thank you guys.

Operator: Thank you. We now move on to Patrick Wellington of Morgan Stanley for our next question. Please go ahead.

Patrick Wellington: Good morning everybody. If I could just stay with exhibitions for a second, you talk about the impact of slowdown in Southern Europe. When we were all at the Investor Day back in May, 48% of your business is in Europe and exhibitions but a lot of that is international shows, so can you kind of split out for us exactly what part of that business you're cautious about going into 2013 and the difference between international shows and domestic shows? Then secondly on risk, you mentioned that business services is seeing a bit of an uptick. Can you just run us through what the influences are on that? Why are these financial institutions looking for more risk management tools? Thank you.

Erik Engstrom: Let's start first with exhibitions. The slowdown that we're seeing is primarily driven by the economy in Southern Europe and it's a combination of the shows that take place in France, Spain and Italy as well as the people from those countries travelling to nearby shows so you can call some of them local, some of them are European regional. Some of those countries of course have been slowing for a while and the same trajectory that they were a year ago. The one country that I think the general economic environment is probably slower now or in a weaker position, a weaker trajectory now in general than it was at the beginning of this year is probably France and there are some of those shows in France that also pulled from the Southern region that have some of the international influence that you're talking about, but again I think it's important to point out that the main shows that we operate in Europe continue to do well and show good growth in Northern & Central Europe and that all other regions continue to see strong growth, very similar to what we had in the first half.

Patrick Wellington: France I think is the biggest single territory in Europe for you, is that correct, for exhibitions?

Erik Engstrom: Yes. So your second question is you said in business services in risk. There are several different sets of solutions that are showing slightly higher growth here. They have to do with risk: risk assessment, fraud, waste and abuse related. There are identity sets, there are anti-money laundering. There are several different types of solutions into financial and business services that are doing better. There's some other areas that are still pretty weak such as collections, so it's a mixture of several different usage sets for our data and for our software solutions but on an overall basis they ticked up a little bit throughout the year.

Patrick Wellington: Great. That's very helpful, thanks.

Operator: Thank you. We now move on to our next question from Vighnesh Padiachy of Goldman Sachs. Please go ahead.

Vighnesh Padiachy: Good morning, just a couple of questions. I guess on the risk side the one area we haven't talked about is screening. Can you talk a little bit about the outlook in Q4 for screening? Secondly for Mark: Mark, on all these bonds you're sorting out, can you perhaps give us an idea of what the savings you make on the interest charge and also what the cost is short term of doing this?

Erik Engstrom: Screening. Of course we have continued to do well in screening in terms of customer service, customer growth and so on but the actual growth rate that we're seeing in screening and the run rates we're seeing now are really fundamentally not different from what we saw earlier in the year and if you look at our outlook, that's the one market that we're in where you see that the market opportunity is directly related to the number of new hires in the US, so that's the market opportunity we are targeting in any specific month or quarter, so our outlook for that is no more informed than your general outlook for new hires in the US over the next few months. I'm going to hand it over to Mark on the bond issue.

Mark Armour: Just on the bond issues, what we're trying to do is to pre-finance the bonds maturing in 2013 and for that matter those maturing in January 2014 but also to top slice the 2019s where we had 950 million maturing in 2019 and also to take advantage of current market conditions to issue long term debt at very attractive rates. So over the last two months we've actually issued $1.3 billion worth of debt with an average tender of 9 years and an all-in yield of 2.8% which we think is very attractive. As part of that we did a tender and exchange and we got back $300 million of principally the 2019s but also some of the 2014s and so clearly we will have the cost of carry of issuing the bonds even at these low rates versus they are paying down short term commercial paper which is at a very, very low rate, so we've got the initial cost of carry but we've also got the saving on the $300 million of retired debt which the coupon probably on that debt averages about 8.5%, so as the bonds that are maturing in 2013 come off and that includes a €600 million bond maturing in April and also we have some Swiss franc debt, so we will get the savings on those coupons. So net net all in we think with the liability management that we've done we will reduce our overall cost of gross debt from the 5.6 I referenced at the half year closer to about 5.1, 5.2 going forward into 2013.

Vighnesh Padiachy: Great. Thanks a lot.

Operator: Thank you. We now have a question from Mark Braley of Deutsche Bank. Please go ahead.

Mark Braley: Yes, good morning. Just a question on Elsevier, two angles to it. In reporting terms are we actually going to get a split of the Elsevier division going forward? You've kind of given us the backward looking numbers for the old reporting format but should we just assume one number now for what is obviously a very, very significant part of the group as a whole? Then the second one on Elsevier was it's possibly too early but I might as well try, how confident are you feeling about the usual journals renewal process as we approach the year end?

Erik Engstrom: First question there, yes, as you saw we did announce in August the elimination of the separate leadership structure for S&T and Health Sciences which we did because it's reflecting the way we're actually increasingly running that business with not just shared infrastructure and operation but also increasingly shared publishing and sales and product platforms for the different content set. So what we're going to do going forward is of course that first we will continue to evolve the management structure and then the reporting structure will have to follow that, so it's not clear at this point exactly what we will be able to show you in the future but what we're going to do is that whatever the management structure is and whatever the reporting structure will then end up being at any given point in time, we're going to try to be as helpful as possible in describing the underlying business and the underlying trends there to do what we can to help you understand what's going on on the different streams. The second thing you said on journals renewals, the customer environment today is overall very similar to what it was a year ago. It's still very early in the process and we haven't really reached any conclusion but we clearly in that marketplace on a regular basis and talking to people and the way we see it is that some places the situation is, some customer types or some situations may have worsening slightly, in other places it's slightly better, so net net overall we see the environment we're interacting with today as being similar to what it was a year ago at the same point.

Mark Braley: Ok, thank you.

Operator: Thank you. Hans Slob from Rabobank has our next question. Please go ahead.

Hans Slob: Yes, good morning. Firstly do you see any impact from the Hurricane Sandy tragedy on your US insurance business? My second question is what is the remaining print advertising exposure in RBI following the recent disposals, also the Variety of disposals?

Erik Engstrom: First one here, clearly when Hurricane Sandy hit the Eastern US, the first responsibility for us was to our employees and to make sure that they were safe and I am pleased to report that all are safe. In terms of immediate impact on our business operations services to our customers was clearly the top priority there and our continuity planning proved to be effective and we had no material disruption to any of our electronic information services. We had to postpone one small exhibition a bit but that will happen soon. In terms of your real fundamental question I think it's still too early to say if there will be any follow-on impact from the aftermath of Sandy and its impact on the insurance industry, but so far from what we can see the immediate impact on our business has been limited and in the near term we expect it to be very limited if any at all. The second question, print advertising. If you look at it on a pro forma basis this year the print advertising as a part of RBI post the Variety disposal is roughly 13% which is the same number that we had in our seminar.

Mark Armour: The figure that we gave in the seminar was for divestments completed and announced and that included the anticipation of Variety.

Hans Slob: Ok, many thanks.

Operator: Thank you. We now move on to a question from Ian Whittaker of Liberum. Please go ahead.

Ian Whittaker: Thanks very much. A couple of questions please. First of all just going back to the old chestnut of open access. There has been some commentary that the election of President Obama may see the US moving more towards an open access line. I would just be interested in your thoughts on that and whether you think it is a significant threat? The second question just has to do with cash returns. You mentioned you increased the amount of cash return back but just looking forward more generally, given the cash flows you have and presumably you're not going to make any big acquisitions, this should be leveraged pretty quickly, so could you give us your thoughts on the use of cash on the medium term perspective and whether you would be open to returning a significant amount back to shareholders? Then the third question just has to do going back to Elsevier again actually, you answered it a bit in Mark's reply but have you seen any notable changes in the geographical revenue growth from what you saw in the first half?

Erik Engstrom: Let me just start with that last one, you said noticeable change in revenue growth within Elsevier, right? That's my understanding.

Ian Whittaker: Sorry, within the Science & Technology part of Elsevier.

Erik Engstrom: Yes. No, compared to what we've seen over the last 12 months there are no material shifts in any way. The trends that we saw at the beginning of the year by the different geographies, the payments we're seeing right now. Of course there are individual institutional changes and so on but from a broad geographic perspective that you're talking about there's no noticeable difference. When it comes to the question, the implication of the US election, because the outcome is not significant changes in proportions or situation from what it has been, we see no immediate impact on our business in Elsevier or anywhere else but I think it's also too early for us to try to judge what could emerge over the next few months or over the next few years, but I think the general dynamics in the US political environment are not materially different from what they have been over the last couple of years. Cash returns. The way we look at our business right now that we have an improving underlying business that is primarily going through an organic transformation with the emphasis on organic investment to transform that business. That machine is by itself highly cash generative and earning good returns. The leverage we have in our business right now, the one we had at the half year at 2.3 times net debt to EBITDA on a pension lease adjusted basis, slightly below 2 on a non-adjusted basis, that's the level that we're comfortable with and if that continues to go down a little bit as you implied, that's also something we're very comfortable with, but because that is a good place to be we're taking all the gross proceeds from the disposals and using those to buy back shares, so that's the plan that we have at this point and that's the plan that we will continue to operate with over the next few months and at this point we don't see any reason to change that approach.

Ian Whittaker: Just on that point, we're looking more on an 18-24 month view. Would it be fair to say that for this company given there's cash generation and the fact it doesn't seem as though you're going to make any big acquisitions that you would be open to a significant return of cash at some point?

Erik Engstrom: At this point as I said we're very comfortable with the balance sheet leverage we have and the trajectory that has; and the buybacks that we're doing are only related to the cash, the gross cash received from the disposals and that's where we are at this point.

Ian Whittaker: Ok, thank you.

Operator: Thank you. We now move on to Sami Kassab of Exane for our next question. Please go ahead.

Sami Kassab: Good morning gentlemen, good morning everybody, it's Sami at Exane. Two questions if I may. The first one: can you give us the proportion of Elsevier book revenues that is now derived from e-books and other online products, so print versus e at Elsevier book revenues please? Secondly can you discuss the organic revenue growth performance within the Legal & Professional division maybe looking at the US versus international or at US low firm versus corporate and academic please? Thank you Erik.

Erik Engstrom: Let me start with the second one which has to do with growth rates in Legal & Professional by the different areas. As we just had the seminar here now a few weeks ago and as you might have seen there, the rough growth rates by geographic area as you probably heard are pretty similar. Basically today most areas we are just above flat business for us where we continue to see some growth in usage and in new sales as well as in electronic tools and solutions across markets and we continue to see some slight declines in print and we also have some specific sub-segments that are still declining and particularly for us moderating declines and losing business, some moderating other declines and some listings and so on, so that's the way we look at it. If you say the trends by market, there are at this point no large differences between the way we look at the different market segments of law firms versus other customer sets which is slightly different from what you saw a couple of years ago when the downturn hit and customer sets behaved very differently. The gaps are now starting to narrow between the different customer sets. Does that answer your question on Legal>

Sami Kassab: Can I just make sure I understood properly? You are seeing a moderating rate of decline in the news and business as well as the listings business? Is that correct?

Erik Engstrom: Yes, that's correct.

Sami Kassab: Thank you. The second question was on e-books versus print books within Elsevier.

Erik Engstrom: Yes. Clearly we are continuing to see essentially across all of Elsevier very good growth in electronic revenue and e-books basically double digit growth but at the same time you are continuing to see a decline in print and the vast majority of the revenue is still in print books, in particular in the health education and health reference areas. So if you look at the total revenues for books across all of Elsevier you could see that the e-only, if you look at it that way, a true electronic revenue is clearly...let me just see if I can find out the exact number with me here, but it's clearly still the minority and we're pulling it out. Can I get back to you Sami? We have the numbers with us. Can I just get back to you on that one in a minute?

Sami Kassab: Thank you very much Eric. Anytime, thank you.

Operator: Thank you. Giasone Salati of Espirito has our next question. Please go ahead.

Giasone Salati: Hi, good morning, Giasone Salati from Espirito Santo. Three questions please. Could you just continue elaborating on legal and maybe give us a trend in terms of what you see in terms of underlying growth in the US versus market share, if there is any contract which has been moving from Reed to Bloomberg or from Thomson Reuters to Reed, anything of notice, that would be great. Secondly on the cost of refinancing, I didn't catch a number, is there any impact we should think of for 2012 above or below the line? Lastly in terms of disposals the aggregate size of disposals is becoming quite interesting and I was wondering if you could quantify if there is a net impact on margins for 2012/2013 which you think of? Thank you.

Erik Engstrom: Ok, let's start with your first question on legal. I think overall the dynamics within the US legal market have continued to be very similar to what we've seen over the last several years which is that there are really two large providers: broad based legal information, research and litigation platforms and most large law firms use both and small law firms have a slightly different dynamic but that dynamic has not changed and the number of firms going from one to the other or from dual to sole and so on is a small number and that trend, that pattern has not changed in any way that we can detect this year. You asked specifically is there any sort of switch that we have seen to Thomson Reuters or Bloomberg? Basically when people look at one big platform or two big platform and look at us versus Thomson Reuters and we have not seen anybody that has said that they look at the third provider here as a realistic alternative to relying on one platform to go into court tomorrow off a broad based information provider. The second question on the cost of refinancing I'm going to ask Mark to answer.

Mark Armour: Minimal impact in 2012 because the transactions have taken place so late in the year. As I mentioned earlier we've got the cost of carry of the debt that we've issued. We've got the savings on the 300 million of high coupon debt that we've exchanged; and we've also got the amortisation of the premium on the exchange which is amortised over the length of the new bond, so taken all in all as I said that will bring our overall cost of gross debt down by about 50 basis points going into '13 but the effect in '12 is minimal.

Giasone Salati: Impact on margins from disposals?

Erik Engstrom: Clearly the specific disposals will have an impact on the margin of the specific businesses that they relate to, but if you look at the scale of our disposals in the context of Reed Elsevier I don't think the impact on Reed Elsevier margins will be material.

Giasone Salati: Ok, excellent. Thank you.

Operator: Thank you. We'll now move on to David Reynolds of Jefferies. Please go ahead.

David Reynolds: Good morning, yes, just a general question I think. The market is clearly apportioning greater and greater value to the way you are managing the governance of Reed Elsevier and clearly managing it through relatively difficult market conditions. I just wondered if you had anything to say about how your strategic approach will evolve in 2013 and beyond? I guess my sense would be more of the same but I would be interested to know your thoughts on that.

Erik Engstrom: Ok. The way we see it, we have declared as you might have heard now over the last 12 months a few times how it is we think about this business which is a systematic transformation of this business towards a professional information solutions company meaning that we're selling improved outcomes to professional customers across industries and we want to be in businesses where we can leverage content and data with analytics and technology in global platforms and we're driving all our businesses in that direction regardless of which business area they're in or what the label is or the brand name. We're pushing all businesses in that direction across Reed Elsevier and leveraging resources, skills and platforms across markets and that's what we're going to continue to do. We're going to continue to push the company in that direction primarily through organic transformation but also continue to dispose of these businesses that we don't see as making that journey or when we don't see significant future value creation. So you're going to continue to see a movement in the direction that we've talked about this year and you're going to continue to see metrics moving in a direction to reflect that in terms of business profile, in terms of format, in terms of geography. There's no one major other shift that we're looking at or that you should expect to come.

David Reynolds: That's great, thank you.

Operator: Thank you. As a reminder ladies and gentlemen, to ask a question today please press *1 on your telephone keypad. We will now move on to Steve Liechti of Investec for our next question. Please go ahead.

Steve Liechti: Morning. Two from me please. One is on exhibitions, obviously the third quarter implied like-for-like growth rate if you strip out phasing and stuff like that has gone down relative to the first half, so in round terms it's probably more like 5% as opposed to 8% in the first half. You said about France and that being slower incrementally but is there any change when we look forward into the fourth quarter between the geographic split of the exhibition business that might shift you back up to a higher growth rate or is it a similar mix, so really we're talking about a similar growth rate in the fourth quarter as the third? Then the second question is just can you update us on actual proceeds from disposals at nine months to date please?

Erik Engstrom: Yes. On the exhibitions there's always a bit of lumpiness in exhibitions depending on when the big shows happen month to month and quarter to quarter in different regions and so on, so there's always a little bit of back and forth in terms of which one has the most emphasis in any short time period which is probably why quarterly growth rate is less interesting than the actual year on year cycle which the same exhibitions have. I think that if you take and try to strip out to create the third quarter number you might end up with something that's a little bit misleading. If I look at growth rates across the world on a like for like basis we have the same growth rates year to date for the third quarter year to date as we had for the first half across all geographies except in Southern Europe in a slight slowdown, a little bit slower in Southern Europe and that's where the impact comes from. Clearly as you say can that continue? I think given the macroeconomic environment it can continue in that direction, in that segment of our business, but you know what proportions those are from our seminar.

Mark Armour: Can I just make one comment and that is in the third quarter in 2011 there are a number of shows that took place in July that this year took place in June, so you may recall at the half year we referenced the fact that we had that phasing benefit which boosted first half growth and clearly that reverses in the third quarter, but by the time year to date as we said in our statement today, those phasing impacts have reversed and so it's not a feature of the nine months year to date.

Erik Engstrom: If you look at your question what are we seeing right now, we are still seeing outside of Europe growth rates that are similar to what we've seen before, but we are seeing a continuing slowdown in Southern Europe coming in throughout the year. Then you said your second question was the actual receipts. As you know we said at the half year we had received £158 million of gross receipts and since then we have sold a few more businesses, one that was very public which was Variety and then we sold a few others as well. We are also very, very close right now to closing and receiving cash from a couple of other businesses that are all of a smaller, similar scale and therefore what we don't want to do is to keep announcing the exact number all the time on every single one of them, so what we've said is at this point the estimate of what we have received today or that we're just in the process of closing is the £250 million that we have announced today that we will then continue to purchase up to in the near term.

Steve Liechti: Ok, that's fine. Thank you.

Erik Engstrom: Maybe I should just get back to Sami here on the question of of our book businesses in Elsevier, which percent of our books are current electronic? The answer to that is at this point we are creeping up from the 20% or so, low 20s last year up towards the mid-20s, so we're approaching 25% probably this year on the book side with again high growth in the electronic side and declines in print every year on an organic basis.

Operator: Thank you. We'll take our next question now from Maurits Heldring of ABN AMRO. Please go ahead.

Maurits Heldring: Yes, good morning. Just a follow-up question on the cash returns, I was wondering whether you feel comfortable with your current payouts given the fact that the companies should become more stable, print is becoming less of the overall picture. Is the payout something you would also consider if leverage would go towards let's say a level of two times EBITDA or would you think that buybacks would be prioritised in that case? Maybe depending a little bit on the new CFO as well but I'm wondering whether you could share your thoughts there? Thanks.

Mark Armour: May I just remind you of our stated dividend policy and that is to grow dividend broadly in line with earnings growth but having to clearly take into account currency considerations because of the dual nature of our share capital and dividend. We are now currently at a dividend cover of around two times which we're very comfortable with. I think the point about de-leveraging, that is a balance sheet issue whereas the dividend policy is really addressing the distribution of cash flow from the business over the longer term and so our dividend policy has been developed on that basis.

Erik Engstrom: Ok, thank you.

Operator: Thank you. We will take our next question now from Tom Singlehurst of Citi. Please go ahead.

Tom Singlehurst: Good morning, Tom here from Citigroup. I just had one question actually on Elsevier and it's to do with the bifurcation of growth within the division. I know you're obviously going to move away from giving us disclosure, but basically Health Sciences has been flat-lining for a couple of years. I was just wondering whether you could revisit the factors driving this and whether we should also view the changes in management and the changes to the way you're structuring it as a proactive attempt to address some of the factors pressing growth to Health Sciences? That's it, thanks.

Erik Engstrom: I think if you look at what's underlying the different growth rates within Elsevier and also within Health Sciences you can basically see that across science and health that the research related businesses, medical research or scientific research, they have continued to grow at the sort of growth rates that you have seen overall for science and technology and they have gone down a little bit in the downturn and come back a little bit again. That would go across science and health. Then you have the growth rates for databases and tools that have all been higher. Those growth rates have been higher also for science and for health and you look at the electronic growth rates, again everything in health has been electronic and has essentially grown at double digit growth rates. So the difference in the growth rates is all coming down to effectively two factors. One is the unique set of pharma print promotional products, pharma promotion in print, pharma promotional revenue streams that have been declining and continue to decline, that sub-segment as well as the print book to electronic transition which is going to some extent as we talked about before but is still the vast majority in print, and the print book revenue streams have been declining, so as you say if you look at it instead by type of business you see that the trends are similar across the content set assigned versus health, so it is driven by declines and pharma promotion declines not being fully offset by the higher growth areas on the health side which is why it has been flat. So if you look and listen to how I talk about how we look at the markets and so on you can see that we're managing more and more that way and that's now being reflected in the management structure, so that's what's behind it actually.

Tom Singlehurst: Very clear, thank you.

Operator: Thank you. We now move on to Andrea Beneventi of Cheuvreux for our next question. Please go ahead.

Andrea Beneventi: Good morning gentlemen, Andrea Beneventi from Cheuvreux. Thank you for taking my questions. I have three of them please but very short. The first one is on growth. Since underlying growth numbers are rounded up I am still struggling a little bit to get to a conclusion. Would it be fair to say that you have seen slightly better growth in Q3 excluding biannuals as compared to the rates in the first half please? My second question is on printing books. Some competitors of yours mentioned a better October for books. Is it something that you're also experiencing? The last one is on Elsevier. Have you seen any change in the share of other paid articles published in your journal since the last time that you mentioned the number, I remember it was 2% last year please.

Erik Engstrom: First one, growth rate in total, it varies. If you take for all Reed Elsevier excluding cycling, excluding the biannual cycling effect the growth rate that we're seeing for the nine months, for the three quarters is very, very similar to the one we had at the half year when you strip out the cycling effect. No material difference. The second thing you asked about printed books. There are always shipment and ordering differences week to week, month to month depending on the market, the audience, the distribution channel and so on and I think that we have not seen any change in pattern that we can extrapolate from that these trends are changing at this point. That doesn't mean that they won't continue to fluctuate a bit month on month but there's no trend there that we can see at this point. The third one is in Elsevier have we seen a change? At this point we have not seen any material change from the trends that we had six months ago or at the half year. I think some of the things that have been talked about I think have a little bit of a longer runway to then gradually work their way into the pipeline.

Andrea Beneventi: Thank you.

Operator: Thank you. Simon Baker of Credit Suisse has our next question. Please go ahead.

Simon Baker: Yes, thank you. Good morning and thank you again for taking the questions as well. Two questions please. Firstly just on the Legal & Professional division, a similar question really to the last set but it's just to understand whether there is any slight deterioration in Q3. We heard from Thomson Reuters and Walters for their respective legal divisions albeit I know different addressable markets but there was a slight deterioration in their Q3. Could you just clarify within the rounding whether there had been any for yourselves or not? Secondly whether you could just help us gauge the materiality of the disposals that you have done year to date on your ROIC going into 2013 please? Thank you.

Erik Engstrom: The first question, Legal & Professional. Clearly we don't map directly against in all the sub-segments against any specific one of our other players that exist in those markets, however

I think we have to all say that the legal markets, the legal audience that we're selling into both in US and in Europe have been pretty flat. Those markets, the actual law firm markets and the economy that they serve, they have been pretty flat over the last several months and it's very hard for us to say whether they are really improving or deteriorating in the last quarter. To us it looks broadly speaking that the environment is similar, but we don't see any signs of an accelerating pick-up or any pick-up, for me it continues to go sideways I think is the right way for us to describe what we've seen in our market. I'm not sure if that is exactly what they're saying but that's what we are seeing, that there's no material pick-up, it's more of a sideways move. Then the second question here...

Mark Armour: No material impact on the overall ROIC from these disposals.

Erik Engstrom: These are not individually or even as a group big enough or happening quickly enough at any scale that it would have a material impact on Reed Elsevier's ROIC.

Simon Baker: Perfect. Thank you very much.

Erik Engstrom: Ok. I think that was our last question so thank you very much for joining us this morning and we look forward to talking to you again soon.

Operator: Thank you. That will conclude today's conference call. Thank you for your participation ladies and gentlemen, you may now disconnect.