

## **RISK FACTORS**

*The principal risks facing our business are included below. Additional risks not presently known to us or that we currently deem immaterial may also impair our business.*

### ***We operate in a highly competitive environment that is subject to rapid change.***

Our businesses operate in highly competitive markets. These markets continue to change in response to technological innovations, legislative and regulatory changes, the entrance of new competitors, and other factors. We cannot predict the changes that may occur and the effect of those changes on the competitiveness of our businesses. In particular, the means of delivering our products and services, and the products and services themselves, may be subject to rapid technological and other changes. We cannot predict whether technological innovations, changing legislation or other factors will, in the future, make some of our products wholly or partially obsolete or less profitable. Failure to anticipate market trends could impact the competitiveness of our products and services and consequently adversely affect our revenue and profit.

### ***We cannot assure you that there will be continued demand for our products and services.***

Our businesses are dependent on the continued acceptance by our customers of our products and services and the value placed on them. We cannot predict whether there will be changes in the future, either in the market demand or from the actions of competitors, which will affect the acceptability of products, services and prices to our customers. Failure to meet evolving customer needs could impact demand for our products and services and consequently adversely affect our revenue.

### ***Fluctuations in exchange rates may affect our reported results.***

Our financial statements are expressed in pounds sterling and euros and are, therefore, subject to movements in exchange rates on the translation of the financial information of businesses whose operational currencies are other than our reporting currencies. The United States is our most important market and, accordingly, significant fluctuations in US dollar exchange rates can significantly affect our reported results and financial position from year to year. In addition, in some of our businesses we incur costs in currencies other than those in which revenues are earned. The relative movements between the exchange rates in the currencies in which costs are incurred and the currencies in which revenues are earned can significantly affect the results of those businesses.

### ***Current and future economic, political and market forces, and dislocations beyond our control may adversely affect demand for our products and services.***

The demand for our products and services may be impacted by factors that are beyond our control, including macro economic, political and market conditions, the availability of short term and long term funding and capital and the level of volatility of interest rates, currency exchange rates and inflation. The United States, Europe and other major economies have in recent years undergone a period of economic turbulence, and this may continue into the future. Any one or more of these factors may contribute to reduced activity by our customers, may result in a reduction of demand for our products and services, and may adversely affect suppliers and third parties to whom we have outsourced business activities.

### ***Changes in tax laws or uncertainty over their application and interpretation may adversely affect our reported results.***

Our businesses operate globally and our earnings are subject to taxation in many differing jurisdictions and at differing rates. We seek to organise our affairs in a tax efficient manner, taking account of the jurisdictions in which we operate. However, tax laws that apply to our businesses may be amended or interpreted differently by the relevant authorities, which could adversely affect our reported results.

### ***Changes in regulation of information collection and use could adversely affect our business.***

Legal regulation relating to internet communications, data protection, e-commerce, direct marketing, credit scoring and digital advertising, privacy, information governance and use of public records is becoming more prevalent worldwide. Existing and proposed legislation and regulations, including changes in the manner in which such legislation and regulations are interpreted by courts and regulators may impose limits on our collection and use of certain kinds of information about individuals and our ability to communicate such information effectively with our customers. For example, many of the products offered by Risk & Business Information are subject to regulation under the US Fair Credit Reporting Act ("FCRA"), Gramm Leach Bliley Act ("GLBA"), Drivers Privacy Protection Act ("DPPA") and related state laws. Certain of these laws further provide for statutory penalties and attorneys fees for non-compliance. We are unable to predict in what form laws and regulations will be adopted or modified or how they will be construed by the courts and regulators, or the extent to which any such laws or interpretation changes might adversely affect our business.

***Changes in provision of third party information to us could adversely affect our businesses.***

A number of our businesses rely extensively upon content and data from external sources. Data is obtained from public records, governmental authorities, customers and other information companies, including competitors. In the case of public records, including social security number data which are obtained from public authorities, our access is governed by law. We also obtain the credit header data in our databases from consumer credit reporting agencies. The disruption or loss of data sources, either because of changes in the law or because data suppliers decide not to supply them, could adversely affect our products and services.

***Our business, operations and reputation could be adversely affected by a failure to comply with FTC Settlement Orders.***

Through our Risk & Business Information business in the United States, we are party to two consent orders and two subsequent related supplemental orders (the "FTC Settlement Orders") embodying settlements with the US Federal Trade Commission ("FTC") that resolved FTC investigations into our compliance with federal laws governing consumer information security and related issues, including certain fraudulent data access incidents. We also entered into an Assurance of Voluntary Compliance and Discontinuance (the "AVC") with the Attorneys General of 43 states and the District of Columbia in connection with one such FTC investigation. The FTC Settlement Orders and the AVC require us to institute and maintain information security, verification, credentialing, audit and compliance, and reporting and record retention programmes and to obtain an assessment from a qualified, independent third party every two years for twenty years (with the FTC having the right to extend such twenty-year period by up to two additional biennial assessment periods) to ensure that our performance under these information security programmes complies with the FTC Settlement Orders. Failure to comply with the FTC Settlement Orders and the AVC could result in civil penalties and adversely affect our business, operations and reputation.

***Breaches of our data security systems or other unauthorised access to our databases could adversely affect our business and operations.***

Our businesses provide customers with access to database information such as case law, treatises, journals, and publications as well as other data. Some of our businesses also provide authorised customers with access to public records and other information on US individuals made available in accordance with applicable privacy laws and regulations. There are persons who try to breach our data security systems or gain other unauthorised access to our databases in order to misappropriate such information for potentially fraudulent purposes and we have previously disclosed incidents of such unauthorised access. Because the techniques used by such persons change frequently, we may be unable to anticipate or protect against the threat of breaches of data security or other unauthorised access. Breaches of our data security systems or other unauthorised access to our databases could damage our reputation and expose us to a risk of loss or litigation and possible liability, as well as increase the likelihood of more extensive governmental regulation of these activities in a way that could adversely affect this aspect of our business.

***Changes in levels of government funding of, or spending by, academic institutions may adversely affect demand for the products and services of our scientific, technical and medical ("STM") businesses.***

The principal customers for the information products and services offered by our STM publishing businesses are academic institutions, which fund purchases of these products and services from limited budgets that may be sensitive to changes in private and governmental sources of funding. Accordingly, any decreases in budgets of academic institutions or changes in the spending patterns of academic institutions could negatively impact our business and revenues.

***Our intellectual property rights may not be adequately protected under current laws in some jurisdictions, which may adversely affect our results and our ability to grow.***

Our products and services are largely comprised of intellectual property content delivered through a variety of media, including online, journals and books. We rely on trademark, copyright, patent, trade secret and other intellectual property laws to establish and protect our proprietary rights in these products and services. However, we cannot assure you that our proprietary rights will not be challenged, limited, invalidated or circumvented. Despite trademark and copyright protection and similar intellectual property protection laws, third parties may be able to copy, infringe or otherwise profit from our proprietary rights without our authorisation. These unauthorised activities may be facilitated by the internet.

In addition, whilst there is now certain internet-specific copyright legislation in the United States and in the European Union, there remains significant uncertainty as to the date from which such legislation will be enforced and the form copyright law regulating digital content may ultimately take. In several jurisdictions, including the United States, Australia and the European Union, copyright laws are increasingly coming under legal review. These factors create additional challenges for us in protecting our proprietary rights in content delivered through the internet and electronic platforms. Moreover, whilst non-copyrightable databases are protected in many circumstances by law in the European Union, there is no equivalent legal protection in the United States.

***We may be unable to implement and execute our strategic and business plans if we cannot maintain high-quality management.***

The implementation and execution of our strategic and business plans depend on our ability to recruit, motivate and retain high-quality people. We compete globally and across business sectors for talented management and skilled individuals, particularly those with technology and data analytics capabilities. An inability to recruit, motivate or retain such people could adversely affect our business performance.

***We may not realise all of the future anticipated benefits of acquisitions.***

We regularly make small business acquisitions to strengthen our portfolio. Whilst our acquisitions are made within the framework of our overall strategy, which emphasises organic development, we cannot assure you we will be able to generate the anticipated benefits such as revenue growth and/or cost savings associated with these acquisitions. Failure to realise the anticipated benefits of acquisitions could adversely affect our return on invested capital and financial condition.

***We cannot assure you whether our substantial investment in electronic product and platform initiatives will produce satisfactory, long term returns.***

We are investing significant amounts to develop and promote electronic products and platforms. The provision of electronic products and services is very competitive and we may experience difficulties developing this aspect of our business due to a variety of factors, many of which are beyond our control. These factors may include competition from comparable and new technologies and changes in regulation.

***Our businesses may be adversely affected if their electronic delivery platforms, networks or distribution systems experience a significant failure or interruption.***

Our businesses are dependent on electronic platforms and distribution systems, primarily the internet, for delivery of their products and services. From time to time we have experienced verifiable attacks on our platforms and systems by unauthorised parties. To date such attacks have not resulted in any material damage to us, however, our businesses could be adversely affected if their electronic delivery platforms and networks experience a significant failure, interruption or security breach.

***Our businesses may be adversely affected by the failure of third parties to whom we have outsourced business activities.***

Our organisational and operational structures are dependent on outsourced and offshored functions. Poor performance or the failure of third parties to whom we have outsourced business functions could adversely affect our business performance, reputation and financial condition.

***Our scientific, technical and medical primary publications could be adversely affected by changes in the market.***

Our STM primary publications, like those of most of our competitors, are published on a paid subscription basis. There is continued debate in government, academic and library communities, which are the principal customers for our STM publications, regarding, to what extent such publications should be funded instead through fees charged to authors or authors' funders and/or made freely available in some form after a period following publication. If these methods of STM publishing are widely adopted or mandated, it could adversely affect our revenue from our paid subscription publications.

***Spending by companies on advertising and other marketing activities, which comprises a significant portion of our revenue, has historically been cyclical.***

In 2014 2% of our revenue was derived from advertising. Total advertising revenues for our businesses in 2014 were £135 million compared with £240 million in 2013. Traditionally, spending by companies on advertising and other marketing activities has been cyclical, with companies spending significantly less on advertising in times of economic slowdown or turbulence. In addition, there has been a structural shift of advertising and lead generation to Google and other search engines.

Exhibitions is similarly affected by cyclical pressures on spending by companies. Additionally, participation and attendance at exhibitions is affected by the availability of exhibition venues and the propensity of exhibitors and attendees to travel. Our results could be adversely affected if the availability of venues or the demand from exhibitors and attendees were reduced, for example due to international security or public health concerns or acts of terrorism or war.

***Changes in the market values of defined benefit pension scheme assets and in the assumptions used to value defined benefit pension scheme obligations may adversely affect our businesses.***

We operate a number of pension schemes around the world. Historically, the largest schemes have been local versions of the defined benefit type in the United Kingdom, the United States and the Netherlands. The assets and obligations associated

with defined benefit pension schemes are sensitive to changes in the market values of assets and the market related assumptions used to value scheme liabilities. In particular, declines in asset values, or increases in pension scheme liabilities, due to adverse changes in discount rates, inflation or mortality assumptions could increase future pension costs and funding requirements.

***Our impairment analysis of goodwill and indefinite lived intangible assets incorporates various assumptions which are highly judgemental. If these assumptions are not realised, we may be required to recognise a charge in the future for impairment.***

As at December 31, 2014, goodwill on the combined statement of financial position amounted to £4,981 million and intangible assets with an indefinite life amounted to £369 million. We conduct an impairment test at least annually, which involves a comparison of the carrying value of goodwill and indefinite lived intangible assets by cash generating unit with estimated values in use based on latest management cash flow projections. The assumptions used in the estimation of value in use are, by their very nature, highly judgemental, and include profit growth of the business over a five year forecast period, the long term growth rate of the business thereafter, and related discount rates. There is no guarantee that our businesses will be able to achieve the forecasted results which have been included in the impairment tests and impairment charges may be required in future periods if we are unable to meet these assumptions.

***Our borrowing costs and access to capital may be adversely affected if the credit ratings assigned to our debt are downgraded.***

Our outstanding debt instruments are, and any of our future debt instruments may be, publicly rated by independent rating agencies such as Moody's Investors Service Inc., Standard & Poor's Rating Services and Fitch Ratings. A rating is based upon information furnished by us or obtained by the relevant rating agency from its own sources and from publicly available information and is subject to revision, suspension or withdrawal by the rating agency at any time. Rating agencies may review the assigned ratings due to developments that are beyond our control. Factors cited as a basis for a ratings downgrade or an assignment of a negative outlook could include the macro economic environment and the level of our indebtedness as a consequence of an acquisition. If the ratings of our debt are downgraded in the future, our borrowing costs and access to capital may be adversely affected.

***Breaches of generally accepted ethical business standards or applicable statutes concerning bribery could adversely affect our reputation and financial condition.***

As a leading provider of professional information solutions to the STM, Risk & Business Information, Legal and Exhibitions markets, we are expected to adhere to high standards of independence and ethical conduct. Whilst our employees are expected to abide by our Code of Ethics and Business Conduct, employees may still fail to abide by its guidelines relating to anti-bribery and principled business conduct. Similarly, whilst our major suppliers are expected to abide by our Supplier Code of Conduct, suppliers may still fail to abide by its guidelines relating to anti-bribery and principled business conduct. A breach of generally accepted ethical business standards or applicable statutes concerning bribery by our employees or our suppliers could adversely affect our business performance, reputation and financial condition.

***Failure to manage our environmental impact could adversely affect our businesses.***

Our businesses have an impact on the environment, principally through the use of energy and water, waste generation and, in our supply chain, through our paper use and print and production technologies. Whilst we are committed to reducing these impacts by limiting resource use and by efficiently employing sustainable materials and technologies, we cannot assure you that these efforts and expenditures incurred by us in order to comply with either new environmental legislation and regulations, new interpretations or existing laws and regulations or more rigorous enforcement of such laws and regulations will not adversely impact our businesses or reputation.