

## Summary of the principal differences between UK and US GAAP

Reed Elsevier NV accounts for its 50% economic interest in the Reed Elsevier combined businesses, before the effect of tax credit equalisation, using the gross equity method in its group financial statements. Using the equity method to present its net income and shareholders' funds under US GAAP, Reed Elsevier NV reflects its 50% share of the effects of differences between UK and US GAAP relating to the combined businesses as a single reconciling item. The most significant differences relate to the capitalisation and amortisation of goodwill and intangibles, pensions, deferred taxes and derivative financial instruments. A more complete explanation of the accounting policies used by the Reed Elsevier combined businesses and the differences between UK and US GAAP is given on pages 108 and 109. The Reed Elsevier Annual Report 2003 on Form 20-F provides further information for US investors.

## Effects on group net income of material differences between UK and US GAAP

For the year ended 31 December 2003

	2003 €m	2002 €m
Group net income under UK GAAP	242	144
Impact of US GAAP adjustments to combined financial statements	159	159
<b>Net income under US GAAP</b>	<b>401</b>	<b>303</b>
<b>Group earnings per share under US GAAP</b>	<b>€0.51</b>	<b>€0.39</b>

## Effects on group shareholders' funds of material differences between UK and US GAAP

As at 31 December 2003

	2003 €m	2002 €m
Group shareholders' funds as reported under UK GAAP	1,728	2,019
Impact of US GAAP adjustments to combined financial statements	455	383
Equity dividends not declared in the period	162	156
<b>Group shareholders' funds under US GAAP</b>	<b>2,345</b>	<b>2,558</b>